

Looking Back at Census 2020: What Florida's Business and Community Leaders Need to Know

JULY 2022

Following the 2020 Census, Florida could have secured:

- **Extra yearly federal funding;**
- **An additional congressional seat; and**
- **Reliable data to guide statewide business and economic development, workforce infrastructure, social services, and decision-making for the years to come.**

The prospect of these boons has diminished due to an undercount. Florida was one of only six states with a statistically significant Census undercount, missing an estimated 3.48 percent of its population. This equates to about 750,000 residents, a number larger than most Florida counties.¹

An undercount is nothing new to Florida, but its current persistence inflicts costs more formidable than previous years. In 2000, an undercount of 200,670 people lost Florida a total \$4 billion of federal funds by the end of the decade.² Now, a larger undercount paired with larger federal spending allocations sets Florida to incur even greater losses throughout the decade. More than a billion dollars will be lost *yearly*.

An undercount also affects the state's understanding of Florida's workforce and taxpayers. The Census count

influences the American Community Survey (ACS), a monthly survey used to produce 1-year and 5-year estimates of economic, social, and demographic characteristics. Together, the data sources have the power to share key insights, ranging from which areas need broadband access to which counties experience the longest commutes to work. Such data influence federal funding, marketing intelligence, and community decision-making.

While the limited Census count inherently hurts the estimates, the ACS also endures the lingering pattern of low participation that impeded the decennial Census. After years of mild drops in ACS response rates, 2020 suffered a substantial hit: the data samples were too limited to publish 1-year estimates for counties. As Floridians pursue data to inform crucial decisions for their communities, the remaining ACS data sources—the latest 1-year estimate (2019) or 5-year estimate (2016-2020)—are influenced by times before the COVID-19 pandemic.

Increased strain upon the state's revenue and a clouded understanding of economic factors will keep the state from realizing its full potential. As Florida navigates a decade of consequences, stakeholders should consider the effects of the undercount and ways to best adapt.

Billions of Dollars in Jeopardy

Federal funds are a sizable source of state revenue, composing over a third of Florida's budget, but Florida is still a "donor" state, contributing a larger share of federal revenue than its received share of federal

1 U.S. Census Bureau, "Census Coverage Estimates for People in the United States by State and Census Operations," June 2022. Based upon the estimated percentage, Florida missed 749,528 residents.

2 U.S. Census Bureau. Calculations are based upon undercount estimates from the U.S. Census Bureau's Coverage Survey as well as the yearly per capita grant and loan amounts based upon the U.S. Census Bureau's Consolidated Federal Assistance Reports from 2000 through 2010. For each year from 2000 through 2010, the per capita grants were multiplied by the Census 2000 undercount. \$2.4 billion is the calculated total loss from these products.

grants.³ After sending the federal government \$252 billion taxpayer dollars in FY 2021,⁴ Florida only saw \$60 billion returned through federal grant obligations.⁵ The received dollars equate to an average per capita federal grant amount lower than all other states,⁶ and compared to similarly sized states, Florida receives a third less.⁷ While Florida cannot combat all the factors that hand taxpayers' hard-earned dollars to other states, it can—and should—recoup dollars tied to the Census count.

Census-derived federal funds are structured in a way that ensures states have the capacity to serve all of their residents, so an inaccurate count could limit Florida's delivery of essential services or increase the state's reliance upon its own revenue. With the presence of frequent visitors—from tourists to snowbirds—as well as a rapidly growing population, Florida already accommodates far more people on a daily basis than the Census-derived funds prepares it to serve. Although Florida currently enjoys a growing budget and robust economy, receiving its total share of federal funds would ready Florida to fairly serve its taxpayers while also freeing state revenue for purposes that support its rising economy.

Currently, however, Florida faces the largest undercount in the state's history and is missing more federal dollars per uncounted person than decades prior. Based upon FY2019, a relatively normal spending year in the absence of the pandemic, missing nearly 750,000

residents would create a yearly loss of \$1.1 billion.⁸ In the presence of unusual circumstances—inflation, pandemics, natural disasters—Florida could lose up to \$2.1 billion.⁹ Throughout the decade, Floridians can expect to lose between \$11 billion and \$21 billion.¹⁰

The loss of funds will leak from 320 federal programs with census-derived funding.¹¹ These programs touch nearly every facet of a taxpayer's life, including health, education, transportation, job training, economic development, housing, environment, and financial assistance. One example of an impacted program is Medicaid. Medicaid, combined with Temporary Assistance for Needy Families (TANF), is the costliest component of Florida's budget and the program that receives the most federal aid.¹² The reimbursements are based upon per capita income (PCI), which divides the total income by the total population. What if Florida's population had 750,000 more people?

If more people were counted and personal income remained constant, Florida would have a lower PCI, which would result in a greater amount of funds returned to the state. Projections for FY2023 foresee a reimbursement of \$60.36 from the federal government for every \$100 the state spends; however, if the undercounted population was incorporated each year, Florida would expect \$62.78 in federal funds.¹³ While a \$2.42 difference seems small, the state typically spends billions of dollars upon Medicaid, creating a noteworthy multiplier. If Medicaid spending in FY2023 resembles

3 For the FY2021 calculation, data from the Internal Revenue Service and U.S. Department of Treasury (USASpending.gov) were used to subtract Florida's percentage of total federal grants from Florida's percentage of total internal federal revenue. Florida's contribution composes about 6 percent of federal revenue and receives about 5 percent of federal grants. See, Florida TaxWatch, "Florida is Still a Donor State," September 2016.

4 Internal Revenue Service, "2021 Data Book."

5 U.S. Department of Treasury, retrieved from USASpending.gov.

6 Ibid. The average federal grants per capita is \$2,055. Calculation is a three-year moving average based upon FY2019, FY2020, and FY2021.

7 U.S. Department of Treasury, retrieved from USASpending.gov. Calculation is a three-year moving average based upon FY2019, FY2020, and FY2021. Calculation includes New York, California, Texas, Pennsylvania, and Illinois. These states were chosen because they are the five most populated states outside of Florida. Their three-year moving average federal grants per capita equals \$3,431.

8 U.S. Department of Treasury, retrieved from USASpending.gov. Per capita grants multiplied by undercount: $749,528 \times 1,460 = 1,094,310,880$.

9 A three-year moving average of per capita grants and loans based upon FY2019-FY2021 is used to create a conservative estimate as to how unusual circumstances can affect federal funding. Note, while loans have to be paid back, they increase the current presence of money and can support future value (e.g., an education loan enabling higher future earnings as a specialized worker).

10 The estimate of \$1.1 billion and \$2.1 billion are multiplied by ten to show the potential effects an undercount can have throughout a decade.

11 Andrew Reamer, "Census-derived Datasets Used to Distribute Federal Funds," George Washington University, December 2018.

12 Florida TaxWatch, "Budget Guide 2021-2022," June 2021.

13 Office of Economic and Demographic Research, "MEDICAID FEDERAL SHARE OF MATCHING FUNDS," May 2022. The increased federal funds derive from an increase of 749,528 persons within the state's PCI and the nation's PCI.

FY2020, Florida will lose about \$612 million, \$816.47 for each uncounted person from Census 2020.¹⁴ This estimate is consistent with a past estimate calculating a one percent undercount costing Florida \$178 million of federal funds based upon the Federal Medical Assistance Percentage (FMAP).¹⁵

Limited Representation

Florida was expected to gain two congressional seats in the United States House of Representatives but only gained one. As a state known for booming growth, this is the first time since 1930 that Florida has gained fewer than two seats.¹⁶ While apportionment depends upon the populations of other states as well, one estimate shows Florida missing its second new seat by approximately 171,561 people, a number far below the state's estimated undercount.¹⁷ Without the second seat, the power of a Florida voter is smaller than residents of other states, and as Florida continues its rapid growth, the power of each vote will decline from this low starting point.

The population count also affects state level representation. During redistricting, policymakers are tasked to maintain equal powers among voters by ensuring similar population sizes within each district. The undercount leaves a large number of people out of consideration, indeterminably influencing the efficacy of votes.

¹⁴ The calculation uses the total spending upon Medicaid in FY2020—the most recent year with available data—and applies the shares of funding for the two FY2023 scenarios to estimate Florida's loss of money. The \$612 million is the difference between the federal funds. This calculation is an estimation; FMAP is used to determine the federal share of most but not all Medicaid services. For example, the federal government holds a higher share of expenses for newly eligible individuals. Since the share of administrative costs does not vary by FMAP, these costs are not included in this estimate. See, MACStats: Medicaid and CHIP Databook.

¹⁵ Andrew Reamer, "Estimating Fiscal Costs of a Census Undercount to States," George Washington University, March 2018.

¹⁶ U.S. Census Bureau, "Historical Apportionment Data (1910-2020)," April 2021.

¹⁷ Election Data Services, "Final Census Apportionment Counts Surprises Many Observers; Raising Questions of Why?" April 2021.

Obstructed Economic Opportunities

Together, the decennial Census count and ACS help communities understand local patterns of population growth, specialized workers, income, employment statuses, and transportation needs. These data points are most impactful when they accurately reflect current conditions—reinforcing the importance of a complete Census count—and help business and community stakeholders across the state, such as:

- Businesses determining where to locate and expand, the abilities and availability of local workers, and the wants and needs of consumers;
- Local governments, economic councils, and nonprofit organizations evaluating economic needs and opportunities for economic growth; and
- City planners and developers determining how to plan for homes and businesses in a way that complements economic development and community needs.

Blind Decision-Making

Paired with the ACS, the Census count is a valuable decision-making tool that provides estimates describing current conditions of the state. To design roads, hospitals, schools, and emergency plans, policymakers need quality population data that clearly establish the needs of communities. Once policies are implemented, the ACS estimates continue to be fruitful by allowing stakeholders to track whether objectives are being met.

For example, the Florida Department of Transportation (FDOT) develops and maintains travel networks using Census data in the form of Census Transportation Planning Products (CTPP):

"The CTPP program is a vital component for understanding travel in the state of Florida... The data, along with the technical support provided by AASHTO [American Association of State Highway and Transportation Officials] helps

Florida understand the nature of the workforce in Florida, how, when, and where they travel for work, and the impacts on congestion and transportation operations.”

FLORIDA DEPARTMENT OF TRANSPORTATION¹⁸

Travel networks are a pillar to the economy, influencing where workers find employment, where consumers spend their money, and how goods are transported. As the second largest foreign trade zone in the nation, and home to 430,000 transportation and warehousing workers,¹⁹ Florida has a keen interest in ensuring its travel networks continually improve in favor of its logistics and distribution industry. More complete Census data provides more effective inputs for transportation and land-use models, both of which are used by FDOT to enhance travel networks.

Looking Ahead

Accurate population data is critical nationwide, but the stakes are especially high for a state like Florida. Florida is large and diverse, home to many of the country's most hard-to-count populations, such as rural residents and children in poverty. The undercounted persons place an extra strain upon the state's budget and further cloud projections as to what the state may need in order to accommodate all the people present at any given moment. Meanwhile, a complete count would equip Florida with additional federal funds, enabling the state to retain its own revenue for uses that can reinforce its rising economy.

Enhancing population data collection starts today with the ACS. With a greater participation rate, the data would be less reliant upon the success of follow-up operations. Further, if communities gained heightened awareness as to the impact of Census Bureau surveys upon funding and planning, it could influence the self-response rate for the 2030 Census.

As stakeholders prepare for a better Census count in 2030, they should emphasize the success of its partner and training ground—the ACS—to truly capture the data needs of communities.

Florida TaxWatch has launched a Census Institute to support the success of Census Bureau and ACS surveys. By dedicating thoughtful research and facilitating opportunities for engagement, we hope to encourage unifying action that betters our great state. Securing a more accurate count needs attention from all Floridians, including business and community leaders, philanthropic organizations, government officials, and members of the public. Florida TaxWatch invites all to be part of a coalition that can help ensure Florida receives the fair funding, equal representation, and essential knowledge needed to reinforce the state's economic growth and future trajectory.

To reflect upon the impact of population data collections, we ask you to consider the following:

- How may a Census undercount affect your community or industry?
- What supplemental data sources can help data users mitigate the knowledge lost by the 2020 Census undercount?
- What actions can be taken to secure a better Census count in 2030?

Visit [FloridaTaxWatch.org](https://FloridTaxWatch.org) or contact Meg Cannan at (850) 222-5052 to share your thoughts and learn more about Census-related topics.

¹⁸ American Association of State Highway and Transportation Officials, "About the CTPP," retrieved from <https://ctpp.transportation.org/funding-the-ctpp>, accessed on June 21, 2022.

¹⁹ Enterprise Florida, "Logistics and Distribution Profile," July 2021.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs.

Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on residents and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not solicit government appropriations. Membership support provides a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the residents it serves since 1979.

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