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.

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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)

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55 Large Census-guided Federal Expenditure Programs, FY2016	
(Rank order by U.S. spending)	
	United States
Total	**$883,094,826,042**
1) Financial Assistance Programs (52)	**$864,018,463,690**
Medical Assistance Program (Medicaid)	$361,218,476,000
Federal Direct Student Loans	$93,528,598,805
Supplemental Nutrition Assistance Program	$66,376,250,674
Medicare Supplemental Medical Insurance (Part B)	$66,076,784,523
Highway Planning and Construction	$40,271,249,273
Federal Pell Grant Program	$25,992,700,000
Section 8 Housing Choice Vouchers	$19,387,184,000
Temporary Assistance for Needy Families	$17,096,198,545
Very Low to Moderate Income Housing Loans	$16,904,961,354
Title I Grants to LEAs	$14,364,454,918
State Children's Health Insurance Program	$13,761,924,000
2) Federal Tax Expenditures (2)	**$12,130,000,000**
Low Income Housing Tax Credit	$8,630,000,000
New Markets Tax Credit	$3,500,000,000
3) Federal Procurement Programs (1)	**$6,946,362,351**
HUBZones Program	$6,946,362,351

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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

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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 at 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.
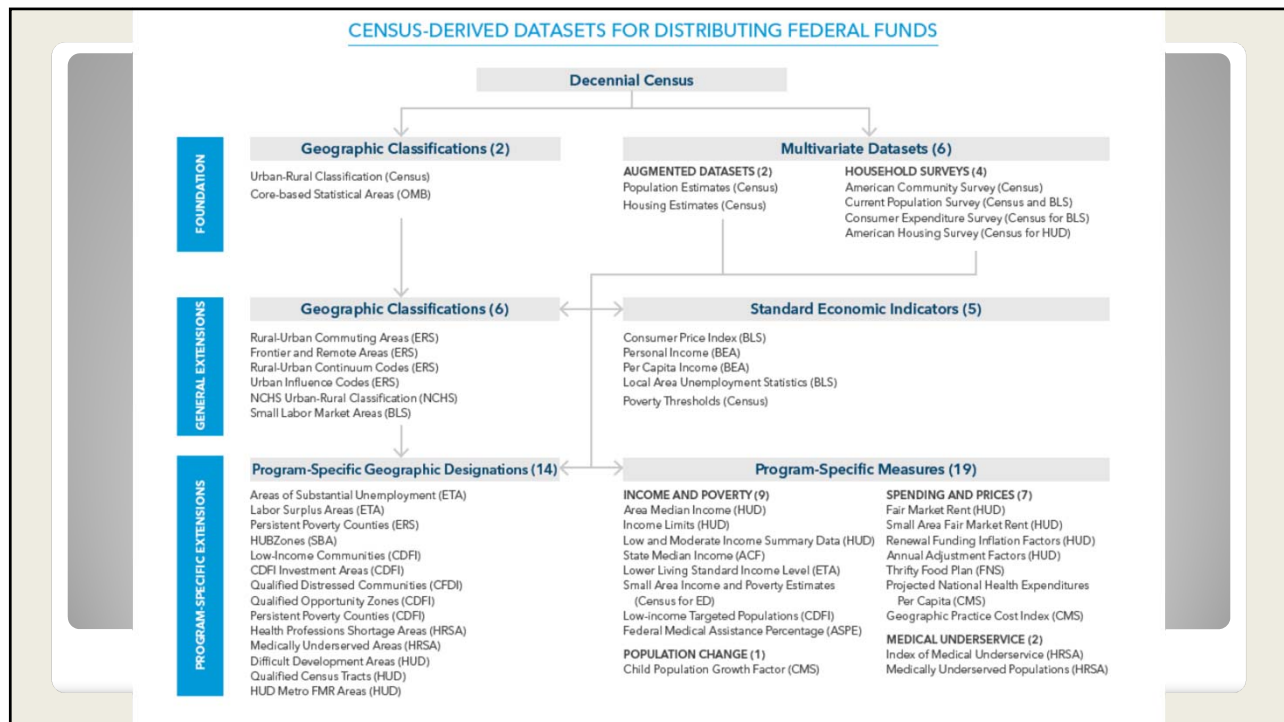
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Types of Census-Guided Programs

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

- <u>National Inflation:</u> 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.

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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

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CENSUS-DERIVED DATASETS FOR DISTRIBUTING FEDERAL FUNDS

Decennial Census

FOUNDATION

Geographic Classifications (2)
Urban-Rural Classification (Census)
Core-based Statistical Areas (OMB)

Multivariate Datasets (6)

AUGMENTED DATASETS (2)
Population Estimates (Census)
Housing Estimates (Census)

HOUSEHOLD SURVEYS (4)
American Community Survey (Census)
Current Population Survey (Census and BLS)
Consumer Expenditure Survey (Census for BLS)
American Housing Survey (Census for HUD)

GENERAL EXTENSIONS

Geographic Classifications (6)
Rural-Urban Commuting Areas (ERS)
Frontier and Remote Areas (ERS)
Rural-Urban Continuum Codes (ERS)
Urban Influence Codes (ERS)
NCHS Urban-Rural Classification (NCHS)
Small Labor Market Areas (BLS)

Standard Economic Indicators (5)
Consumer Price Index (BLS)
Personal Income (BEA)
Per Capita Income (BEA)
Local Area Unemployment Statistics (BLS)
Poverty Thresholds (Census)

PROGRAM-SPECIFIC EXTENSIONS

Program-Specific Geographic Designations (14)
Areas of Substantial Unemployment (ETA)
Labor Surplus Areas (ETA)
Persistent Poverty Counties (ERS)
HUBZones (SBA)
Low-Income Communities (CDFI)
CDFI Investment Areas (CDFI)
Qualified Distressed Communities (CFDI)
Qualified Opportunity Zones (CDFI)
Persistent Poverty Counties (CDFI)
Health Professions Shortage Areas (HRSA)
Medically Underserved Areas (HRSA)
Difficult Development Areas (HUD)
Qualified Census Tracts (HUD)
HUD Metro FMR Areas (HUD)

Program-Specific Measures (19)

INCOME AND POVERTY (9)
Area Median Income (HUD)
Income Limits (HUD)
Low and Moderate Income Summary Data (HUD)
State Median Income (ACF)
Lower Living Standard Income Level (ETA)
Small Area Income and Poverty Estimates (Census for ED)
Low-income Targeted Populations (CDFI)
Federal Medical Assistance Percentage (ASPE)

POPULATION CHANGE (1)
Child Population Growth Factor (CMS)

SPENDING AND PRICES (7)
Fair Market Rent (HUD)
Small Area Fair Market Rent (HUD)
Renewal Funding Inflation Factors (HUD)
Annual Adjustment Factors (HUD)
Thrifty Food Plan (FNS)
Projected National Health Expenditures Per Capita (CMS)
Geographic Practice Cost Index (CMS)

MEDICAL UNDERSERVICE (2)
Index of Medical Underservice (HRSA)
Medically Underserved Populations (HRSA)

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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**

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

- Large programs with <u>wholly</u> 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)

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

- Large programs with <u>partially</u> 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)

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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)

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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)

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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)

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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)

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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

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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

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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

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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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