THE GEORGE WASHINGTON UNIVERSITY

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Counting for Dollars 2020: The Role of the Decennial Census in the Geographic Distribution of Federal Funds

Initial Analysis: 16 Large Census-guided Financial Assistance Programs

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Executive Summary

As directed by Congress, several hundred federal financial assistance programs rely on data derived from the Decennial Census to guide the geographic distribution of funds. To better understand the fiscal impacts of the upcoming 2020 Census on states and local areas, the Counting for Dollars Project aims to:

- identify each federal program that geographically distributes financial assistance based, in whole or part, on data derived from the Decennial Census; and
- ascertain the connection between Decennial Census accuracy and the equitable distribution of funds to states and local areas.

Initially, the project has analyzed the use of Census-derived data by 16 large federal programs. It offers these findings:

- ***In Fiscal Year (FY) 2015, the 50 states plus the District of Columbia received $589.7 billion from 16 large Census-guided programs***, such as Medicaid, Highway Planning and Construction, the National School Lunch Program, and Head Start.
  - o Twelve grant-making programs distributed $427.7 billion, ***68.5 percent of all federal grants.*** Of these, nine made $401.4 billion in grants to state governments, ***70.1 percent of all federal grants to states.***
  - o Four programs providing direct payments to individuals distributed $162.0 billion.
- ***For 15 of the 16 programs, the amount of funds a state received was guided by its 2010 Census count.*** The more accurate a state's count, the more equitable is its share of federal funds.
- The 16 programs do not directly use the Decennial Census count to guide geographic distribution. Rather, ***the programs use 22 datasets derived from the last Decennial Census***, in a manner instructed or authorized by Congress.
- ***The datasets most relied on*** to guide the geographical distribution of funds include Core-based Statistical Areas, Urban/Rural Classification, Population Estimates, American Community Survey, Current Population Survey, Per Capita Income, and Poverty Guidelines.

- Most Census-derived datasets are built using other Census-derived datasets. Of note, 21 of the 22 Census-derived datasets make use of the American Community Survey.

In Winter 2017-18, the project will prepare a list of all Census-guided federal programs. It expects to find about 300 Census-guided federal programs, with total FY2015 outlays of approximately $700 billion. Based on this work, during 2018 the project will produce additional reports with estimates for states and local areas.

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Introduction: The 24th United States Decennial Census will take place in 2020. Article I, Section II of the U.S. Constitution mandates the taking of the Decennial Census as the foundation for the nation's democracy—to apportion among the states a fixed total number of seats in the House of Representatives and votes in the Electoral College.

From the First Census forward, Congress has consistently recognized the additional value of Decennial Census in collecting information on the "particular circumstances of the community" so Congress could "accommodate our laws to the real situation of our constituents."[1] As a result, the Decennial Census has served as an important data resource for congressional legislation for nearly 230 years.

Among various uses, Congress relies on data derived from the Decennial Census to determine the equitable geographic distribution of financial assistance. To gauge the importance of the upcoming 2020 Census for this purpose, the Counting for Dollars Project aims to:

- identify all federal programs that distribute financial assistance based, in whole or part, on data derived from the Decennial Census; and
- ascertain the connection between the accuracy of the Decennial Census and the equitable geographic distribution of funds.[2]

Prior to the 2010 Census, the author previously prepared a report finding that 215 federal financial assistance programs used Census-derived data to guide the distribution of $446.7 billion in FY2008.[3]

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[1] Representative James Madison's remarks on the Census Act of 1790, January 25 and February 2, 1790, as cited in *Gales & Seaton's History of Debates in Congress*, pp. 1115 and 1146.

[2] Decennial Census data are rarely directly used to guide the distribution of federal financial assistance. Rather they provide the basis from which multiple federal agencies create more current and detailed datasets that are used to guide funds distribution. In this sense, federal statistical datasets are highly interdependent.

[3] Andrew Reamer, "Counting for Dollars: The Role of the Decennial Census in the Geographic Distribution of Federal Funds," Metropolitan Policy Program, The Brookings Institution, March 2010.

As an initial step, the project has identified and analyzed 16 large federal programs with distributions guided in whole or part by data derived from the Decennial Census. Findings from this analysis follow.

Finding 1: In Fiscal Year (FY) 2015, the 50 states plus the District of Columbia received $589.7 billion from 16 large Census-guided programs.[4] (See Table 1.) Eight programs are sponsored by the Department of Health and Human Services, three by the Department of Agriculture, two by the Department of Education, two by the Department of Housing and Urban Development, and one by the Department of Transportation. All but one of these programs (Highway Planning and Construction) serve populations with characteristics deemed in need, including low-income households, senior citizens, and children with special needs.

In FY2015, 12 grant-making programs distributed $427.7 billion, primarily to state governments (which received $401.4 billion through nine programs). The four remaining programs provided $162.0 billion as direct payments to individuals.

The 12 grant-making programs funded 68.5 percent of all federal grants in FY2015.[5] ***The nine programs making grants to states provided 70.1 percent of all federal grants to states.***[6]

The project website offers 52 geographic tables showing obligations by program—for the U.S., each state, and the District of Columbia. (For totals by state, see Table 2.) Sixteen tables, one for each of program, with distributions by state, are provided as well. A note accompanying each program table discusses if and how the geographic distribution of program funds is associated with the 2010 Census count.

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[4] The 16 programs were identified through a review of the technical documentation for the 2010 Brookings report and data from FedSpending.org, which is managed by the Project on Government Oversight (POGO). Future research will identify additional Census-guided programs, some of which may be of a size similar to those listed in this report.

[5] Office of Management and Budget, *The President's Budget for Fiscal Year 2017*, Table 6.1: Composition of Outlays, 1940-2021.

[6] National Association of State Budget Officers, "State Expenditure Report: Examining Fiscal 2014-2016 State Spending," 2016, Table 1. Analysis adjusted for absence of District of Columbia in the table. For context, according to the Census Bureau's American FactFinder, state governments received $536.4 billion in revenue from the federal government, 22.7 percent of all state government revenues in 2014 (latest year available).

Table 1

Sixteen Large Federal Assistance Programs that Distribute Funds on Basis of Decennial Census-derived Data, FY2015

Program Name	Dept.	Type	Recipients	Obligations
Medical Assistance Program (Medicaid)	HHS	Grants	States	$311,975,766,352
Supplemental Nutrition Assistance Program (SNAP)	USDA	Direct Pay	House-holds	$69,489,854,016
Medicare Part B (Supplemental Medical Insurance) – Physicians Fee Schedule Services	HHS	Direct Pay	Providers	$64,176,725,988
Highway Planning and Construction	DOT	Grants	States	$38,331,904,422
Section 8 Housing Choice Vouchers	HUD	Direct Pay	Owners	$19,087,549,000
Title I Grants to Local Education Agencies (LEAs)	ED	Grants	LEAs	$13,859,180,910
National School Lunch Program	USDA	Grants	States	$11,560,852,485
Special Education Grants (IDEA)	ED	Grants	States	$11,233,112,681
State Children's Health Insurance Program (S-CHIP)	HHS	Grants	States	$11,089,152,000
Section 8 Housing Assistance Payments Program (Project-based)	HUD	Direct Pay	Owners	$9,238,092,008
Head Start/Early Head Start	HHS	Grants	Providers	$8,259,130,975
Supplemental Nutrition Program for Women, Infants, and Children (WIC)	USDA	Grants	States	$6,347,680,031
Foster Care (Title IV-E)	HHS	Grants	States	$4,635,733,000
Health Center Program	HHS	Grants	Providers	$4,181,407,055
Low Income Home Energy Assistance (LIHEAP)	HHS	Grants	States	$3,370,228,288
Child Care and Development Fund – Entitlement	HHS	Grants	States	$2,858,660,000
Total				**$589,695,029,211**

Based on research to date, in future analysis the project expects to find approximately 300 Census-guided federal programs with total FY2015 outlays of about $700 billion.

Table 2			
Distribution of Funds from 16 Large Census-guided Federal Assistance Programs, U.S. and States, FY2015			
United States	$589,695,029,211		
Alabama	$7,614,787,035	Montana	$2,054,746,744
Alaska	$2,184,979,595	Nebraska	$2,544,798,214
Arizona	$13,513,326,539	Nevada	$4,656,440,588
Arkansas	$7,571,277,022	New Hampshire	$2,115,464,469
California	$76,656,557,639	New Jersey	$17,561,261,043
Colorado	$8,080,172,941	New Mexico	$6,197,394,617
Connecticut	$7,951,377,848	New York	$53,194,672,345
Delaware	$2,227,161,421	North Carolina	$16,297,657,450
District of Columbia	$3,080,946,536	North Dakota	$1,445,647,171
Florida	$29,283,302,687	Ohio	$21,061,701,904
Georgia	$13,675,744,474	Oklahoma	$6,552,821,358
Hawaii	$2,194,706,217	Oregon	$10,041,847,365
Idaho	$2,437,466,406	Pennsylvania	$26,793,367,770
Illinois	$19,738,866,367	Rhode Island	$3,129,773,048
Indiana	$11,061,770,386	South Carolina	$7,338,120,937
Iowa	$5,306,566,902	South Dakota	$1,369,718,736
Kansas	$4,481,261,683	Tennessee	$13,073,610,847
Kentucky	$10,137,434,348	Texas	$43,334,650,874
Louisiana	$9,437,994,281	Utah	$3,253,452,654
Maine	$2,826,488,754	Vermont	$1,771,423,823
Maryland	$10,940,423,817	Virginia	$10,182,105,724
Massachusetts	$16,118,445,446	Washington	$13,722,789,945
Michigan	$14,559,830,141	West Virginia	$5,079,831,509
Minnesota	$8,411,135,752	Wisconsin	$9,142,484,123
Mississippi	$6,143,852,125	Wyoming	$881,376,094
Missouri	$11,261,993,496		

Finding 2: As instructed or authorized by Congress, the 16 programs use 22 datasets <u>derived</u> from the Decennial Census to guide the geographic distribution of funds. The 16 programs do not directly use the Decennial count, which takes place but once a decade and gathers a limited amount of information. Rather, the set of programs relies on 22 datasets derived from the Decennial Census to determine applicant and beneficiary program eligibility and allocate funds

to states and areas using formulas based on population size and characteristics. (See list in following box and greater detail in [Attachment A](#).)

Census-derived Datasets

Nine datasets are foundational – Based on the Decennial Census, these are used directly and to build other datasets:

- Geographic classifications – Urban/Rural Areas, Core-based Statistical Areas, and Small Labor Market Areas
- Annually updated estimates of decennial counts – Population Estimates and Housing Unit Estimates
- Household surveys – Current Population Survey and American Community Survey
- Price and expenditure surveys – Consumer Expenditure Survey and Consumer Price Index

Four economic indicator datasets have broad uses for analysis, research, and distributing funds – Personal Income, Per Capita Income, Local Area Unemployment Statistics, Poverty Thresholds

Nine datasets are designed to distribute program funds based on:

- Eligibility criteria – Poverty Guidelines, State Median Income, and Index of Medical Underservice (for Department of Health and Human Services [HHS]) and Median Family Income (for Department of Housing and Urban Development [HUD])
- Allocation formulas – Fair Market Rent, Annual Adjustment Factors, Renewal Funding Inflation Factors (for HUD), Geographic Practice Cost Index (for HHS), and Small Area Income and Poverty Estimates (for Department of Education)

Of the 22 Census-derived datasets used to guide the geographic distribution of funds, those most relied on include Core-based Statistical Areas (Office of Management and Budget), Urban/Rural Classification (Census), Population Estimates (Census), American Community Survey (Census), Current Population Survey (Census and Bureau of Labor Statistics), Per Capita Income (Bureau of Economic Analysis), and Poverty Guidelines (HHS).

Finding 3: For 15 of the 16 programs (all but the National School Lunch Program), the funds a state received depended on its 2010 Census count. The more accurate the state's count, the more equitable is its share of federal funds. (See following box.)

Association between Decennial Census Accuracy and Geographic Funds Flow

For six programs, a positive connection exists between annual Population Estimates and geographic funds flow:

- Four are directly affected by total population count – Medicaid, S-CHIP, Foster Care, and Highway Planning and Construction
- Three are affected by the count of children – Title I Grants to Local Education Agencies, S-CHIP, and Child Care and Development Fund

Distributions for 10 programs are significantly determined by the Current Population Survey at the state level and the American Community Survey at the state and local levels:

- These programs address specific populations and include SNAP, Medicare Part B, Section 8 Housing Choice Vouchers, Title I Grants to Local Education Agencies, Special Education Grants, Section 8 Housing Assistance Payments, Head Start, WIC, the Health Center Program, and LIHEAP.
- As the Decennial Census is used as the sampling frame for the CPS and ACS, an undercount of target households in the Decennial Census would lead to an undercount of these populations in the CPS and ACS.
- For CPS and ACS reliability, an accurate Decennial Census is necessary but not sufficient. CPS and ACS reliability also depends upon adequate funding and, for the ACS, a response rate high enough to generate statistically valid data at the neighborhood level.

Note: For each program, the association between Decennial Census accuracy and funds distribution is described in a table on the project website.

Finding 4: A reliable American Community Survey (ACS) is particularly important to the equitable geographic distribution of federal funds. Attachment A indicates that 21 of the 22 Census-derived datasets (all but Urban/Rural Areas) use the ACS—directly or indirectly—to construct their respective statistics.

Conclusion: The equitable distribution of federal financial assistance to state and local governments and to households will depend on the accuracy of the 2020 Census. This project's forthcoming report will explore this finding in further detail.