

The Role of the 2020 Census in Distributing Federal Funds to Metro Washington

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

Interventions that Work: 2020 Census & Hard-to-Reach Communities
Washington, DC
June 6, 2019

1

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.

2

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)

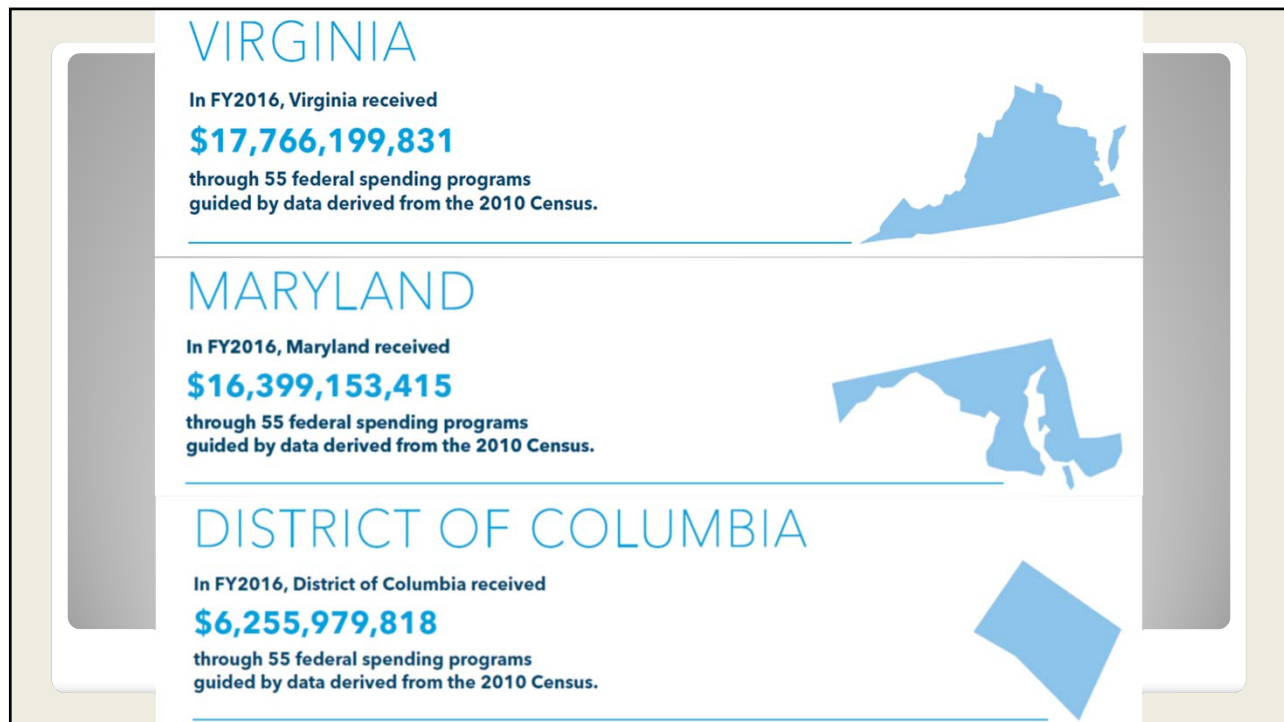
3

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

4



5

Census-Guided Programs and Metro Washington

- FMAP-based Programs: Largest amount of funds are reimbursed to state government for FMAP-guided programs, particularly traditional Medicaid, CHIP, Foster Care, CCDF
- 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.

6

Census-Guided Programs and Metro Washington

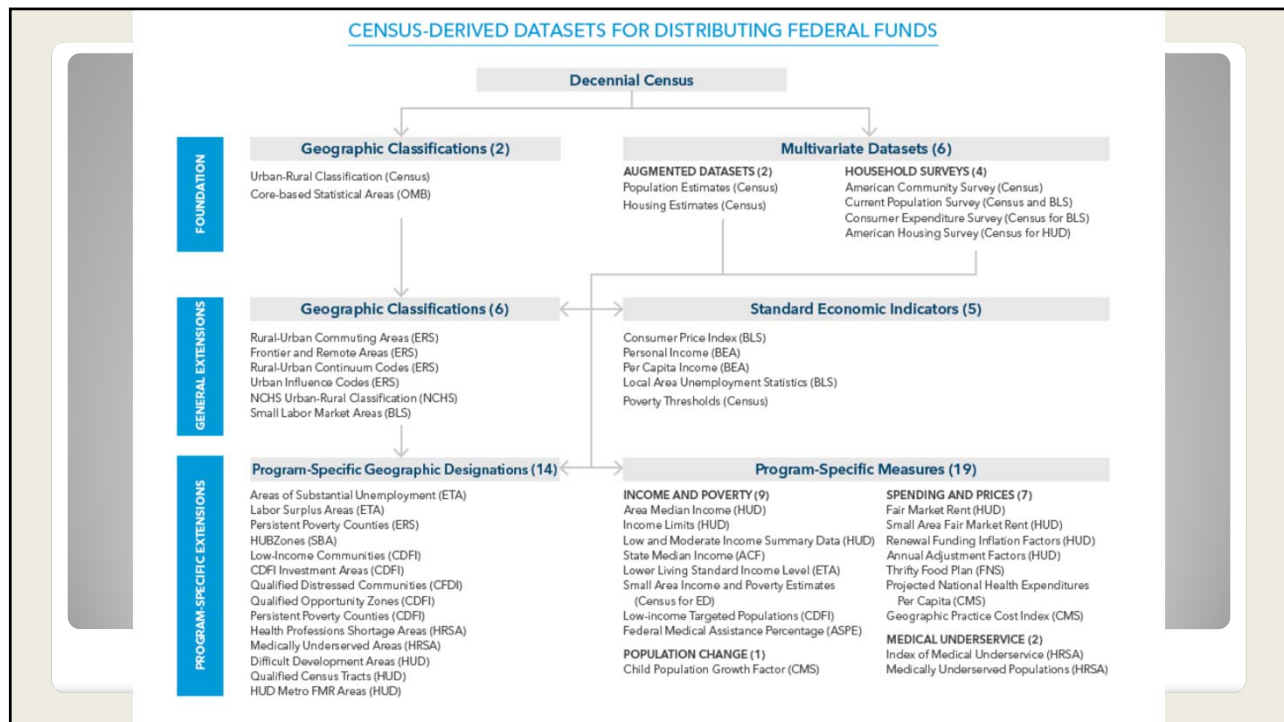
- Local Direct Eligibility and Funding: A number of programs are targeted to local areas and do not involve state government, such as CDBG Entitlement, SNAP, Section 8, LIHTC, Opportunity Zones, HUBZones.
- National Inflation: Several programs use census-derived data to adjust for inflation nationally, including programs that rely on federal poverty guidelines, National School Lunch, and National School Breakfast.

7

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 classification – such as urban/rural, 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

8



9

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**

10

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)

11

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

12

Federal Programs Sensitive to 2020 Census Accuracy – FMAP-based

- In FY2015, 13 states had FMAP of 50, the minimum – including Maryland and Virginia – and so could not go lower
- By federal law, DC's FMAP set at 70
- For foreseeable future, FMAP-based programs in DC-MD-VA will not be affected by a 2020 Census undercount

13

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)

14

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)

15

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)

16

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)

17

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 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 \$1,230 per year
 - FY16 appropriation \$14.4B; 9.5M children in poverty; about 83% of funds tied to share of poor children
 - Based on four complex allocation formulas, one of which uses factors other than poor children

18

Conclusions

- Census-guided federal programs annually allocate over \$40 billion to Maryland, Virginia, and the District of Columbia.
- Metropolitan Washington receives a substantial proportion of these funds.
- The flow of these funds to Metropolitan Washington is 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 about \$1,230 per year.
- Funds not received by Metropolitan Washington due to an undercount are given to other states and areas.
- To receive its fair share of federal funds, Metropolitan Washington should actively promote full, widespread participation in the 2020 Census.

19

The Role of the 2020 Census in Distributing Federal Funds to Metropolitan Washington

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

areamer@gwu.edu
(202) 994-7866

20