The Role of the ACS in the Distribution of Federal Funding

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

ACS Data Users Conference Washington, DC May 14, 2019

Census-guided Federal Spending

 Annually, 325 federal programs geographically distribute over \$900 billion on the basis of data derived from the decennial census.

 The fair, prudent distribution of funding is a function of the accuracy of the census.

The ACS is the Current Incarnation of Rep. James Madison's Idea (1790)

- [Congress] had now an opportunity of obtaining the most useful information for those who should hereafter be called upon to legislate for their country if this bill [Census Act of 1790] was extended so as to embrace some other objects besides the bare enumeration of the inhabitants; it would enable them to adapt the public measures to the particular circumstances of the community.
- [I]n order to accommodate our laws to the real situation of our constituents, we ought to be acquainted with that situation.
- If the plan was pursued in taking every future census, it would give [Congress] an opportunity of marking the progress of the society, and distinguishing the growth of every interest. This would furnish ground for many useful calculations.

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)

Census-Guided Federal Programs

- Four uses of census-derived data to guide federal funding:
 - Determine eligibility (e.g, an urban area, households in poverty)
 - Geographically allocate funding to states and local areas by formula (e.g., state share of U.S. population) – most sensitive to census accuracy
 - Rank project applications (e.g., by poverty rate)
 - Set interest rates (e.g., by unemployment rate)
- Data collected in the decennial census are rarely used out of date, too few variables

Decennial Census

FOUNDATION

GENERAL EXTENSIONS

Geographic Classifications (2)

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

MULTIVARIATE DATASETS (2) HOUSEHOLD SURVEYS (4)

Population Estimates (Census) Housing Estimates (Census) American Community Survey (Census) Current Population Survey (Census and BLS) Consumer Expenditure Survey (Census for BLS) American Housing Survey (Census for HUD)

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)

Program-Specific Measures (19)

Multivariate Datasets (6)

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

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)

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)

Uses of the ACS in Census-guided Federal Programs

- Augmented Datasets
 - Population Estimates uses ACS for international inmigration
- Household Surveys
 - ACS used in sample design, weighting
- Geographic Classifications, Standard Economic Indicators,
 Program-specific Measures
 - Direct data uses include commuting, income, poverty, housing tenure, housing costs, housing conditions, unemployment, office rent
 - Indirect use Population Estimates, CBSAs
 - Sampling frame CPI Housing Survey

Uses of the ACS in Census-guided Federal Programs

- The ACS influences, directly or indirectly, the geographic allocation of funds for almost every censusguided programs.
- The fair, prudent geographic allocation of federal funds very much depends on the reliability of the ACS.
- This extensive reliance on the ACS is very much in keeping with James Madison's vision of the role of the census in guiding federal decision-making.

The Role of the ACS in the Distribution of Federal Funding

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

> <u>areamer@gwu.edu</u> (202) 994-7866