

AMERICAN COMMUNITY SURVEY *FACT SHEET*

How the Census Bureau's Largest Sample Survey Benefits America's

Business Community

Background:

The U.S. Census Bureau's **American Community Survey (ACS)** is part of the constitutionally required decennial census. While the census counts the population every ten years, the ACS provides detailed information about the nation's states, counties and cities, towns and rural communities, and neighborhoods every year, giving policymakers an invaluable, timely tool to understand and address the nation's needs. The **ACS** samples 3.5 million homes a year (most households will never receive it), producing annual data on education, housing, occupation, disability status, commuting patterns, income and poverty, ethnicity, veterans, and other vital social and economic characteristics. In fact, **Congress** requested, directly or indirectly, *all* of the data gathered in the **ACS**, and reviews the questionnaire each decade (13 U.S.C. §141(f)). Congress uses **ACS** data to allocate at least \$450 billion annually in federal aid to state and local governments. A majority of states also rely on **ACS** data to set tax and spending limits.

The ACS and Businesses:

Businesses of all sizes and in all sectors use **ACS** data to make critical investment and operational decisions that generate economic activity, boost employment, and improve the standard of living in communities across the country. From data on income, education, housing conditions, and occupation, to language spoken at home, veteran's status, commuting patterns, disability status, and mobility, America's business community relies on **ACS** data to make prudent decisions every day. Specific business community uses of ACS data include:

- Determining when to open new facilities or expand existing ones
- Identifying sound small business lending opportunities
- Creating efficient marketing or merchandising strategies to better serve communities
- Hiring decisions and workforce evaluation
- Forecasting growth and sales
- Allocating assets by geography
- Infrastructure investment
- Risk analysis



Issues:

- In the FY2015 Commerce, Justice, and Science Appropriations bill (H.R. 4660), the House cut \$238 million (20 percent) from the Census Bureau's budget request. *The House-passed funding level could jeopardize the Census Bureau's ability to produce reliable ACS data for smaller and less populous areas, leaving many communities without comparable, valid, and objective data about population and housing characteristics.*

Issues (cont.):

- The House also voted to make ACS response **voluntary, a change from 220 years of census history that would leave 40 percent of U.S. counties, small cities and towns, rural areas, neighborhoods, and American Indian reservations without any ACS data at all!**



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- A 2003 Census Bureau test of voluntary ACS response showed that response rates would drop and survey costs would increase, *both dramatically*, jeopardizing the validity and availability of data for many U.S. counties, cities, and towns.
- The Census Bureau would not have an extra \$90 million a year to overcome lower response rates, so making response optional will eliminate all data for rural areas, towns, and neighborhoods.
- The ACS is a unique source of information about the nation's communities. *No other federal survey or database provides comparable information.* The private sector cannot replicate the ACS, even if the federal survey disappeared. In fact, the ACS is the denominator for most public and private sector surveys, as well as for other core Census Bureau programs.
- Without the **ACS**, American businesses would lose vital tools to guide capital investment, location of facilities, hiring, and merchandise and service decisions, all of which drive economic growth, job creation, and sustained business success.
- Without a mandatory **ACS**, Congress would not have the data it needs to allocate grants and other program assistance to rural areas, smaller communities, and less populous counties.

Solution:

To ensure the ACS remains a representative, valid, and comprehensive source of information for the public and private sectors, Congress must fully fund the ACS and not risk losing data for most American communities and counties by making participation optional.

