The American Community Survey's Role in Federal Regulation and Spending

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

America's Essential Data at Risk
The Census Project
March 11, 2022

ACS Role in Federal Regulation

- The ACS provides the statistical foundation for federal enforcement of laws and regulations against discrimination in financial services, employment practices, and housing development.

- More specifically, the ACS provides population distributions by race, ethnicity, sex, age, and language spoken to which business actions are compared.

ACS Role in Federal Regulation

- Financial Regulation
  - Home Mortgage Disclosure Act (HMDA)
  - Community Reinvestment Act (CRA)
  - Equal Credit Opportunity Act
  - Federal Housing Finance Agency (FHFA) Enterprise Housing Goals
- Housing Regulation – Fair Housing Act
- Employment Regulation
  - Civil Rights Act of 1964
  - Equal Pay Act of 1963
  - Age Discrimination in Employment Act of 1967

Counting for Dollars 2020

- Examined the extent to which the federal government will rely on data derived from the 2020 Census to guide the distribution of federal funds to states and local areas.

- Assessed the impact of the accuracy of the 2020 Census on the fair geographic distribution of these funds.
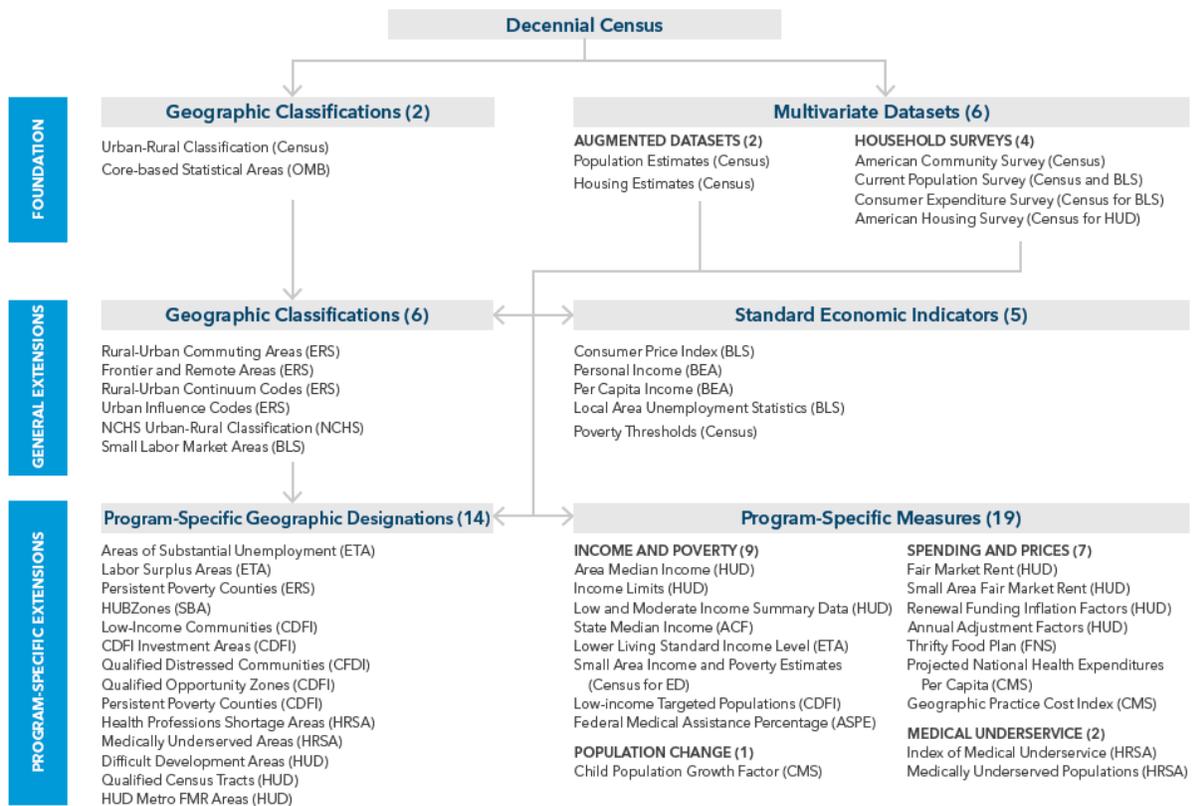
Coverage

- Federal programs that allocated FY2017 spending to states and local areas **based, in whole or in part, on data derived from state and local 2010 Census results**.

- **Local areas include** metropolitan and micropolitan statistical areas, counties, cities and towns, rural areas, zip codes, census tracts, and program-specific geographic configurations (e.g., HUBZones).

Census-derived = ACS-derived

- Congress recognizes that the decennial numbers, on their own, cannot guide the fair, equitable geographic distribution of federal funds.

- As a result, Congress authorizes a series of more current and descriptive datasets derived from the Decennial Census.

- Counting for Dollars identified 52 **census-derived datasets**.

- The **ACS** is one of these 52.

- **The other 51, and the Decennial Census itself, rely on ACS data** to some degree.

CENSUS-DERIVED DATASETS FOR DISTRIBUTING FEDERAL FUNDS

Decennial Census

FOUNDATION

Geographic Classifications (2)

Urban-Rural Classification (Census)
Core-based Statistical Areas (OMB)

Multivariate Datasets (6)

AUGMENTED DATASETS (2)
Population Estimates (Census)
Housing Estimates (Census)

HOUSEHOLD SURVEYS (4)
American Community Survey (Census)
Current Population Survey (Census and BLS)
Consumer Expenditure Survey (Census for BLS)
American Housing Survey (Census for HUD)

GENERAL EXTENSIONS

Geographic Classifications (6)

Rural-Urban Commuting Areas (ERS)
Frontier and Remote Areas (ERS)
Rural-Urban Continuum Codes (ERS)
Urban Influence Codes (ERS)
NCHS Urban-Rural Classification (NCHS)
Small Labor Market Areas (BLS)

Standard Economic Indicators (5)

Consumer Price Index (BLS)
Personal Income (BEA)
Per Capita Income (BEA)
Local Area Unemployment Statistics (BLS)
Poverty Thresholds (Census)

PROGRAM-SPECIFIC EXTENSIONS

Program-Specific Geographic Designations (14)

Areas of Substantial Unemployment (ETA)
Labor Surplus Areas (ETA)
Persistent Poverty Counties (ERS)
HUBZones (SBA)
Low-Income Communities (CDFI)
CDFI Investment Areas (CDFI)
Qualified Distressed Communities (CFDI)
Qualified Opportunity Zones (CDFI)
Persistent Poverty Counties (CDFI)
Health Professions Shortage Areas (HRSA)
Medically Underserved Areas (HRSA)
Difficult Development Areas (HUD)
Qualified Census Tracts (HUD)
HUD Metro FMR Areas (HUD)

Program-Specific Measures (19)

INCOME AND POVERTY (9)
Area Median Income (HUD)
Income Limits (HUD)
Low and Moderate Income Summary Data (HUD)
State Median Income (ACF)
Lower Living Standard Income Level (ETA)
Small Area Income and Poverty Estimates
  (Census for ED)
Low-income Targeted Populations (CDFI)
Federal Medical Assistance Percentage (ASPE)

POPULATION CHANGE (1)
Child Population Growth Factor (CMS)

SPENDING AND PRICES (7)
Fair Market Rent (HUD)
Small Area Fair Market Rent (HUD)
Renewal Funding Inflation Factors (HUD)
Annual Adjustment Factors (HUD)
Thrifty Food Plan (FNS)
Projected National Health Expenditures
  Per Capita (CMS)
Geographic Practice Cost Index (CMS)

MEDICAL UNDERSERVICE (2)
Index of Medical Underservice (HRSA)
Medically Underserved Populations (HRSA)

Types of ACS-guided Programs

- **Financial assistance programs** that provide direct payments, grants, loans, and loan guarantees to state and local governments, nonprofits, businesses, and households

- **Matching payments** from states to the federal government required by financial assistance programs

- **Tax credit programs** that allow a special exclusion, exemption, or deduction from gross income

- **Procurement programs** that award federal contract dollars to small businesses located in areas selected using census-derived data

Uses of ACS-derived Data

- Three primary uses of census-derived data to guide allocation of federal spending to states and local areas:
  - **Eligibility designations (areas and households)**
  - **Geographic allocation formulas**
  - **Determination of points in grant competition scores**

ACS-guided Federal Funding

- In Fiscal Year (FY) 2017, **316 federal spending programs** that relied on ACS-derived data distributed **over $1.5 trillion** across the nation.
- ACS-guided federal spending accounted for **9.0% of U.S. personal income** in FY2017.
- Economic reliance on ACS-guided spending varied considerably by state—**from 6.3% of personal income in Colorado to 16.6% in West Virginia**.
- Two-thirds of the differences among the states are explained by two factors—**poverty rate, % population in rural areas.**

ACS Use in Foundational Datasets

- <u>Decennial Census</u> – ACS-based *Census Planning Database* guides efforts to promote participation in the decennial census
- <u>Urban/Rural Classification</u> determined by decennial census
- <u>Annual Population Estimates</u> – relies on ACS for data on international in-migration and distribution of demographic characteristics
- <u>Core-based Statistical Area Designations</u> – relies on Population Estimates and ACS commuting data

ACS as Direct Input to Dataset – Examples

- <u>State Personal Income</u> (BEA) – relies on ACS data for residential adjustment; cash wages paid in private households; housing rents

- <u>Small Area Income and Poverty Estimates</u> (Census) – ACS data used to estimate K-12 student poverty rates by school district

- <u>Persistent Poverty Counties</u> (ERS) – persistent poverty estimates based on ACS

ACS as Direct Input to Dataset – Examples

- <u>Area Median Income and Income Limits</u> (HUD) – based on ACS income data

- <u>Fair Market Rents</u> (HUD) – based on ACS median rent data

- <u>Qualified Census Tracts and Difficult Development Areas</u> (HUD) – based on ACS poverty, income, and other data

ACS as Direct Input to Dataset – Examples

- <u>Rural Classifications</u> (ERS) – relies on ACS journey-to-work data

- <u>Index of Medical Underservice/Health Professional Shortage Areas</u> (HHS) – relies ACS poverty estimate

- <u>HUBZones</u> (SBA) – based on ACS income data

The American Community Survey's Role in Federal Regulation and Spending

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

areamer@gwu.edu
(202) 994-7866