



July 31, 2018

WHY THE COUNT COUNTS: Major Sources of Federal Funding for Massachusetts Affected by Census Counts

Nancy Wagman, Kids Count Director

The decennial Census counts for much more than a tally of every resident of the country. The Census is the country's snapshot: it creates our most accurate picture of everyone who lives here and where they live. The 10-year Census directly affects our country's basic democratic institutions. It affects the drawing of legislative districts, representation in Congress, and the Electoral College that chooses the President. The 10-year Census also creates the foundation for most of the statistics that shape our understanding of our country's health, social, and economic well-being. The Census affects countless business and government decisions, including the distribution of significant amounts of federal funds to the states and localities every year. These federal funds help educate our children, they address health and well-being, and they help ensure Massachusetts' children can grow up in well-resourced communities.

The U.S. Census Bureau has not always been successful at counting every resident every 10 years. Scholars have considered possible reasons for a Census undercount and recent research has documented, in particular, the undercount of young children. Some families do not feel that filling out the Census form is a priority, or may not speak English, or may be uncomfortable talking to Census staff. Children in immigrant households, in low-income households, and in non-standard housing arrangements are at particular risk of being missed by the Census, which can lead to inaccurate counts that underestimate a community's population and a community's needs. There are estimates that as many as 20,000 children under age five were missed in Massachusetts in 2010.¹

When we get a Census count wrong, it will not get corrected until the next Census 10 years later. This means that population estimates could be off; research statistics could be wrong; the pictures we paint of our communities could be distorted; and our state could miss out on significant amounts of federal funding. We can feel the impacts of a Census undercount for a decade.

Whether indirectly or directly, many of the federal dollars that come to Massachusetts are affected by the decennial Census. The list below identifies some of the larger sources of federal funding *directly* affected in Massachusetts by population counts. This list describes the purpose of that funding, and notes how the Census count affects the anticipated amounts that Massachusetts will receive in state fiscal year (SFY) 2019 or the amounts that were received in federal fiscal year (FFY) 2017. There are many smaller federal grants affected by Census counts that are not included here. The Appendix following describes federal funds affected by the Federal Medical Assistance Program (FMAP) reimbursement rate. In Massachusetts, unlike in some other states, this rate is as low as it can be and would therefore not be affected by a Census undercount.²

ALLOTMENTS DIRECTLY AFFECTED BY CENSUS POPULATION COUNTS

1. *Special Education Grants to States*

SFY 2019: \$290.9 million

The federal Individuals with Disabilities Education Act (IDEA) authorizes the federal government to make grants to states for special education and related services for children with disabilities.³ The allocation to each state is based, in part, on each state's **relative share of school-aged children** and each state's **relative share of school-aged children in poverty**.⁴ These numbers come directly from Census counts and Census-derived estimates.

2. *Title I Grants to Local Education Agencies*

SFY 2019: \$244.4 million

Title I grants are available to local school districts to improve both teaching and learning in schools with relatively large shares of low-income children.⁵ The allocation of funds to schools comes directly from Census population data, and tabulations of administrative records data to estimate of the **number of children aged five through 17 in families in poverty for each school district**.⁶

3. *Head Start/Early Head Start*

FFY 2017: \$156.5 million

Head Start and Early Head Start grants support the locally-run and federally-funded preschool programs that help low-income young children prepare for kindergarten.⁷ The allocation of program expansion funds is based on a state's **relative share of underserved children younger than five under the poverty line**.⁸ These numbers are derived from Census counts.

4. *Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*

SFY 2019: \$79.0 million

The WIC program provides nutritious food, guidance on healthy eating, and support for breastfeeding to low-income pregnant and postpartum women, as well as infants and children determined to be at nutritional risk.⁹ A state's allocation of WIC funds is directly related to Census counts. Each state receives what is known as a "fair share" allocation of food based on the **state's share of the national total of potentially eligible population at 185 percent of poverty**.¹⁰

5. *Child Care Development Fund Mandatory and Matching Fund - Entitlement*

SFY 2019: \$75.5 million

The Child Care Development fund supports state development of child care programs and policies, including resources to help parents choose high quality early education and care. There is also a particular focus on expanding the access to quality care for low-income children.¹¹ These funds require a state "match", meaning the state must spend a portion of its own funds to receive the federal funds, although the state may use a portion of its federal Temporary Assistance for Needy Families (TANF) block grant as part of its state match, and Massachusetts does just that.¹² Allocations of the Mandatory Funds portion of this block grant are based on historical spending levels for certain federal benefit programs. Allocations of the Matching Funds portion of this grant are directly connected to Census counts, as they are **distributed based on the state's relative share of the number of children under age 13**.¹³

Child Care Development Block Grant - Discretionary

SFY 2019: \$35.3 million

The allocation of discretionary Child Care Development Block Grant funds is also derived from Census counts, as they are **based on the population under five years old**, the share of students receiving free or reduced-price lunch, and per capita personal income estimates.¹⁴

6. State Vocational Rehabilitation Services Program

SFY 2019: \$47.4 million

The federal vocational rehabilitation grants support assessment, counseling, and services including vocational rehabilitation and training and job placement for persons with disabilities. This is an integral part of the state's overall workforce development system.¹⁵ These funds require a state match, meaning a state must spend some of its own funds on these services. (Total funding is 78.7 percent from federal funds and 21.3 percent from state funds.)¹⁶ The federal funds are allocated to the state based on a formula directly affected by Census counts, including total **state population and per capita income**.¹⁷

7. Social Services Block Grant

SFY 2019: \$33.2 million

States may use the Social Services Block Grant funds to support families, prevent the abuse or neglect of adults or children, and reduce unnecessary institutionalization.¹⁸ Allotment to the states is directly affected by Census population counts, as the **grants are allocated based on relative population size**.¹⁹

8. Community Development Block Grant – Entitlement and Non-Entitlement

FFY 2017: \$31.2 million (Entitlement grants)

FFY 2017: \$29.8 million (Non-entitlement grants)

The Community Development Block Grant program supports the creation of affordable housing and the expansion of economic opportunity for low- and moderate-income people. The formula for the allocation of both the entitlement and non-entitlement portions of these funds are directly affected by Census counts, as they are based on **population or population growth, poverty rates, and housing overcrowding or age of housing** which come from Census data.²⁰

ALLOTMENT PARTLY AFFECTED BY CENSUS POPULATIONS COUNTS

1. Children's Health Insurance Program (CHIP)

SFY 2019: \$600.5 million (only a portion of this affected by Census counts)

The Children's Health Insurance Program (CHIP) reimburses the state for a portion of its spending on health insurance for low- and moderate-income children and pregnant women.²¹ See Appendix for discussion of state Federal Medical Assistance Percentage (FMAP) reimbursement, and its very indirect relationship to Census counts in Massachusetts. In addition to FMAP reimbursement, however, CHIP also has had an "allotment increase factor" that is directly affected by Census counts. This amount is apportioned among the states based on the **child population and growth in per capita national health expenditures**.²²

ALLOTMENT INDIRECTLY AFFECTED BY CENSUS COUNTS

1. Low Income Home Energy Assistance Program (LIHEAP)

SFY 2019: \$136.5 million

The federal fuel assistance program, known as the Low Income Home Energy Assistance Program (LIHEAP), helps low-income families pay for heat (or air conditioning in hot climates) as well as for weatherization.²³ The funding allotment to states includes the calculation of **expenditures on home energy costs for low-income households** that comes directly from Census survey data.²⁴

APPENDIX:

Massachusetts Program Allotments Not Directly Affected by Census Counts (Funding Based on Federal Medical Assistance Percentage or FMAP)

The single largest source of federal revenue that supports the state budget comes through a formula known as FMAP, the Federal Medicaid Assistance Percentage. FMAP specifies the federal reimbursement rate for state spending on Medicaid and the Children’s Health Insurance Program (CHIP). The minimum FMAP reimburses a state for 50 percent of spending, according to a state’s per capita income, where higher-income states receive a lower reimbursement rate than do lower-income states. Per capita income is computed based on Census population estimates. Massachusetts and 13 other states are already at the minimum FMAP reimbursement rate, so an undercount in the 2020 Census would not change Massachusetts’ FMAP.²⁵

Medicaid is what is known as a “mandatory” program. The federal government distributes funding to the states as a reimbursement for spending, based on the FMAP as established by a formula in the Social Security Act.

1. Medical Assistance Program/Medicaid (MassHealth)

SFY 2019: \$9.90 billion

Reimbursement for state spending.

These federal dollars reimburse the state for spending on the Commonwealth’s Medicaid program (MassHealth), which provides affordable health insurance to more than 1.8 million residents of the Commonwealth, including more than half the state’s children.²⁶ This funding also supports key elements of the state’s services for adults with disabilities. Medicaid funding plays an important role supporting the operations and services in a dozen state agencies, including the Departments of Mental Health, Public Health, Developmental Services, Elder Affairs, and more.

SFY 2019: \$425.6 million²⁷

Amount of Medicare Part D “clawback”.

The Medicare Part D clawback is a calculation of the amount that the state must pay to the federal government based on estimated MassHealth savings on prescription medications due to the expansion of the Medicare Part D program to cover more prescription drug costs for Medicaid-eligible individuals also on Medicare. This amount is directly related to the state’s FMAP reimbursement amounts.²⁸

2. Foster Care (Title IV-E)

SFY 2019: \$100.1 million

Reimbursement for state spending. The Title IV-E Foster Care program is a “mandatory” program that supports states’ child welfare and child protection programs, including foster care.²⁹ The

recent passage of the Family First Prevention Services Act amending Title IV-E will allow for funds to be used for mental health and substance use disorder treatment and prevention.³⁰

3. *Adoption Assistance (Title IV-E)*

SFY 2019: \$29.7 million

Reimbursement for state spending. The Title IV-E Adoption Assistance program is a “mandatory” program that supports states’ child welfare and child protection programs, particularly adoption assistance for children with special needs.³¹

4. *Children’s Health Insurance Program (CHIP) – also included above*

SFY 2019: \$600.5 million (total)

Reimbursement for state spending, based on an enhanced FMAP. The legislated FMAP for Massachusetts is 65 percent however, under the Affordable Care Act, in Fiscal Years 2016 to 2019, the FMAP increased by 23 percentage points to 88 percent, and in Fiscal Year 2010 by 11.5 percentage points to 76.5 percent. In Fiscal Year 2021 the enhanced FMAP for CHIP will return to 65 percent.³² (See above description for the impact of Census counts on the CHIP allotment increase.)

¹ See the U.S. Census Bureau website for a range of analyses of Census undercounts going back for decades, including Kirsten K. West and J. Gregory Robinson, “What Do We Know About the Undercount of Children?” August 1999, available at <https://www.census.gov/population/www/documentation/twps0039/twps0039.html#hist>. More recently, see the U.S. Census Bureau, “The Undercount of Young Children,” August 2014, p. 25, available at <https://www.census.gov/content/dam/Census/library/working-papers/2014/demo/2014-undercount-children.pdf>.

² Funding data come either from the Governor’s state Fiscal Year (SFY) 2019 budget documents, or from federal spending data provided by the U.S. General Services Administration (beta.sam.gov formerly usaspending.gov) for federal Fiscal Year (FFY) 2017.

³ See <https://beta.sam.gov/fal/7d1b0b77f4d9dbb510f8d3761a0fc2f4/view>.

⁴ See <https://www.law.cornell.edu/uscode/text/20/1411>.

⁵ See https://beta.sam.gov/fal/5cf63f2103288e68b821af752cafc460/view?keywords=84.010&sort=-relevance&index=&is_active=true&page=1.

⁶ See “Allocating Grants for Title I”, National Center for Education Statistics, January 2016, p.5, available at <https://nces.ed.gov/surveys/AnnualReports/pdf/titleI20160111.pdf>.

⁷ See Nancy Wagman, *Obstacles on the Road to Opportunity: Finding a Way Forward*, Mass. Budget and Policy Center, p.45, available at <http://massbudget.org/reports/pdf/Obstacles%20on%20the%20Road%20to%20Opportunity.pdf>.

⁸ See <https://www.law.cornell.edu/uscode/text/42/9835>.

⁹ See Nancy Wagman, *Obstacles on the Road to Opportunity: Finding a Way Forward*, Mass. Budget and Policy Center, p.39, available at <http://massbudget.org/reports/pdf/Obstacles%20on%20the%20Road%20to%20Opportunity.pdf>.

¹⁰ See Final Rule U.S. Department of Agriculture, Food and Nutrition Services, 7 CFR Part 246. October 1, 1994, Sec. 246.16 Distribution of funds, available at <https://www.gpo.gov/fdsys/pkg/FR-1994-10-06/html/94-24673.htm>.

¹¹ See https://beta.sam.gov/fal/93975b9d38b7a3412007ad0f8cbc00e6/view?keywords=93.596&sort=-relevance&index=&is_active=true&page=1.

¹² For an explanation of this, see Nancy Wagman, Elizabeth Schott, LaDonna Pavetti, *Funding for the TANF Program in Massachusetts*, Mass. Budget and Policy Center, August 2014, available at <http://www.massbudget.org/reports/pdf/TANF%20Spending%20-%202015.pdf>.

¹³ See <https://beta.sam.gov/fal/6003a8fcea33b557d107c5b858944c67/view>.

¹⁴ See U.S. Administration for Children and Families, “FUNdamentals of CCDF Administration”, p.24, available at https://www.acf.hhs.gov/sites/default/files/occ/fundamentals_of_ccdf_administration.pdf.

¹⁵ Email from Yogita Kapoor, Mass. Rehabilitation Commission, July 17, 2018.

- ¹⁶ See https://beta.sam.gov/fal/fadc17c117efa2a33e7748983c5dd128/view?keywords=84.126&sort=-relevance&index=&is_active=true&page=1.
- ¹⁷ See <https://www2.ed.gov/programs/rsabvrs/index.html>
- ¹⁸ See https://beta.sam.gov/fal/288422e69976af6ecefcb2207ca6f79b/view?keywords=social%20services%20block%20grant&sort=-relevance&index=&is_active=true&page=1.
- ¹⁹ See https://www.ssa.gov/OP_Home/ssact/title20/2003.htm.
- ²⁰ See <https://www.law.cornell.edu/uscode/text/42/5306>.
- ²¹ See Robert W. Seifert, “The Importance of CHIP Reauthorization for Massachusetts,” Blue Cross Blue Shield Foundation of Massachusetts, p. 4, June 2017, available at https://bluecrossmafoundation.org/sites/default/files/download/publication/CHIP_MassHealth_Final.pdf.
- ²² See Alison Mitchell, “Federal Financing for the State Children’s Health Insurance Program (CHIP)”, Congressional Research Service, May 23, 2018, p. 7, available at <https://fas.org/sgp/crs/misc/R43949.pdf>.
- ²³ See Nancy Wagman, *Obstacles on the Road to Opportunity: Finding a Way Forward*, Mass. Budget and Policy Center, p.38, available at <http://massbudget.org/reports/pdf/Obstacles%20on%20the%20Road%20to%20Opportunity.pdf>.
- ²⁴ See <https://www.law.cornell.edu/uscode/text/42/8623>.
- ²⁵ $FMAP = 1 - ((\text{state per capita income})^2 / (\text{US per capita income})^2 * .45)$ with per capita income determined as a 3-year average. The FMAP is affected by the census count in the calculation of per capita income, as the U.S. Bureau of Economic Analysis calculates per capita income by dividing the state’s total personal income by population figures that come directly from the decennial Census and annual estimates derived directly from the decennial Census. An artificially low Census population count would increase a state’s per capita income. See Andrew Reamer, “Counting for Dollars 2020: The Role of the Decennial Census in the Geographic Distribution of Federal Funds, Report #2 Estimating Fiscal Costs of a Census Undercount to States,” George Washington Institute of Public Policy, March 18, 2018, p. 6, available at <https://gwipp.gwu.edu/sites/g/files/zaxdzs2181/f/downloads/GWIPP%20Reamer%20Fiscal%20Impacts%20of%20Census%20Undercount%20on%20FMAP-based%20Programs%2003-19-18.pdf>. See also list of current FMAP rates at Alison Mitchell, “Medicaid’s Federal Medical Assistance Percentage (FMAP)”, Congressional Research Services, April 25, 2018, Appendix A, available at <https://fas.org/sgp/crs/misc/R43847.pdf>.
- ²⁶ See MassHealth caseload and snapshot summary – June 2018 at <https://www.mass.gov/lists/masshealth-measures> and Nancy Wagman, “Caring for Kids: Majority of Massachusetts Children Have Benefitted from MassHealth Programs”, Mass. Budget and Policy Center, June 19, 2018, available at http://massbudget.org/report_window.php?loc=Caring-for-Kids.html.
- ²⁷ See http://massbudget.org/browser/line_item.php?id=4000142000&inflation=cpi
- ²⁸ See “The New Medicare Prescription Drug Law: Implications for Massachusetts State Health Programs,” Mass. Medicaid Policy Institute, September 2004, p.16, available at <https://bluecrossmafoundation.org/sites/default/files/NewMedicareRxLawFINAL2.pdf>.
- ²⁹ See https://www.ssa.gov/OP_Home/ssact/title04/0470.htm.
- ³⁰ See <https://www.congress.gov/bill/115th-congress/house-bill/1892/text#toc-HF32AFB61E4F245C498E9616B03F1AE37>.
- ³¹ See <https://beta.sam.gov/fal/fc1908c10b9ea94c0d14e06bfd910e15/view>.
- ³² See “CHIP financing”, MACPAC (Medicaid and CHIP Payment and Access Commission” at <https://www.macpac.gov/subtopic/financing/>.