Role of the 2020 Census in the Geographic Allocation of Federal Spending

Andrew Reamer, Research Professor
George Washington Institute of Public Policy
George Washington University

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Counting for Dollars 2020

Counting for Dollars 2020 examines:

- the extent to which the federal government will rely on data from the 2020 Census to guide the distribution of federal funds to states and local areas

- the impact of the accuracy of the 2020 Census on the fair geographic distribution of these funds

Types of Census-Guided Programs

- **Financial assistance programs** that provide direct payments, grants, loans, and loan guarantees to state and local governments, nonprofits, businesses, and households

- **Matching payments** from states to the federal government required by financial assistance programs

- **Tax credit programs** that allow a special exclusion, exemption, or deduction from gross income

- **Procurement programs** that award federal contract dollars to small businesses located in areas selected using census-derived data

Coverage

- Federal programs that allocated FY2017 spending to states and local areas **based, in whole or in part, on data derived from state and local 2010 Census results**.

- **Local areas include** metropolitan and micropolitan statistical areas, counties, cities and towns, rural areas, zip codes, census tracts, and program-specific geographic configurations (e.g., HUBZones).

Reliance on Census-Guided Federal Funding

- In Fiscal Year (FY) 2017, **316 federal spending programs** relied on 2010 Census-derived data to distribute **$1.504 trillion** across the nation.

- Census-guided federal spending accounted for **9.04% of U.S. personal income** in FY2017.

- Economic reliance on census-guided spending varied considerably by state **– from 6.30% of personal income in Colorado to 16.56% in West Virginia**.

- Two-thirds of the differences among the states are explained by two factors **–poverty rate, % population in rural areas.**

Uses and Types of Census-Derived Data

- Two major uses of census-derived data to guide federal spending – **eligibility designations, allocation formulas**.

- Three types of census-derived data:

  ◦ **Population Estimates** – annual updates of decennial census count by age, sex, race, ethnicity

  ◦ **American Community Survey and Current Population Survey** – sample surveys collecting data on income, employment status, housing conditions, commuting

  ◦ **Geographic classifications** – urban/rural, metropolitan and micropolitan areas

Sensitivity of Funding Allocation to Undercount

Sensitivity of funding allocation to state/local census undercount varies by program – each program is unique mixture of one or more of following:

- **Every person counts** regardless of characteristics – one missed person means lost dollars

- **Persons with specific characteristics count** – such a poor children ages 5-17, unemployed adults, persons in substandard housing

- **Classification ranges**, such as urban/rural, persistent poverty, high unemployment, are not sensitive to missing small numbers of people.

- **State discretion in sub-allocation to local areas** – e.g., no discretion in Title I grants to LEAs, partial discretion in WIOA, full discretion in Social Services Block Grants.

- **Reliance on non-census data** – e.g., bus miles for mass transit programs

Geographic Redistribution of $ as Result of State and Local Undercounts

- For most programs, Congress sets the dollars appropriated and the census data determine the fraction of the appropriation received by each state and area.

- Consequently, funds lost in one state or area due to an undercount are not returned to the U.S. Treasury. They are **distributed to all other states and areas.**

FMAP Program Funding

- State spending for Medicaid, CHIP, Foster Care, Adoption Assistance, and the Child Care and Development Fund are reimbursed by the Federal government according to the Federal Medical Assistance Percentage (FMAP), which is based on each state's per capita income. *($405.2 billion, 27.0 percent of census-guided funding)*.

- Reimbursement range 50-83. For state with PCI equal U.S. PCI, FMAP = 55.

- Among the 37 states with an FMAP over 50, the median FY2015 loss per person missed in the 2010 Census was $1,091. FY2015 loss per person missed ranged from $533 for Utah to $2,309 for Vermont. Tennessee was the median state.

- Impact of loss on local areas not possible to determine.

Medicare

- Medicare Parts A, B, and D account for *$710.2 billion of census-guided spending (47.4 percent).*

- These programs use census-derived data to define multiple local geographic classifications by which to allocate Medicare funding and services. (Medicare Part C funded out of Medicare Parts A and B.)

- Census data used primarily for classification purposes, so not sensitive to small undercounts

Medicare Part C – Network Adequacy

Table 3-1: Population and Density Parameters

County Type Designation	Population	Density
Large Metro	$\geq 1,000,000$	$\geq 1,000/mi^2$
--	$500,000 - 999,999$	$\geq 1,500/mi^2$
--	Any	$\geq 5,000/mi^2$
Metro	$\geq 1,000,000$	$10 - 999.9/mi^2$
--	$500,000 - 999,999$	$10 - 1,499.9/mi^2$
--	$200,000 - 499,999$	$10 - 4,999.9/mi^2$
--	$50,000 - 199,999$	$100 - 4,999.9/mi^2$
--	$10,000 - 49,999$	$1,000 - 4,999.9/mi^2$
Micro	$50,000 - 199,999$	$10 - 99.9 /mi^2$
--	$10,000 - 49,999$	$50 - 999.9/mi^2$
Rural	$10,000 - 49,999$	$10 - 49.9/mi^2$
--	$<10,000$	$10 - 4,999.9/mi^2$
CEAC	Any	$<10/mi^2$

Each year, CMS applies these parameters to the most recently available U.S. Census Bureau population estimates to determine appropriate county type designations.[3]

Medicare Part D – Prescription Drug Networks

Zipcode Designations

- **Urban:** more than 3,000 persons per square mile
- **Suburban:** 1,000 to 3,000 persons per square mile
- **Rural:** under 1,000 persons per square mile.

Network Adequacy

(i) At least 90 percent of Medicare beneficiaries, on average, in urban areas served by the Part D sponsor live within 2 miles of a network pharmacy that is a retail pharmacy or a pharmacy described under paragraph (a)(2) of this section.

(ii) At least 90 percent of Medicare beneficiaries, on average, in suburban areas served by the Part D sponsor live within 5 miles of a network pharmacy that is a retail pharmacy or a pharmacy described under paragraph (a)(2) of this section.

(iii) At least 70 percent of Medicare beneficiaries, on average, in rural areas served by the Part D sponsor live within 15 miles of a network pharmacy that is a retail pharmacy or a pharmacy described under paragraph (a)(2) of this section.

All Other Programs

- The remaining *306 programs distribute $388.8 billion (25.8 percent)*.

  - ○ **Local only** – *174 programs* rely only on local-level census-derived data *($261.2 billion, 17.4 percent)*.

  - ○ **State and local** – *38 programs* rely on both state- and local-level census-derived data *($73.9 billion, 4.9 percent)*.

  - ○ **State only** – 94 programs rely only on state-level census-derived data *($53.7 billion, 3.6 percent)*.

Example: Local Population
Rural Microenterpreneur

Rural or rural area. Any area of a State not in a city or town that has a population of more than 50,000 inhabitants, according to the most recent decennial Census of the United States (decennial Census), and the contiguous and adjacent urbanized area, and any area that has been determined to be "rural in character" by the Under Secretary for Rural Development, or as otherwise identified in this definition. In determining which census blocks in an urbanized area are not in a rural area, the Agency will exclude any cluster of census blocks that would otherwise be considered not in a Rural Area only because the cluster is adjacent to not more than two census blocks that are otherwise considered not in a rural area under this definition.

Example: State and Local Pop. Subset Title I Grants to Local Education Agencies

Formula Characteristic	Basic Grants	Concentration Grants	Targeted Grants	Education Finance Incentive Grants (EFIG)
Formula child count	Children ages 5-17: (1) in poor families;	Same as Basic Grants	Same as Basic Grants	Same as Basic Grants
Weighting of formula child count	None	None	At all stages of the allocation process, formula children are assigned weights on the basis of each LEA's number of formula children and formula child rate	For allocation of funds within states only, formula children are assigned weights on the basis of each LEA's number of formula children and formula child rate

Example: Local Pop. + Pop. Subset
Community Dev Block Grant – Entitlement

Entitlement Communities

These are principal (central) cities of metropolitan areas, other metropolitan-based cities (satellite) with populations of 50,000 persons or more, and statutorily defined urban counties whose populations may range from 100,000 to 200,000 persons.[6] Seventy percent of the funds appropriated for CDBG activities are allocated among these communities after funds are set

Formula A

Each entitlement community's share = 0.25(pop/total pop) + 0.50(pov/total pov) + 0.25(overcrowded/total overcrowded).[21]

Formula B

Each entitlement community's = 0.30(pov/total pov) + 0.50(age of housing/total age of housing) + 0.20(pop lag/total pop lag).[22]

Example: State Total Population
Social Services Block Grant

(b) COMPUTATION OF AMOUNTS FOR EACH STATE OTHER THAN JURISDICTIONS OF PUERTO RICO, GUAM, ETC. The allotment for any fiscal year for each State other than the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to—

    (1) the amount specified in subsection (c), reduced by

    (2) the total amount allotted to those jurisdictions for that fiscal year under subsection (a),

    as the population of that State bears to the population of all the States (other than Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands) as determined by the Secretary (on the basis of the most recent data available from the Department of Commerce) and promulgated prior to the first day of the third month of the preceding fiscal year.

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George Washington Institute of Public Policy

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areamer@gwu.edu

(202) 994-7866