

Brief 7: Comprehensive Accounting of Census-Guided Federal Spending (FY2017)

Part A: Nationwide Analysis

Andrew Reamer, Research Professor

George Washington Institute of Public Policy, George Washington University

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Key Findings

In Fiscal Year (FY) 2017

316 federal spending programs

relied on 2010 Census-derived data to distribute

\$1.504 trillion

to state and local governments, nonprofits, businesses, and households across the nation. This figure accounted for 7.8 percent of Gross Domestic Product in FY2017.

Census-guided federal spending programs vary substantially in terms of size, geographic focus, and extent of reliance on and uses of census-derived data. The common element across these programs is that a state or area's receipt of its fair share of federal funds depends on the accuracy of its census population count.

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. Examples of local areas include metropolitan and micropolitan statistical areas, counties, cities and towns, rural areas, zip codes, and neighborhoods.

Census-guided Program List:

The full list of 316 census-guided programs is available on the [Counting for Dollars 2020 website](#) (in Excel).

Program Characteristics:

The sections below outline the distribution of spending for 316 census-guided programs by program type, geographic level, data use, program size, and other characteristics. (Subsequent mini-briefs will explore various dimensions of census-guided federal spending in depth. Appendix A describes the methodology for program selection and analysis. Appendix B lays out the differences between this accounting and prior ones.)

Program Type

- **Financial assistance programs** that provide direct payments, grants, loans, and loan guarantees to state and local governments, nonprofits, businesses, and households (305 programs, \$1,465.2 billion)
- **Matching payments** from states to the federal government required by financial assistance programs (3 programs, \$16.5 billion)
- **Tax credit programs** that allow a special exclusion, exemption, or deduction from gross income (7 programs, \$14.9 billion)
- **Procurement programs** that award federal contract dollars to small businesses located in areas selected using census-derived data (1 program, \$7.5 billion)

Geographic Level of Data

- **Local only** - 176 programs rely only on local-level census-derived data (\$970.3 billion).
- **State only** - 101 programs rely only on state-level census-derived data (\$458.9 billion).
- **State and local** - 39 programs rely on both state- and local-level census-derived data (\$75.0 billion).

Data Use

- **Allocation** - Almost all programs use census-derived data to determine the amount of spending or services provided to each eligible geographic area and household (297 programs, \$1,414.8 billion).
- **Eligibility** - Forty percent of the programs use census-derived data to determine the geographic areas and households eligible to receive the program's funding (128 programs, \$206.3 billion).
 - Most of these programs also use census-derived data to determine allocations (109 programs, \$116.9 billion).
 - Nineteen programs (\$89.4 billion) only use census-derived data for program eligibility purposes.

Allocation Variables

- **Total population** (90 programs, \$520.3 billion)
 - Per capita income - total income (from tax and other records) divided by total population (11 programs, \$410.8 billion)
 - Count of residents (79 programs, \$109.5 billion)
- **Population subsets** (226 programs, \$216.9 billion) - examples:
 - Persons in rural areas
 - Persons below 125% of federal poverty level
 - Persons age 60+ at or below 185 percent of federal poverty level
 - Persons in overcrowded housing
 - Persons unemployed
 - Children ages 5-17 below federal poverty level
 - Children under age 3

- **Categories of geographic areas** (87 programs, \$773.8 billion)
 - Category examples
 - Large metro, metro, micro, rural, and isolated counties
 - Urban, suburban, rural zip codes
 - Persistent poverty counties
 - Area median income as percent of state median income (less than 60.0%, 60.0-69.9%, 70.0-89.9%, 90.0% and above)
 - Use examples
 - Funds sub-allocated by category
 - Minimum percent allocation reserved for particular category
 - In competitive grant selections, points awarded vary by category
 - In competitive grant selections, preference given to one category
 - Provider service requirements vary by category

Eligibility Variables

- **Geographic areas** (92 programs, \$139.3 billion) - examples:
 - Population density (such as rural or urban designation)
 - Population size (above or below a specified level)
 - Unemployment rate (above a specified level)
 - Household income (percentage of population below a specified level)
- **Households** (52 programs, \$89.5 billion)
 - Area median income (household income below a specified percentage of AMI)

Distribution of Census-Guided Spending by Program Sets

- **Medicare** - Medicare Parts A, B, and D account for \$710.2 billion of census-guided spending (47.4 percent). These programs use census-derived data to define multiple geographic classifications by which to allocate Medicare funding and services. (Medicare Part C is census-guided and funded through Parts A and B.)
- **FMAP-based funding** - Medicaid and six smaller Department of Health and Human Services programs rely on the annually updated Federal Medical Assistance Percentage (FMAP), based on each state's per capita income, to determine reimbursement and matching payment rates (\$405.2 billion, 27.0 percent of census-guided funding). (See Brief #2: [Estimating Fiscal Costs of a Census Undercount to State FMAP-guided Programs.](#))
- **All other programs** - The remaining 306 programs distribute \$388.8 billion (25.8 percent). These programs can be subdivided into:
 - **Local only** - 173 programs rely only on local-level census-derived data (\$260.1 billion, 17.3 percent).
 - **State and local** - 39 programs rely on both state- and local-level census-derived data (\$73.9 billion, 5.0 percent).
 - **State only** - 94 programs rely only on state-level census-derived data (\$53.7 billion, 3.6 percent).

Distribution of Census-Guided Programs by FY2017 Spending Level

The large majority of census-guided spending is concentrated in a small number of programs. The 15 programs that each allocated \$10 billion plus accounted for 88.4 percent of spending; the 58 programs that allocated \$1 billion plus were responsible for 97.5 percent.

On the other hand, the smallest 258 programs (under \$1 billion each) distributed just 2.5 percent of the funds. Across the 316 programs, the median spending amount was \$80.5 million.

FY2017 Spending Range	# of Programs	Spending \$ (billions)	Spending %
\$100 billion+	4	\$1,078.6	71.7%
\$10 billion - \$99.9 billion	11	\$247.2	16.4%
\$1 billion - \$9.9 billion	43	\$140.7	9.3%
\$100 million -- \$999.9 million	95	\$33.0	2.2%
\$10 million -- \$99.9 million	116	\$4.5	0.3%
\$300 thousand -- \$9.9 million	47	\$0.2	0.0%
Total	316	\$1,504.2	100.0%

Appendix A: Methodology

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. Examples of local areas include metropolitan and micropolitan statistical areas, counties, cities and towns, rural areas, zip codes, and neighborhoods.

Census-derived datasets:

The decennial census is carried out only once a decade and collects data on a small number of demographic characteristics—such as age, sex, race, and ethnicity. Consequently, it is rarely used directly to guide federal spending allocations.

Instead, the federal government uses the decennial census to create over 50 datasets that are more up-to-date and that measure many more characteristics, such as occupation, income, and educational attainment. The large majority of census-guided programs rely directly or indirectly on the most recent population estimates (the last decennial count annually adjusted for births, deaths, and net migration); household sample surveys (such as the American Community Survey) based on the last decennial census; and/or geographic classifications such as rural/urban and metropolitan/micropolitan area delineations. (See [Brief #4: Census-derived Datasets Used to Distribute Federal Funds](#))

Candidate programs for inclusion:

- Candidate financial assistance and matching payment programs were identified through a review of:
 - *2018 Catalog of Federal Domestic Assistance* (available on the federal assistance website beta.sam.gov).
 - Census Bureau, “Uses of Census Bureau Data in Federal Funds Distribution,” September 2017.
- Candidate tax credit programs were identified through a review of:
 - Joint Tax Committee, “Estimates of Federal Tax Expenditures for Fiscal Years 2017-2021,” U.S. Congress, May 25, 2018 (JCX-34-18).
 - Office of Management and Budget, *Budget of the United States Government*, Analytical Perspectives volume, “Chapter 13: Tax Expenditures,” February 12, 2018.
- Candidate federal procurement programs were identified through a search of website of the Government Accountability Office, U.S. Congress.

Uses of census-derived data for each candidate program were identified through review of one or more of the following information sources:

- U.S. Code
- Code of Federal Regulations
- *Catalog of Federal Domestic Assistance*
- *Federal Register*
- *Budget of the United States Government*
- Program-specific memos, guidance, notices of funding availability, requests for applications
- Congressional Research Service reports
- Government Accountability Office reports

FY2017 spending by census-guided program:

- Financial assistance programs – *2018 Catalog of Federal Domestic Assistance* for all programs except:
 - Medicare – Medicare Board of Trustees, “2018 Annual Report of The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds,” June 5, 2018.
 - Medicaid – Medicaid and CHIP Payment and Access Commission, “Report to Congress on Medicaid and CHIP,” June 2018.
- Tax credit programs – Office of Management and Budget, *Budget of the United States Government*, Analytical Perspectives volume, “Chapter 13: Tax Expenditures,” February 12, 2018.
- Matching payment programs and federal procurement programs – program-specific materials on agency websites (available on request).

Appendix B: Comparison to Previous Reports

As described below, the numbers provided in this brief differ substantially from those in previous *Counting for Dollars 2020* briefs and from the Census Bureau's "Uses of Census Bureau Data in Federal Funds Distribution" (September 2017).

This brief supersedes *Counting for Dollars 2020* Briefs #1 and #5, for the following reasons:

- This accounting includes every identified census-guided program, 316 in all.
 - Brief #1 covers 16 large programs and Brief #5 covers 55 large programs.
- New research determined that all Medicare programs are census-guided, which added \$644 billion to the total.
 - Brief #5 does not include Medicare Parts A and D and the non-physician payments components of Part B.
- This accounting is based on FY2017 spending.
 - Brief #1 is based on FY2105 spending and Brief #5 is based on FY 2016 spending.
- This accounting includes only programs that distribute state/local funding based on the state/local count.
 - Briefs #1 and #5 include several large programs that distribute spending using only national census numbers.
 - This accounting excludes these programs (which spent \$149.5 billion in FY2016).

This accounting is more comprehensive and current than the Census Bureau's "Uses of Census Bureau Data in Federal Funds Distribution":

- This accounting includes every identified census-guided program, 316 in all.
 - The Census Bureau report includes 132 programs, 184 fewer than this accounting.
 - This accounting includes census-guided tax credit programs, matching payment programs, and procurement programs. The Census Bureau report does not.
- New research determined that all Medicare programs are census-guided, which adds \$644 billion to the total.
 - The Census Bureau report does not include Medicare Parts A and D and the non-physician payments components of Part B.
- This accounting is based on FY2017 spending.
 - The Census Bureau report is based on FY2105 spending.
 - Since FY2015, several programs in the Census Bureau report have been terminated and several new census-guided programs have commenced.
- This accounting includes only programs that distribute state/local funding based on the state/local count.
 - The Census Bureau report includes several large programs that distribute spending using only national census numbers.
 - This accounting excludes these programs (which spent \$66.1 billion in FY2015).

Counting for Dollars 2020 aims to understand 1) 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 2) the impact of the accuracy of the 2020 Census on the fair, equitable distribution of these funds.

Brief #7—Comprehensive Accounting of Census-Guided Federal Spending (FY 2017) is comprised of a series of short releases on specific topics. The planned series includes:

A - Nationwide Analysis

B - State Estimates

C - Medicare

D - FMAP-based Programs

E - State Share Programs

F - Local Share Programs

G - Programs for Older Residents

H - Programs for Children

I - Transportation Programs

J - Housing Programs

K - Environmental Programs

L - Community Health Programs

M - Community Development Programs

N - Rural Programs