

The Distribution of Census-Guided Federal Funds to U.S. Communities: Five Program Examples

The 2020 Census is right around the corner. The information it collects will have substantial and lasting impacts on the nation’s governance and economy. In particular, data derived from the decennial census are used by the federal and state governments to guide where public funds are allocated. A lot of funds. Census-derived data are used to annually distribute approximately \$900 billion to states, counties, cities, and households.¹

To ensure that each community receives its fair share of federal funds, an accurate 2020 Census is necessary. So that communities across the U.S. can better understand how an accurate census affects their receipt of federal assistance funds, this brief describes the geographic allocation of five census-guided federal programs important to local communities. While these five programs represent a fraction of total census-guided assistance, they are selected because their use of census data allows for clear tracking of funds to specific communities.²

The five program examples, and their associated U.S. funding in FY 2017, are:

- 1) Title I Grants to Local Education Agencies (U.S. Department of Education) — \$15,459,802,000
- 2) Community Development Block Grants (CDBG) – Entitlement Program (U.S. Department of Housing and Urban Development) — \$3,060,000,000
- 3) Workforce Innovation and Opportunity Act (WIOA) (U.S. Department of Labor) — \$2,686,000,000
 - a. Dislocated Worker Activities Program — \$1,020,000,000
 - b. Youth Activities Program — \$853,000,000
 - c. Adult Activities Program — \$813,000,000

Accompanying this brief are state-specific data sheets that show the allocation of funds from the five programs to local school districts (Title I), Local Workforce Areas (WIOA), and large cities and counties (CDBG Entitlement).

In the following sections, each of the five programs is described in terms of its purpose, funding uses, allocation formulas, census-derived datasets used, and vulnerabilities to a miscount.

This data is provided by the Project On Government Oversight in partnership with the George Washington Institute of Public Policy at The George Washington University. Data research assistance was provided by POGO intern Lilian Cason. For further information, please contact Sean Moulton at smoulton@pogo.org or Andrew Reamer at areamer@gwu.edu.

¹ Andrew Reamer, “Fifty-Five Large Federal Census-guided Spending Programs: Distribution by State,” George Washington Institute of Public Policy, May 2019. <https://gwipp.gwu.edu/sites/g/files/zaxdzs2181/f/downloads/Counting%20Dollars%20Brief%20%235%20May%202019.pdf>

² While the total impact of census accuracy on the local spending of federal funds is far greater than the impact represented by these five programs, it is not feasible to conduct a similar locally-focused analysis for other programs.

Title I Grants to Local Education Agencies

Purpose

Administered by the U.S. Department of Education, Title I Grants to Local Education Agencies (LEAs) provide financial assistance to schools and school districts with high numbers or high percentages of children from low-income families to help ensure that all children meet state academic standards.³

Uses

The funds under Title I can be used by schools and school districts to support a wide range of activities including:

- Promotion of effective instruction for at-risk children and for enriched and accelerated programs
- School-wide programs that serve all children
- School-based planning
- Results based accountability
- Promoting parental participation
- Coordination with health and social services agencies

Allocation Formulas

Title I funds are allocated to state education agencies based on the results of four statutory grant formulas (Basic, Concentration, Targeted, and Education Finance Incentive) that calculate the amounts that LEAs are entitled to under the program. The state agencies in turn distribute the funds to the LEAs in accordance with the Title I formula requirements.⁴

- **Basic Grants** (43 percent of Title I funds in FY2016) provide funds to LEAs largely based on each LEA's share of poor children ages 5-17 (known as the Formula Child Count). To be eligible, an LEA must have at least 10 low-income children, and that number must represent more than 2 percent of the LEA's school-age population.
- **Concentration Grants** (9 percent of Title I funds in FY2016) provide funds to LEAs with larger concentrations of low-income children (as measured by the Formula Child Count). To qualify, an LEA must serve 6,500 low-income children or have a Formula Child Rate of more than 15 percent.
- **Targeted Grants** (24 percent of Title I funds in FY2016) are also based on the Formula Child Count, except that the data are weighted so that LEAs receive more funds per child as the LEA's poverty rate increases. To be eligible, an LEA must have at least 10 low-income children and that number must be at least 5 percent of the school population.

³ Catalog of Federal Domestic Assistance (CFDA) program number 84.010. For program website, see <https://www2.ed.gov/programs/titleiparta/index.html>.

⁴ The Title I allocation methodology and formulas are described in Congressional Research Service, "Allocation of Funds Under Title I-A of the Elementary and Secondary Education Act," R44461, April 12, 2016. <https://crsreports.congress.gov/product/pdf/R/R44461>. Each year, Congress indicates the percentage of Title I funds to be allocated under each of the four formulas.

- **Education Finance Incentive Grants** (24 percent of Title I funds in FY2016) distribute funds to states based on a combination of factors, including the Formula Child Count. Each state then distributes the funds to each LEA based on a weighted Formula Child Count compared a statewide count.

Each LEA then allocates its Title I funds to individual schools by formula, based on the number and characteristics of low-income children.

Census-Derived Datasets Used

Under a reimbursable arrangement with the Department of Education, the Census Bureau annually prepares Small Area Income and Poverty Estimates (SAIPE) for use in the distribution of Title I funds.⁵

Vulnerabilities to Miscount

Each of the four Title I formulas relies on the Formula Child Count. As a result, it is possible to roughly approximate the average cost to a local education agency of one poor child missed in the decennial census. Dividing the FY2017 Title I allocations (\$15,459,802,000) by the number of children aged 5-17 in poverty in 2017 (9,120,503), the result is \$1,695. This figure is a nationwide average. The actual number will vary by community. In particular, not every community is eligible for a Concentration Grant or a Targeted Grant.⁶

⁵ For SAIPE data and methodology, see <https://www.census.gov/programs-surveys/saipe.html>.

⁶ Sources: Spending, <https://beta.sam.gov>; children in poverty, <https://www.census.gov/programs-surveys/saipe.html>. While the decennial census does not collect poverty data, it serves as the foundation for the sample design of the American Community Survey, which does collect data on income and poverty and is used by SAIPE. The estimate assumes that one child missed in the decennial census leads to one child missed in SAIPE.

Community Development Block Grant Entitlement Program

Purpose

Administered by the U.S. Department of Housing and Urban Development, the Community Development Block Grant (CDBG) Entitlement Program provides annual grants to cities and counties with sufficient populations (over 50,000 for cities and 200,000 for counties) to help provide decent housing and suitable living conditions and to expand economic opportunities, primarily for low and moderate income people.⁷

Uses

Communities may use the funds for a wide variety of improvement efforts so long as the activities meet at least one of the following objectives: benefit low or moderate income individuals, prevent or eliminate slums or urban blight, or address urgent community development needs due to a serious and immediate threat to health or welfare of the community for which other funding is not available. The activities typically funded include:

- Acquisition of properties
- Relocation and demolition
- Rehabilitation of residential and non-residential structures
- Construction of public facilities and improvements, such as water and sewer facilities, streets, and neighborhood centers
- Activities relating to energy conservation and renewable energy resources
- Assistance to profit-motivated businesses to carry out economic development and job creation/retention activities

Allocation Formulas

The CDBG entitlement funds are awarded directly to cities and counties from the federal government, so there is no state based distribution to local areas. The CDBG entitlement funds are distributed based on two formulas. The Department of Housing and Urban Development (HUD) calculates the amount of funds that each entitlement grantee would receive under each of the two formulas and provides them with the larger of the two. Each factor in each formula is based on data from the American Community Survey.⁸

Formula A calculates funds based on the entitlement jurisdiction's share of three factors across all U.S. entitlement areas. The factors are:

- 1) population, weighted at 25 percent;
- 2) people in poverty, weighted at 50 percent; and
- 3) overcrowded units, weighted at 25 percent

⁷ CFDA 14.218. The CDBG Entitlement Program website is <https://www.hudexchange.info/programs/cdbg-entitlement/>.

⁸ For CDBG Entitlement formula methodology, see Congressional Research Service, "Community Development Block Grants and Related Programs: A Primer," R43520, April 30, 2014. <http://nationalaglawcenter.org/wp-content/uploads/assets/crs/R43520.pdf>

Formula B calculates funds based on the entitlement jurisdiction's share of three factors across all U.S. entitlement areas. The Formula B factors are:

- 1) population growth lag since 1960, weighted at 20 percent;
- 2) people in poverty, weighted at 30 percent; and
- 3) pre-1940 housing units, weighted at 50 percent.

Census-Derived Datasets Used

To determine eligibility for CDBG Entitlement, census-derived datasets used include Population Estimates (PE). To determine each entitlement community's allocation, census-derived datasets used include PE and the ACS.

Vulnerabilities to Miscount

Generally speaking, a CDBG entitlement community will be underfunded to the extent that total population, poor persons, and people living in older and overcrowded housing are missed by the decennial census. For counties and cities near the minimum population requirement (200,000 for counties and 50,000 for cities), an undercount could leave the community ineligible for any CDBG entitlement funds. In light of the multivariate nature of the CDBG allocation formula, it is not feasible with available data to estimate a potential funding loss per person missed in the census.

WIOA Dislocated Worker Activities

Purpose

Administered by the U.S. Department of Labor, the WIOA Dislocated Workers Program provides career and training services to assist workers' transitions from layoff to work as quickly as possible.⁹

Uses

Services provided include job search and placement assistance, labor market information, and retraining in in-demand skills.

Allocation Formulas¹⁰

The program uses census data to allocate federal funds to the states by providing equal weight to three factors:

- 1) State share of U.S. total unemployed
- 2) State share of U.S. excess unemployed
- 3) State share of U.S. long term unemployed

To ensure that a state's funding does not fall or rise too quickly, the law's "hold harmless" clause limits change in a state's funding to not more than a 10 percent drop or a 30 percent increase from the previous year's funding.

The state may use 15 percent of the total federal funds for statewide activities and administration costs. It also can reserve up to 25 percent of the total federal funds in this area for statewide Rapid Response activities. The remainder of the federal funds must be allocated to Local Workforce Development Areas (LWDAs)¹¹ through the use of a formula that must include the following data factors:

- Insured unemployment
- Unemployment concentrations
- Plant closing and mass layoff
- Declining industries
- Farmer-rancher economic hardship
- Long-term unemployment

⁹ CFDA 17.278. WIOA programs are described at <https://www.doleta.gov/wioa/>.

¹⁰ Detailed information on allocation methodology for the WIOA Dislocated Worker Activities Program is provided in Training and Employment Guidance Letter No. 16-18, U.S. Employment and Training Administration, April 10, 2019. https://wdr.doleta.gov/directives/corr_doc.cfm?docn=8335

¹¹ Local Workforce Development Areas are regions established by the Governor within a state to serve as a jurisdiction for the administration of workforce development activities. Generally, these areas are either a single county or city, or collections of counties or cities within the state. A few states have chosen to treat the entire state as the only local workforce Development Area. WIOA spending in these single area states cannot be broken down by any local areas.

While states have the flexibility to choose which specific data they want to use for each factor and how to weight them, most of the measures rely on census data.

States must follow a “hold harmless” provision that ensures that local areas receive at least 90 percent of the average amount received for the two previous years.

Census-Derived Datasets Used

To determine the state and local allocations of WIOA Dislocated Worker funds, census-derived datasets used include the Current Population Survey (CPS), the American Community Survey (ACS), and Local Area Unemployment Statistics (LAUS).

Vulnerabilities to Miscount

Generally speaking, an LWDA Dislocated Worker Activities Program will be underfunded to the extent that unemployed persons are missed in the decennial census covering the LWDA.¹² In light of the complex nature of the state allocation formula for WIOA Dislocated Worker activities, and the substantial discretion each state has in distributing sub-allocations, it is not feasible with available data to estimate a cost per unemployed person missed in the census.

¹² While the decennial census does not ask if a person is unemployed, it serves as the foundation for the sample design of the American Community Survey, which does ask that question. The assumption is that miscounts in the decennial census will result in errors in the sampling of the ACS. For instance, if unemployed persons are underrepresented for an area in the decennial census, they will be underrepresented in the ACS sample.

WIOA Youth Activities

Purpose

Administered by the U.S. Department of Labor, the WIOA Youth Activities Program offers comprehensive employment support to eligible youth, ages 14-24, who face barriers to education, training, and employment.¹³

Uses

Services provided include tutoring, mentoring, paid and unpaid work experiences, job and skill training, and employment guidance and counseling.

Allocation Formulas¹⁴

The program uses census data to allocate funds to each state by providing equal weight to three factors:

- 1) State share of U.S. total unemployed in Areas of Substantial Unemployment (ASUs)¹⁵
- 2) State share of U.S. excess unemployed¹⁶
- 3) State share of U.S. economically disadvantaged youth¹⁷

To ensure that a state's funding does not fall or rise too quickly, the law's "hold harmless" clause limits change in a state's funding to not more than a 10 percent drop or a 30 percent increase from the previous year's funding.

After each state receives its WIOA Youth Activities grant, it relies on census data to determine local allocations to LWDA's. The state is allowed to use 15 percent of the total federal funds for statewide activities and administration costs. The remaining 85 percent are distributed to LWDA's by formula. The factors in the primary formula are nearly identical to those used to allocate funds to states. Distribution is based on equal thirds for the following factors:

- 1) The relative number of unemployed individuals in ASUs in each local area, compared to the total number of unemployed individuals in ASUs in all local areas in the state.

¹³ CFDA 17.259. WIOA programs are described at <https://www.doleta.gov/wioa/>.

¹⁴ Detailed information on allocation methodology for the WIOA Youth Activities Program is provided in Training and Employment Guidance Letter No. 16-18, U.S. Employment and Training Administration, April 10, 2019. https://wdr.doleta.gov/directives/corr_doc.cfm?docn=8335

¹⁵ An ASU is a contiguous geographic area within a state with an unemployment rate of at least 6.5 percent and a population of at least 10,000. Unemployment rates are determined in part on the basis of census data.

¹⁶ Excess unemployed is the number of unemployed individuals in excess of 4.5 percent of the civilian labor force. The Department of Labor can choose to allocate on the basis of a state's share of U.S. excess unemployed or the state's share of U.S. excess unemployed in ASUs.

¹⁷ A disadvantaged youth is defined as "an individual who is age 16 through 21 who received an income or is a member of a family that received a total family income that, in relation to family size, does not exceed the higher of the poverty line, or 70 percent of the Lower Living Standard Income Level (LLSIL)." LLSIL numbers are published by family size for 35 distinct geographies—the metro and non-metro portions of Alaska, Hawaii/Guam, Midwest, Northeast, South, and West, and 23 large metropolitan areas. The Department of Labor calculates LLSILs each year by inflating the prior year's LLSILs by the Consumer Price Index-Urban. For a family of four, 2019 LLSILs range from \$36,064 in the St. Louis metro area to \$61,045 for non-metro Hawaii and Guam. Annual LLSIL tables are available at <https://www.doleta.gov/llsil/>.

- 2) The relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the state.
- 3) The relative number of disadvantaged youth in each local area, compared to the total number of disadvantaged youth in all local areas in the state.

States have the option to substitute the above approach with one that allocates at least 70 percent of the funds according to the above formula and 30 percent or less through a discretionary formula. States must use a formula that incorporates factors relating to:

- 1) Excess youth poverty in urban, rural, and suburban areas
- 2) Excess unemployment above the state average in urban, rural, and suburban local areas.

States must follow a “hold harmless” provision that ensures that local areas receive at least 90 percent of the average amount received for the two previous years.

Census-Derived Datasets Used

To determine the state and local allocations of WIOA Youth Activities funds, census-derived datasets used include the ACS, LAUS, ASUs, and a special Census Bureau tabulation of disadvantaged youth.¹⁸

Vulnerabilities to Miscount

Generally speaking, an LWDA Youth Activities Program will be underfunded to the extent that unemployed persons and economically disadvantaged youths are missed in the decennial census in the LWDA.¹⁹ In light of the multivariate nature of the state allocation formula for WIOA Youth Worker Activities and the discretion each state has in distributing sub-allocations, it is not feasible with available data to estimate a cost per person missed in the census.

¹⁸ The special tabulation is available at U.S. Department of Labor, Employment and Training Administration, “Updated Data for Persons Defined as Disadvantaged Youth and Adults: 2011-2015,” available at <https://www.doleta.gov/budget/disadvantagedYouthAdults.cfm>.

¹⁹ While the decennial census is not the direct source of data on unemployment or disadvantaged youths, it serves as the foundation for the sample design of the American Community Survey, which collects those data points. The assumption is that miscounts in the decennial census will result in errors in the sampling of the ACS. For instance, if unemployed persons are underrepresented for an area in the decennial census, they will be underrepresented in the ACS sample.

WIOA Adult Services

Purpose

Administered by the U.S. Department of Labor, the WIOA Adult Activities Program provides adults with a wide range of support services to help them prepare for and locate employment opportunities.²⁰

Uses

Services provided include job search and placement assistance, a wide range of skills and job training, counseling and career planning, coordinating with potential employers to screen and refer qualified workers, out-of-the-area job searches and relocation assistance, and more.

Allocation Formulas²¹

The program uses census data to allocate federal funds to each state by providing equal weight to three factors:

- 1) State share of U.S. total unemployed in ASUs
- 2) State share of U.S. excess unemployed
- 3) State share of U.S. economically disadvantaged adults

To ensure that a state's funding does not fall or rise too quickly, the law's "hold harmless" clause limits change in a state's funding to not more than a 10 percent drop or a 30 percent increase from the previous year's funding.

After each state receives its WIOA Adult Activities grant, it relies on census data to determine local allocations to LWDA's. The state is allowed to use 15 percent of the total federal funds for statewide activities and administration costs. The remaining 85 percent should be distributed to LWDA's. The factors in the primary formula are nearly identical to those used to allocate funds to states. Distribution is based on equal thirds for the following factors:

- 1) The relative number of unemployed individuals in ASUs in each local area, compared to the total number of unemployed individuals in ASUs in all local areas in the state.
- 2) The relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the state.
- 3) The relative number of disadvantaged adults in each local area, compared to the total number of disadvantaged adults in all local areas in the state.

States have the option to substitute the above approach with one that allocates at least 70 percent of the funds according to the above formula and 30 percent or less through a discretionary formula.

States must use a formula that incorporates factors relating to:

- 1) Excess poverty in urban, rural, and suburban areas;
- 2) Excess unemployment above the state average in urban, rural, and suburban local areas.

²⁰ CFDA 17.258. WIOA programs are described at <https://www.doleta.gov/wioa/>.

²¹ Detailed information on allocation methodology for the WIOA Adult Activities Program is provided in Training and Employment Guidance Letter No. 16-18, U.S. Employment and Training Administration, April 10, 2019. https://wdr.doleta.gov/directives/corr_doc.cfm?docn=8335

While states have flexibility to choose which data they want to use for each factor and how to weight them, any measure they select will rely on census data.

States must follow a “hold harmless” provision that ensures that local areas receive at least 90 percent of the average amount received for the two previous years.

Census-Derived Datasets Used

To determine the state and local allocations of WIOA Adult Activities funds, census-derived datasets relied on include the ACS, LAUS, ASUs, and a special Census Bureau tabulation of disadvantaged adults.²²

Vulnerabilities to Miscount

Generally speaking, an LWDA Adult Activities Program will be underfunded to the extent that unemployed persons and economically disadvantaged adults are missed in the decennial census covering the LWDA.²³ In light of the multivariate nature of the state allocation formula for WIOA Adult Worker Activities and the discretion each state has in distributing sub-allocations, it is not feasible with available data to estimate a cost per person missed in the census.

²² The special tabulation is available at U.S. Department of Labor, Employment and Training Administration, “Updated Data for Persons Defined as Disadvantaged Youth and Adults: 2011-2015,” available at <https://www.doleta.gov/budget/disadvantagedYouthAdults.cfm>.

²³ While the decennial census is not the direct source of data on unemployment or disadvantaged adults, it serves as the foundation for the sample design of the American Community Survey, which collects those data points. The assumption is that miscounts in the decennial census will result in errors in the sampling of the ACS. For instance, if unemployed persons are underrepresented for an area in the decennial census, they will be underrepresented in the ACS sample.