Making it Count

The Role of the 2020 Census in the Geographic Distribution of Federal Funds by County

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Counting for Dollars 2020

The Counting for Dollars 2020 Project aims to understand:

- the extent to which the federal government will rely on data from the 2020 Census to guide the distribution of federal funding to states, localities, and households across the nation and
- the impact of the accuracy of the 2020 Census on the fair, equitable distribution of these funds.
**Census-Guided Federal Programs**

- About 325 federal programs rely on data derived from the decennial census to geographically distribute over $900 billion annually.
- The three types of programs include:
  - Domestic financial assistance programs
    - Direct payments (e.g., Section 8)
    - Grants, primarily to state and local governments (e.g., CDBG, Medicaid)
    - Loans
    - Loan guarantees
  - Tax credit programs (e.g., Opportunity Zones)
  - Procurement preference programs (e.g., HUBZones)

### 55 Large Census-guided Federal Expenditure Programs, FY2016

(Rank order by U.S. spending)

<table>
<thead>
<tr>
<th>Program Description</th>
<th>United States</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$883,094,826,042</td>
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<tr>
<td>1) Financial Assistance Programs (52)</td>
<td></td>
<td>$864,018,463,690</td>
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<tr>
<td>Medical Assistance Program (Medicaid)</td>
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<td>$361,218,476,000</td>
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<tr>
<td>Federal Direct Student Loans</td>
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<td>$93,528,589,805</td>
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<td>Supplemental Nutrition Assistance Program</td>
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<td>$66,376,250,674</td>
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<tr>
<td>Medicare Supplemental Medical Insurance (Part B)</td>
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<td>$66,076,784,523</td>
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<td>Highway Planning and Construction</td>
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<td>$40,271,249,273</td>
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<td>Federal Pell Grant Program</td>
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<td>$25,992,700,000</td>
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<td>Section 8 Housing Choice Vouchers</td>
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<td>$19,387,184,000</td>
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<tr>
<td>Temporary Assistance for Needy Families</td>
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<td>$17,696,198,545</td>
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<tr>
<td>Very Low to Moderate Income Housing Loans</td>
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<td>$16,904,961,354</td>
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<tr>
<td>Title I Grants to LEAs</td>
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<td>$14,364,454,918</td>
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<tr>
<td>State Children’s Health Insurance Program</td>
<td></td>
<td>$13,761,924,000</td>
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<tr>
<td>2) Federal Tax Expenditures (2)</td>
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<td>$12,130,000,000</td>
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<td>Low Income Housing Tax Credit</td>
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<td>$8,630,000,000</td>
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<tr>
<td>New Markets Tax Credit</td>
<td></td>
<td>$3,500,000,000</td>
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<tr>
<td>3) Federal Procurement Programs (1)</td>
<td></td>
<td>$6,946,362,351</td>
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<tr>
<td>HUBZones Program</td>
<td></td>
<td>$6,946,362,351</td>
</tr>
</tbody>
</table>
Large Census-Guided Programs by State

INdiana
In FY2016, Indiana received
$17,975,960,697
through 55 federal spending programs
guided by data derived from the 2010 Census.

• https://gwipp.gwu.edu/counting-dollars-2020-role-decennial-census-
  geographic-distribution-federal-funds

Types of Census-Guided Programs

• Local Direct Eligibility and Funding: A number of programs are directly
  targeted to local areas, such as CDBG Entitlement, SNAP, Section 8,
  LIHTC, Opportunity Zones, HUBZones.

• State Share Programs: Multiple other programs are grants to state
  governments on their respective shares of U.S. population.
  ◦ For some programs, such as Title I and WIOA training, state government
    regrants to local areas in line with federal guidelines.
  ◦ For other programs, such as WIC and SSBG, state government has greater
    discretion regarding geographic allocation to nonprofits.
**Types of Census-Guided Programs**

- **FMAP-based Programs**: Largest amount of funds are reimbursed to state government for FMAP-guided programs, particularly traditional Medicaid, CHIP, Foster Care, Adoption Assistance, CCDF
  - \[ \text{FMAP}_{\text{state}} = 1 - \left( \frac{(\text{Per capita income}_{\text{state}})^2}{(\text{Per capita income}_{\text{U.S.}})^2} \times 0.45 \right) \]
  - \[ \text{PCI} = \text{State Personal Income/Population Estimate} \]
  - SPI and PE independently calculated
  - PE highly sensitive to decennial count

- **National Inflation**: Several programs use census-derived data to adjust for inflation nationally, including programs that rely on federal poverty guidelines, National School Lunch, and National School Breakfast.

**Census-Derived Datasets**

- Data collected in the decennial census are **rarely used** – out of date, too few variables
- Three types census-derived datasets that guide federal funding:
  - Geographic classifications – such as urban/rural, metro areas, persistent poverty counties
  - Population characteristics updated from decennial – count, age, sex, race, ethnicity
  - Population characteristics collected through household surveys (such as American Community Survey) – key variables for funding are income, poverty, labor force status
Census-Derived Datasets

- Three primary uses of census-derived data to guide federal funding:
  - Determine eligibility (e.g., an urban area, poverty rate) – **not highly sensitive to census accuracy**
  - Geographically allocate funding to states and local areas by formula (e.g., state share of U.S. population) – **highly sensitive to census accuracy**
  - Rank project applications (e.g., by poverty rate) – **not highly sensitive to census accuracy**
Federal Programs Sensitive to 2020 Census Accuracy – State/Local Share

• Large programs with wholly census-guided formulas
  ◦ Title I Grants to LEAs ($14.4B)
  ◦ Special Education Grants (IDEA) ($11.8B)
  ◦ Vocational Rehab Grants to States ($3.0B)
  ◦ WIOA Youth, Adult, and Dislocated Worker Activities ($2.6B)
  ◦ Community Development Block Grants—Entitlement ($2.1B)
  ◦ Social Services Block Grants ($1.6B)
  ◦ Career and Technical Education Grants to States ($1.1B)
  ◦ Nutrition Services for the Aging ($0.7B)

Federal Programs Sensitive to 2020 Census Accuracy – State/Local Share

• Large programs with partially census-guided formulas
  ◦ State Children’s Health Insurance Program ($13.8B)
  ◦ Federal Transit Formula Grants ($8.9B)
  ◦ Head Start ($8.6B)
  ◦ Special Supplemental Nutrition Program for Women, Infants, and Children ($6.4B)
  ◦ Unemployment Insurance Administration ($2.7B)
  ◦ Supporting Effective Instruction State Grants ($2.2B)
  ◦ Substance Abuse Prevention Block Grants ($1.7B)
  ◦ State Community Development Block Grants ($0.9B)
Federal Programs Sensitive to 2020 Census Accuracy – State/Local Share

Observations
- A substantial amount of state/local share program funds will be sensitive to the accuracy of the 2020 Census
- The 2020 Census will not determine the size of the pie, but the size of the slices that go to individual states and areas
- For most programs, state governments are the initial recipients and then subgrant funds to local areas. (DC excepted)

Federal Programs Sensitive to 2020 Census Accuracy – State/Local Share

It is not feasible to measure total cost per person missed in the census. Reasons – most program formulas:
- Are based on counts of persons with particular characteristics (e.g., age, poverty status)
- Rely on multiple census-derived variables with differing characteristics (e.g., persons in poverty, in substandard housing, in overcrowded housing)
- Rely on non-census derived variables (e.g., miles of bus routes)
- For some formula-based programs, state governments have substantial discretion in determining the intrastate allocation of funds (e.g., WIC, SSBG)
Federal Programs Sensitive to 2020 Census Accuracy – State/Local Share

- Still, it is possible to make estimates of costs per person missed for a small number of state/local share programs based on a formula relying on one census-derived variable.

- Best example – Title I Grants to LEAs
  - Cost per poor child aged 5-17 missed – approximately $1,700 per year
  - Based on four complex allocation formulas, each based on Formula Child Count (number of poor children aged 5-17)

Federal Programs Sensitive to 2020 Census Accuracy – FMAP-based

- Five federal assistance programs reimburse state governments per Federal Medical Assistance Percentage (FMAP), which can range between 50 and 83 cents per dollar spent, as determined by state Per Capita Income (PCI) relative to US PCI
  - Medicaid ($269B in FY2015 for Traditional Medicaid and Part D clawback)
  - State Children’s Health Insurance Program (CHIP) ($11.1B)
  - Title IV-E Foster Care ($2.9B)
  - Title IV-E Adoption Assistance ($2.1B)
  - Child Care and Development Fund (CCDF) Matching Funds ($1.3B)
Federal Programs Sensitive to 2020 Census Accuracy – FMAP-based

- If state PCI = US PCI, FMAP = 55
- A census undercount causes PCI to rise and FMAP to fall
  - Income based on tax records, population based on census
  - Undercount has impact regardless of characteristics of persons missed
- Tennessee (median state) -> $1,091 per person missed
- Biggest loser with 1% undercount – Texas, $291.9M FY2015

Uses of Census-derived Data for State Budget Forecasting

- All states but Vermont required to balance budget
- All states prepare revenue and expenditure forecasts, often multi-year
- Reliable budget forecasting begins with analysis of a series of census-derived measures:
  - Population
  - Personal income
  - Inflation
  - Gross domestic product
Uses of Census-derived Data for State Tax and Spending Limitations (TELs)

- In 2015, 28 state governments were limited in ability to raise state government spending (23 states), taxes (three states), or both (two states).
- In all but Illinois, limit determined on basis of change in one or more Census-derived indicators.
  - Population
  - Personal income
  - Per capita income
  - Inflation
  - Projected revenue

Conclusions

- Census-guided federal programs annually allocate over $900 billion to states and communities nationwide.
- The allocation of a substantial portion of these funds is highly sensitive to the accuracy of the 2020 Census.
- The cost per missed person can be substantial. For example, for Title I alone, each missed poor child would cost a local education agency about $1,700 per year.
- Funds not received in a county due to an undercount are given to other states and areas.
- To receive its fair share of federal funds, each county should actively promote full, widespread participation in the 2020 Census.
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