

THE CENSUS DOES MORE THAN COUNT PEOPLE, IT IMPACTS BILLIONS IN FEDERAL AID TO FLORIDA

AUTHORS

NICK INTINTOLO

Partner, South Lake Group
&

KURT WENNER

VP of Research, Florida TaxWatch

MAY 2018

GENERATIONS OF AMERICANS have participated in the United States Census process since it began in 1790, and many people know that the decennial Census, conducted every 10 years, is the basis for apportioning representation in Congress and state legislatures. But few realize that it also helps determine the allotment of hundreds of billions of dollars in annual federal program funding to the states.¹ The data from the 2020 Census will be used to allocate this funding for the next 10 years! This makes the upcoming 2020 Census vital to the quality of life in your community and all of Florida.

This federal funding is not a handout – it is part of the approximately \$200 billion in taxes that Floridians send to Washington, D.C. every year. In addition to direct payments to individuals such as Social Security (which the Census does not impact), there are 132 programs that distribute approximately \$700 billion to the state using data from the decennial Census. Most of the large programs use decennial census data on population and income.² These programs touch all facets of everyday life, including: education, health, transportation, water and waste infrastructure, assistance to low income, elderly and disabled persons, affordable housing, economic development, job training,

the arts, and the environment. When Florida does not get back its fair share of these tax dollars, our money goes to subsidize these programs in other states.

That is exactly what has been happening in Florida for many, many years. Florida TaxWatch has produced several reports showing that Florida receives far less than its fair share of federal money relative to other states, consistently ranking near the bottom in terms of per capita grants and grants as a percentage of federal taxes paid. The latest Florida TaxWatch grant report shows that in FY 2015, Florida received less grants per capita than every other state in the nation and concludes “It would be hard to argue that Florida’s share is anywhere close to equitable.” If Florida received the national average in per capita federal grants, our state would get \$14.6 billion more of our tax money back.

Even with our relatively low amount of federal grants, Uncle Sam plays an important role in helping Florida pay for the government services it provides, with federal funds making up more than one-third of the state budget.

The largest expense in Florida’s budget—the \$25 billion Medicaid program—is impacted by census data. These federal funds are allocated funds based on the Federal Medicaid Assistance Percentage (FMAP), which is based on per capita income.

¹ United States, Congress, Hotchkiss, Marisa, and Jessica Phelan. “Uses of Census Bureau Data in Federal Funds Distribution.” Uses of Census Bureau Data in Federal Funds Distribution, Sept. 2017. www2.census.gov/programs-surveys/decennial/2020/program-management/working-papers/Uses-of-Census-Bureau-Data-in-Federal-Funds-Distribution.pdf.

² United State Government Accountability Office, Funding for the Largest Federal Assistance Programs is Based on Census-Related Data and Other Factors.

For years, Florida TaxWatch has pointed out how population can impact Florida's grants. Not only would a census undercount immediately cost the state, that cost would increase over the decade. Some programs do not update their formulas with new annual estimates. This obviously hurts fast-growing states, and Florida is projected to be the fourth fastest growing state from 2020-2030—adding 3.3 million people (15.3 percent).³ The impact of a 2020 undercount will grow throughout the decade.

With the 2020 Census fast approaching, accuracy is *imperative* to ensuring that Florida receives its fair and equitable share of federal funds. Yet Florida is risking dire consequences from underfunding due to population undercount in the upcoming Census. There is precedent for concern--Florida had the fourth largest undercount (200,670 persons) during the 2000 Census.⁴

THE LUCA PROGRAM PROVIDES AN OPPORTUNITY TO ENSURE ALL FLORIDIANS ARE COUNTED

In the next nine months, Florida city and county governments have the opportunity to participate in the Local Update of Census Addresses (LUCA) program, where local governments can review and update the U.S. Census Bureau's address lists before the population count begins in 2019. This process is vital ensuring an accurate count both for the local community and the entire state. However, in 2010 more than one-half of all Florida cities and 15 percent of counties did not participate in LUCA. Some local government leaders have cited a lack of federal funding; others have indicated they would opt to use previous address lists in order to meet LUCA obligations. In either case, the cost of nonparticipation is potentially billions of dollars over the next decade if the population is undercounted.

³ Weldon Cooper Center for Public Service, Demographics Research Group, "Observed and Total Population for the U.S. and the States, 2010-2040," May 2016. www.coopercenter.org/demographics

⁴ Price Waterhouse Coopers, Final Report to Congress: Effect of Census 2000 Undercount on Federal Funding to States and Selected Counties, 2002-2012.

CONCLUSION

There are many reasons why Florida receives relatively less in federal grants than other states, including the state's spending decisions. Small state minimums can also reduce funding for populous states and hold-harmless provisions can keep states like Florida from catching up. Florida's historical position as a "donor state" makes it essential that we maximize available federal funding from the money we currently spending. An accurate census count will certainly help.

Florida is the third most populous state in the country and continues to be among the fastest growing. But the Census is not simply about headcounts; it is about receiving the federal funding that is owed to Florida based on our population and demographics.

Federal grant programs distribute \$700 billion using census data. If Florida is under represented by the count, it could cost the state millions, or even billions, of dollars.

Meanwhile, other States are in motion making sure their federal funding is protected by improving their census accuracy. Florida must use LUCA to ensure the census counts all Floridians. If not, even more of our federal tax dollars will go to subsidize federal programs in other states.

The research findings and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff, or Board of Trustees; and are not influenced by the individuals or organizations who may have sponsored the research.

This Florida TaxWatch *Briefing* was done under the direction of Dominic M. Calabro, President, CEO & Publisher; and Robert Weissert, Executive Vice President & Counsel to the President.

Copyright © May 2018, Florida TaxWatch Research Institute, Inc.
David Mann – Chairman. All Rights Reserved.

106 N. Bronough St. Tallahassee, FL 32301 o: 850.222.5052 f: 850.222.7476