

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.

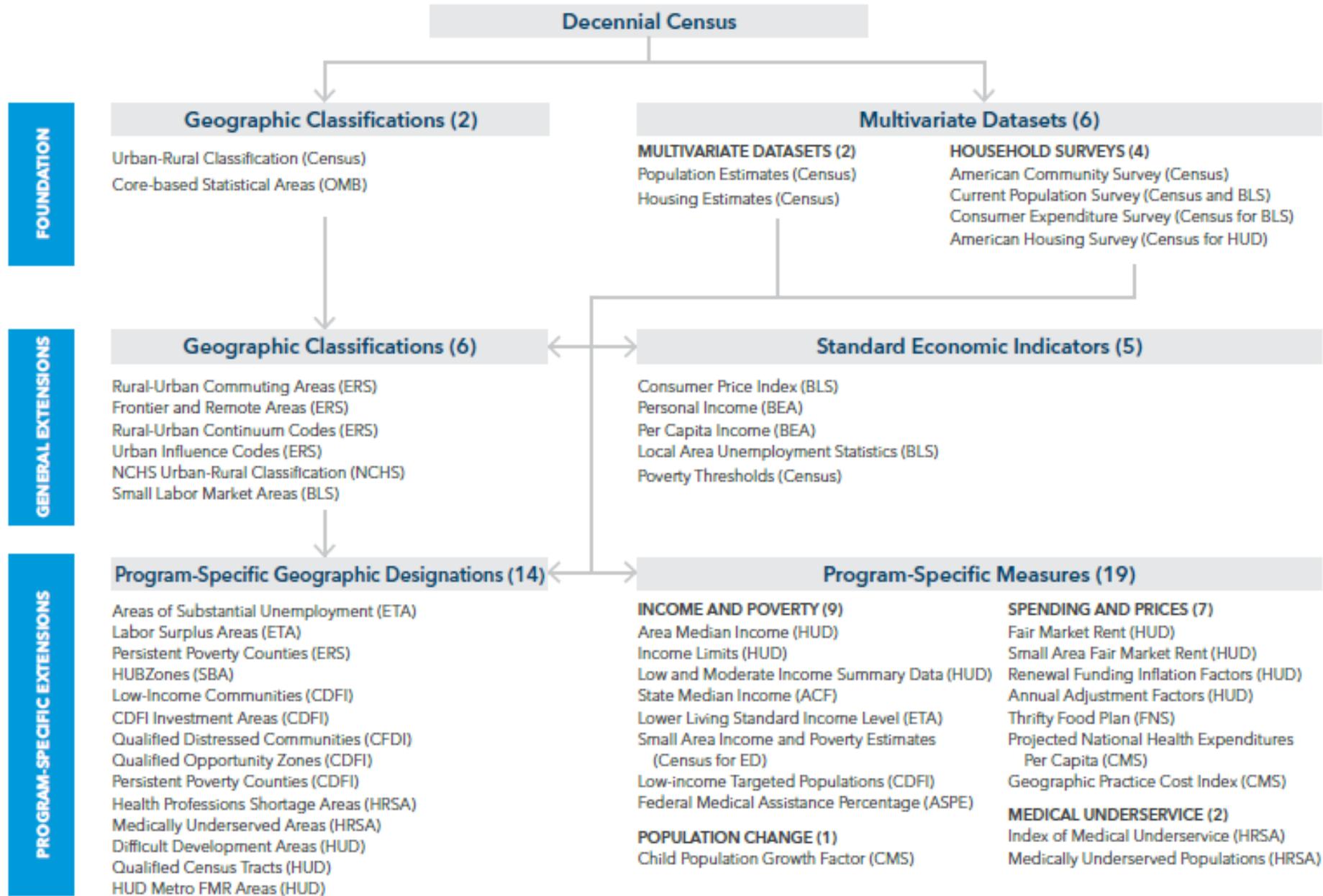
Census-Guided Federal Programs

- 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

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.

The Role of the ACS in the Distribution of Federal Funding

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

areamer@gwu.edu

(202) 994-7866