Florida TaxWatch

ECONOMIC COMMENTARY

THE ECONOMIC AND FISCAL SIGNIFICANCE OF THE U.S. CENSUS AND AMERICAN COMMUNITY SURVEY

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What if the very data used to drive customer and market intelligence, justify business decisions, or construct new physical infrastructure were in jeopardy? Even more consequential, what if the at-risk data guided the distribution of more than $1.5 trillion every year?

Often overlooked, the data supplied by the U.S. Census Bureau do more than just provide a snapshot of the population size every ten years. The data power the economy, guiding decision-making processes for businesses and policymakers alike and creating insights about the country's direction. Due to the COVID-19 pandemic, funding, and other issues, there is now a profound danger to the nation's data foundation.

The once-in-a-lifetime pandemic disrupted the 2020 Census—the 24th in U.S. history—delaying field operations and hampering the public's ability to respond. Even though much attention was on the decennial Census, the pandemic also hindered data collection efforts for another essential source of data: the American Community Survey (ACS). The ACS is a continuous nationwide survey that provides critical and timely economic, social, housing, and demographic data every year, but operational challenges involving the 3.5 million households surveyed annually called into question the reliability of the data for 2020.

What does this mean for everyday Floridians? The answer goes far beyond simple population counts. Of the numerous products and statistics reported by the U.S. Census Bureau, the Post-Enumeration Survey (PES) is one particular analysis that begins to demonstrate the crucial link between operational difficulties, quality measures, and broader impacts.

TABLE 1. NATIONAL NET COVERAGE ERROR (PERCENTAGES) IN THE 2010 AND 2020 POST-ENUMERATION SURVEYS

Race or Hispanic Origin	2010	2020
National Total	0.01	-0.24
Non-Hispanic White	0.83*	1.64*
Black or African American	-2.06*	-3.30*
Asian	0.00	2.62*
American Indian or Alaskan Native	-0.15	-0.91*
Native Hawaiian or Pacific Islander	1.02	1.28
Some Other Race	-1.63	-4.34*
Hispanic or Latino	-1.54	-4.99*

Source: U.S. Census Bureau; *Statistically Significant; A negative percentage signifies an undercount.

EVALUATING THE ACCURACY OF THE 2020 CENSUS

Following every decennial Census since 1980, the U.S. Census Bureau has released a PES to measure the accuracy of the Census results.[1] By independently surveying a large sample of households, the U.S. Census Bureau calculates a "net coverage error"—the difference between the population size as estimated in the PES and the decennial Census population counts. Net coverage error serves as a quality metric and reveals the respective number of undercounts or overcounts in the recent decennial Census.[2]

1 U.S. Census Bureau, "Post-Enumeration Surveys," Accessed Apr. 6, 2022 and Georgetown Law Center on Poverty and Inequality, Evaluating the Accuracy of the Decennial Census, Nov. 2020.

2 Net Coverage = True Population (PES) – Census Count. When the census count is smaller than the true population, there is a net undercount. When the census count is greater, there is a net overcount.

According to national PES results, the 2020 Census undercounted the total U.S. population by 782,000 individuals, or about 0.2 percent (See Table 1. Note: A negative percentage signifies an undercount). By race and ethnic group, White and Asian populations experienced overcounts of 1.6 and 2.6 percent, respectively. The Black, Hispanic, American Indian/Alaskan Native, and Some Other Race population categories witnessed undercount rates ranging from 0.9 percent to 5.0 percent.[3] Also quite significantly, children between the ages of 0-4 were undercounted by 2.8 percent in 2020—the largest undercount of young children since the 1970 Census.

State coverage estimates will be released in May 2022; however, due to data limitations, the data will not be broken down by demographic characteristics or smaller geographical areas, perhaps obscuring more nuanced insights. By some estimates, the Urban Institute projects the 2020 Census undercounted 206,933 people in Florida, roughly 1 percent of the state's total population.[4] Absent any official figures, these preliminary estimates should be viewed with caution.

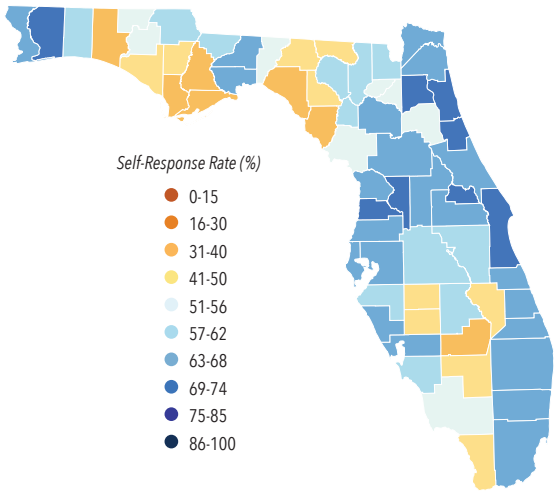
Self-response rates, by Florida county, may also provide another indicator of the 2020 Census outcomes. Even though self-response rates are a process measure and not necessarily a quality measure of the final results, past research has found self-response rates to be highly correlated with higher net undercounts and omission rates.[5] In 2020, Florida had a statewide self-response rate of 63.8 percent—the 34th in the nation. By region, counties in central Florida and around Jacksonville had some of the highest response rates, while areas in northwest Florida, the Big Bend, and southcentral Florida experienced relatively low self-response rates between 32 and 48 percent (See Figure 1).

IMPACTS ON THE AMERICAN COMMUNITY SURVEY (ACS)

> *"If roads, bridges railways, and ports form the heart of America's physical infrastructure, then the ACS is the backbone of the country's data infrastructure."*
>
> —The Census Project, America's Essential Data at Risk[6]

The COVID-19 pandemic also disrupted data collection for the U.S. Census Bureau's ACS program. Replacing the decennial Census long-form questionnaire in 2005, the ACS provides annual data measuring the evolving demographic and socioeconomic characteristics of the population, such as educational attainment, internet access, poverty rates, and

FIGURE 1. SELF-RESPONSE RATES IN FLORIDA FOR THE 2020 CENSUS



employment levels.[7] Every year, the U.S. Census Bureau publishes more than 11 billion statistics derived from ACS information.[8]

Many federal laws require ACS data for establishing program/grant eligibility, allocating funds, and monitoring compliance. ACS data on housing and income level, for example, may be used to assess affordable housing initiatives or to help allocate funding for the Low-Income Home Energy Assistance Program (LIHEAP), which helps low-income households pay monthly energy bills.[9] Worth emphasizing, ACS data form the basis for robust market intelligence. Many businesses will use ACS-related data to make informed business decisions relating to capital investments, customer bases, and talent pipelines.

In July 2021, the U.S. Census Bureau announced it would not be releasing its standard 1-year ACS estimates for 2020 due to disrupted survey operations and serious concerns with statistical quality measures.[10] Even though the U.S. Census Bureau released experimental 1-year estimates later on in 2021 and eventually released 5-year estimates (2016-2020) in March 2022, uncertainty about the estimates will cast doubt on the reliability of data for many geographic areas in forthcoming years. Local governments and businesses that rely on the timely ACS data are likely to feel the immediate impacts. Furthermore, there is evidence a link exists between the ACS and Census response rates, a feature that will certainly come up in the 2030 Census.[11]

3 U.S. Census Bureau, 2020 Census Coverage Results by Demographic Groups from the Post-Enumeration Survey, Mar. 10, 2022.

4 Urban Institute, "The 2020 Census and the Consequences of Miscounts for Fair Outcomes: Florida," Nov. 2021.

5 See William P. O'Hare (2020), "Are Self-Participation Rates Predictive of Accuracy in the U.S. Census?" International Journal of Social Science Studies. To be explicitly clear, self-response rates illustrate a process measure of how well the Census was conducted, whereas net undercounts describe an accuracy measure of the results.

6 The Census Project, America's Essential Data at Risk: A Vision to Preserve and Enhance the American Community Survey (ACS), Mar. 8, 2022.

7 U.S. Census Bureau, "How Congress Uses ACS Data," Accessed Apr. 6, 2022.

8 The Census Project, America's Essential Data at Risk: A Vision to Preserve and Enhance the American Community Survey (ACS), Mar. 8, 2022.

9 U.S. Census Bureau, "How Congress Uses ACS Data," Accessed Apr. 6, 2022.

10 U.S. Census Bureau, "Pandemic Impact on 2020 American Community Survey 1-Year Data," Oct. 27, 2021.

11 Minnesotans for the American Community Survey and 2030 Census (MACS), Presentation: The Power of the American Community Survey – State Level Engagement for the ACS and 2030 Census, Mar. 30, 2022.

ECONOMIC AND FISCAL IMPACTS IN FLORIDA

From local schools and hospitals to road projects and public assistance programs, the availability of accurate and reliable Census data has far-reaching implications for Florida's economy. For many Florida communities, access to data is a necessary precondition for positive economic development and growth outcomes since many businesses rely on quality data to perform market research and data analytics on potential customer bases, for example. Local businesses also reference available data to meet their workforce needs and justify investment decisions to start or expand operations in certain locations. Connective infrastructure that facilitates logistics and supply chains requires Census-directed funding.

> *"Trade associations, chambers of commerce, big and small business, and development organizations across the country rely on current demographic, socio-economic and housing data from the American Community Survey to decide where to invest money."*
>
> —Haya El Nasser, Editor of America Counts, U.S. Census Bureau[12]

From a fiscal perspective, Census counts and ACS data factor significantly into the distribution of federal funding for a variety of programs. Across the nation, 316 federal spending programs rely on Census-derived data to allocate $1.5 trillion to state and local governments, households, businesses, and nonprofits.[13] Federal funding goes to support many programs, including Head Start, Supplemental Nutrition Assistance Program (SNAP), Pell grants, job training, transportation, economic development, and emergency response. In 2017, George Washington University found that Census-guided federal spending totaled $86.8 billion in Florida (8.8 percent of the state's total personal income in that year). Of this total, $50.3 billion was directed to Medicare, $14.6 billion to Medicaid, and $21.8 billion to other federal programs.[14]

Even though these totals are sizeable for the state of Florida, past research from Florida TaxWatch has found the state consistently receives fewer funds per capita than every other state in the nation, due in large part to historic undercounting.[15] If Florida received its equitable share of federal funding, the state would receive more than $14.6 billion in additional funding—an amount that will surely grow in magnitude as Florida's population growth continues.

If history is any indication, Florida's taxpayers will likely receive less than their fair share of services and supports over the coming years, relative to residents in other states.

Accurate Census and ACS data are a foundation for good stewardship of taxpayer dollars. To ensure federal, state, and local spending are allocated in an accountable and effective manner, policymakers must ensure their decisions are based on robust metrics. Furthermore, making strategic investments for the future requires an accurate projection of trends and local needs. At a fundamental level, however, the pandemic has called into question the integrity of crucial economic data used in evidence-based research and decision-making processes.

LOOKING AHEAD: ACHIEVING ACCURACY IN FLORIDA

Even though the next decennial Census is eight years away, the preparation to accomplish an accurate count in 2030 begins today. The state of Florida has a prime opportunity to learn from the challenges presented in the 2020 Census and take proactive steps to raise awareness, engage business and community leaders, and mobilize data-driven strategies. In addition to pursuing decennial Census success, the state must take steps to ensure more immediate ACS success, conveying the importance of intermediate data releases for understanding more nuanced population characteristics and catalyzing positive community outcomes.

To position the state for long-term success with the decennial Census and ACS, Florida TaxWatch has launched a Census Institute to dedicate attention and thoughtful research over the coming years with a strategy based on engagement and unifying action. As part of this endeavor, Florida TaxWatch invites stakeholders of diverse backgrounds—business and community leaders, philanthropic organizations, elected officials, and members of the public—to be part of a coalition to ensure Florida is accurately counted and fairly represented. The state's economic growth and future trajectory depend on these efforts.

If you are interested in learning more about this unique initiative or would like to receive regularly produced research on Census-related topics in Florida, please contact Florida TaxWatch or visit our website. Additionally, consider asking yourself the following three questions to underscore the importance of Census data in your daily experience:

- What sources of data or information do you rely on the most?
- How do the data shape or influence your decisions?
- Are these decisions personal, business, or community related?

12 U.S. Census Bureau, "How Minnesota Uses the American Community Survey," Aug. 9, 2017.

13 George Washington University Institute of Public Policy, "Brief 7: Comprehensive Accounting of Census-Guided Federal Spending (FY 2017)," Feb. 2020.

14 George Washington University Institute of Public Policy, "Brief 7: Comprehensive Accounting of Census-Guided Federal Spending (FY 2017)," Feb. 2020.

15 Florida TaxWatch, Briefing: An Accurate Count in the 2020 Census is Vital for Florida, Jan. 2020.

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