

# The Role of the ACS in the Distribution of Federal Funding

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# 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.

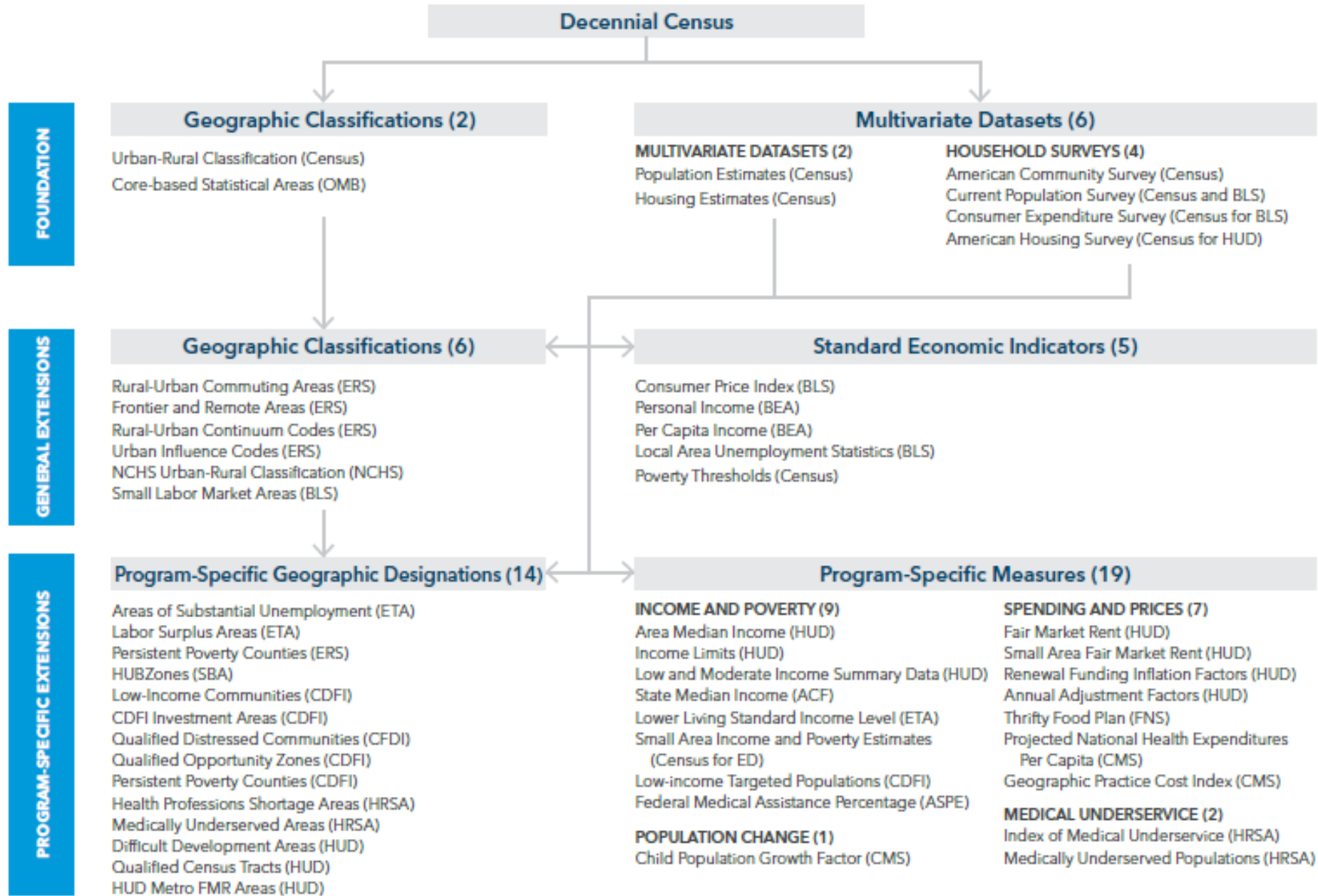
# Census-Guided Federal Programs

- 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- Data collected in the decennial census are **rarely used** – out of date, too few variables

# CENSUS-DERIVED DATASETS FOR DISTRIBUTING FEDERAL FUNDS



# Uses of the ACS in Census-guided Federal Programs

- Augmented Datasets
  - Population Estimates uses ACS for international immigration
- 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 census-guided 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.



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