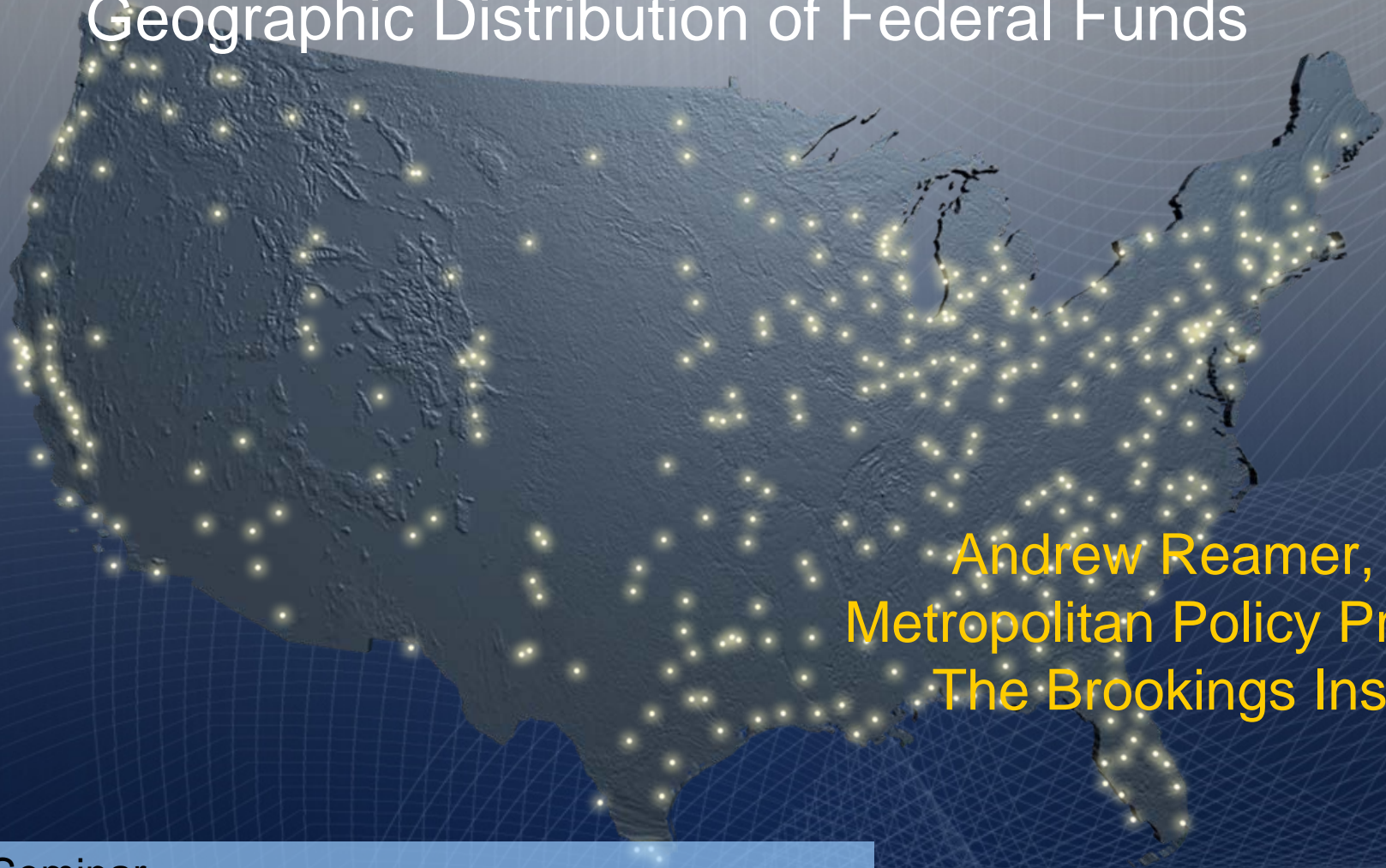


Surveying for Dollars

The Role of the American Community Survey in the
Geographic Distribution of Federal Funds



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Brown Bag Seminar
Capitol Visitors Center, Washington, DC
July 26, 2010

Purpose

Project aim – carry out a rigorous, complete analysis of the extent to which federal assistance funds are distributed on the basis of the American Community Survey (ACS)

Findings will:

- inform the Administration and Congress about the return on the nation's investment in the ACS
- help the Census Bureau understand how the ACS is used to guide the distribution of federal assistance
- give a dollar-specific rationale, by state and area, for support of and participation in the ACS

ACS Pre-History

To inform public policy, the federal government has collected socioeconomic data through the decennial census program for 160 years

- 1) 1850-1930: Socioeconomic questions asked of everyone
- 2) 1940-1950: Some socioeconomic questions asked of everyone, others asked of a sample
- 3) 1960-2000: Socioeconomic questions primarily asked through the decennial “long form”
- 4) 2005-2010: Socioeconomic data collected through the ACS

The ACS was developed in response to congressional interest in gathering data more frequently than once a decade

Value of the ACS to the Nation

Public Policy

- Guides the equitable distribution of federal domestic assistance
- Provides benchmarks for enforcement of federal civil rights laws
- Aids design, implementation, and evaluation of federal programs and policies
- Relied on by state and local governments to determine investments

Economy

- Used by businesses to determine markets, business locations, goods and services offered, investment in plant, equipment, R&D
- Helps nonprofit organizations, such as hospitals, better understand and serve the needs of their constituencies
- Supports state and local economic development efforts

Context – Federal Assistance

In FY2008, the federal government made \$1.43 trillion in federal assistance awards

The four major categories of assistance programs are:

- Grants—\$562.2 billion
- Direct loans—\$37.8 billion
- Guaranteed/insured loans—\$312.7 billion
- Direct payments—\$520.7 billion

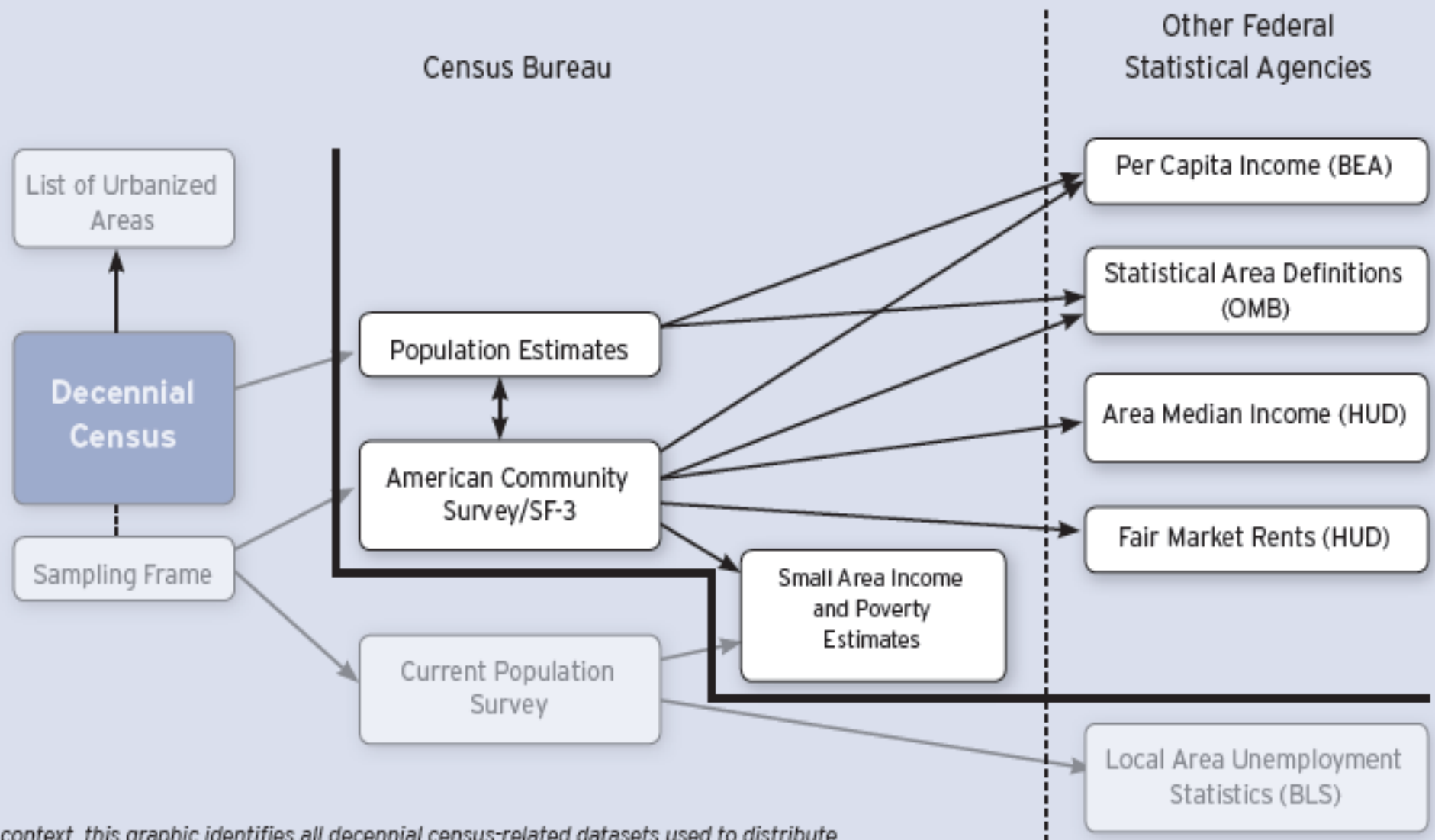
Uses of ACS-Related Data

Federal assistance programs use ACS-related data to guide the distribution of funds in four ways:

- *eligibility criteria* that identify which organizations or individuals can receive funds
- *allocation formulas* that distribute funds among eligible recipients across the nation, most typically by state
- *selection preferences* to score project applications
- determination of *interest rates* for federal loan programs

ACS-Related Datasets

Figure 1. Datasets Related to the American Community Survey



Note: For context, this graphic identifies all decennial census-related datasets used to distribute federal funding. ACS-related datasets are in white boxes.

ACS Questions Used to Guide Funds Distribution

Dataset

ACS

Question Topics

income, unemployment, housing conditions, housing tenure, rent, international migration, age, English proficiency, disability

Population Estimates

international migration

SAIPE

income, age

Per Capita Income (BEA)

international migration, journey-to-work

Statistical Areas (OMB)

international migration, journey-to-work, employment

Area Median Income (HUD)

income

Fair Market Rents (HUD)

rent

Method

Analysis relied on the database developed for the predecessor “Counting for Dollars” report:

- Programs that distribute funds on the basis of decennial census statistics directly or indirectly, in whole or in part, were identified through the *Catalog of Federal Domestic Assistance*
- FY2008 program expenditure data by county, state, and nation were downloaded from the *Consolidated Federal Funds Report*

The database was modified by removing all programs that did not rely on an ACS-related dataset

Report Materials

- 1) Report describing and analyzing findings
- 2) Tables providing data on ACS-guided program expenditures for the nation and each of the 50 states and the District of Columbia, the 100 largest metropolitan areas, and the 200 largest counties
- 3) Reference document describing how each ACS-guided federal program relies on ACS-related data

Findings

A. The ACS determines the geographic distribution of a substantial proportion of federal assistance, particularly in the form of grants

- In FY2008, 184 federal domestic assistance programs, or 14 percent of all such programs, used ACS-related datasets to help guide the distribution of \$416.0 billion, 29 percent of all assistance spending and \$1,368 per capita
- 94 percent of ACS-guided funding was in the form of grants and accounted for 69 percent of all federal grant funding

Findings

B. The bulk of ACS-guided federal assistance goes to state governments through a handful of large formula grant programs to aid low-income households and support highway infrastructure

- In FY2008, the ten largest programs distributed 86 percent of ACS-guided funding
- State governments received the bulk of funding through readily recognizable formula grant programs
 - 90 programs use state-level data to distribute 87 percent of ACS-guided funds
 - Medicaid alone provided 63 percent of ACS-guided funding
- Four budget functions accounted for 93 percent of expenditures: health; transportation; income security; and education, training, employment, and social services
- Five federal departments accounted for 98 percent of expenditures—HHS, DOT, HUD, ED, and USDA

Findings

C. State per capita ACS-guided funding is positively related to income inequality, Medicaid income limits, and the percentage of the population that is rural

On a per capita basis, the amount of funds distributed by programs that rely on ACS statistics varies greatly from state to state, metro to metro, and county to county

72 percent of differences in state per capita funding is explained by four positively correlated factors:

- 2008 average annual pay
- Percentage of children in poverty
- 2008 Medicaid family income limits for children aged 6-19
- Percent rural population in 2008

Findings

D. The ACS facilitates the distribution of federal assistance largely by serving as the basis for six other federal datasets

The most frequently used dataset is the Census Bureau's population estimates, directly relied on by 132 programs—five different datasets, including the ACS, were relied on by at least 25 programs each

The current annual cost of the seven ACS-related datasets used to determine federal funding flows is about \$220 million, or .05 percent of the amount of federal funds distribution guided by the ACS

The primary use of ACS-related datasets is in allocation formulas; eligibility determination is the second most important use

Implications

- Congress, OMB, and the Department of Commerce should recognize that the nation receives a very substantial return on its investment in ACS-related datasets in the form of appropriate, equitable distribution of over \$400 billion in assistance
- The Census Bureau should find the information on ACS-related data reliance by program helpful in meeting the needs of its federal users
- Advocates for communities and lower-income households have a dollar-specific rationale for encouraging households to participate in the ACS
- State governments have substantial financial incentive to support a reliable ACS

Surveying for Dollars

www.brookings.edu/metro/SurveyingforDollars

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