



**PREPARED STATEMENT OF  
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*Census Data and Their Use in Federal Formula Funding*

**Before the Committee on Oversight and Government Reform  
Subcommittee on Information Policy, Census, and National Archives  
U.S. House of Representatives**

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Mr. Chairman, Ranking Member McHenry, Members of the Subcommittee, thank you for the opportunity to discuss the role that data produced by the Census Bureau play in federal funds distribution.

I appreciate the Subcommittee's attention to this important issue, and I am pleased to be testifying alongside three of the agencies that use our data. This helps to make an important point: ~~The~~ The Census Bureau is not involved in developing, administering, or evaluating the programs that use our data in their funding formulas. However, the Census Bureau, through the decennial census, the American Community Survey, and Population Estimates Program, is the producer of the data products used by agencies in their funding formulas. Our job is to produce the most accurate and complete data possible.

Today I will focus my testimony on how the Census Bureau produces the three major data sources used for funding formulas. The Decennial Census Program includes both the 2010 Census and the detailed demographic, social, economic, and housing characteristics provided annually by the American Community Survey (ACS). The American Community Survey collects data monthly for population and housing characteristics that were previously collected in the decennial census long form.

The Population Estimates Program produces population estimates for the Nation, states, counties, cities, and towns on an annual basis. These population estimates update the most recent decennial census counts each year with new information on births, deaths, and net migration. The population estimates are used in many formulas to allocate funding. They are also used in the production of the final ACS estimates released to the public. Thus, the quality of the official population estimates and the ACS are closely connected to the accuracy of the decennial census. Federal agencies that administer grants and other Federal funds allocation programs typically use a mix of decennial census data, population estimates, and estimates of specific characteristics of the population; most often income and poverty data from the ACS are used in the formulas.

I make this point to stress the importance of the upcoming 2010 Census. Our Governments Division analyzed 140 federal grant and direct assistance programs in FY 2007 and concluded that over \$400 billion are distributed annually using one or more of these data sources. There is no better way to emphasize the importance of a complete 2010 Census count for local, state and tribal governments than by acknowledging this.

### **Population Estimates Program Data**

In the years between decennial censuses, the Population Estimates Program of the Census Bureau produces the official population estimates for the United States. They are considered “estimates” because they are population figures that do not arise directly from a census or count – they are determined by using available data (for example, administrative record data on births and deaths) in conjunction with census counts. The estimates rely heavily on data from the latest available census, as those census data serve as the basis upon which the estimates are built.

The basic procedure we use to estimate the population is to start with the decennial census counts, add births to U.S. resident women, subtract deaths of U.S. residents, and add an estimate of net international migrants. Data on the number of births and deaths are provided by the National Center for Health Statistics and our state partners. The number of net international migrants is estimated by the Census Bureau using a method that capitalizes on the latest available data from the ACS as well as other data sources.

To produce the state-level population estimates, we follow a similar formula. We begin with the decennial census counts, add births to residents of the state, subtract deaths of residents of the state, add an estimate of net international migration into the state, and add an estimate of the net migration between the state being estimated and the rest of the United States. The state-to-state migration estimates are based on information derived from federal tax records and Medicare enrollment data. We follow a similar procedure to produce county-level estimates.

Our job is to produce the most accurate population estimates we can for all geographic areas. We do this with well-established demographic methods. We always seek to improve our programs, and the Population Estimates Program is no exception. Last year, we conducted a large research effort to evaluate the method we use to produce our population estimates against a series of alternative methods. The method we currently use performed very well. Nonetheless, we will continue to evaluate our work once the 2010 Census is complete.

In addition, the Census Bureau has two programs in place to help improve the accuracy of the population estimates. The first is a cooperative program that we have with the states, the Federal State Cooperative Program for Population Estimates or FSCPE. The Census Bureau established this partnership<sup>[kkw1]</sup> with the states [in 1967](#) to foster cooperation in the annual production of population and housing estimates for states, counties, and subcounty areas. State members of the FSCPE provide input data for their respective state's estimates and review the results prior to public release of the data. The state representatives also provide advice and guidance on technical issues involved in the production of estimates and participate in the review and evaluation of the 2010 Census counts.

The Census Bureau also has a program in place referred to as the Challenge Program, which allows local entities to provide additional data to the Census Bureau to help improve the population estimates. The data provided by local areas can often make our population estimates more accurate.

Again, though, the most important contributing factor to a state's estimated population at any given point in time is the count of that state's population in the most recent decennial census. To ensure the population estimates are as accurate as possible, it is important to have an accurate census count upon which the

estimates can be built. To that end, we encourage everyone to participate in the 2010 Census.

In closing, I want to stress that the Census Bureau's goal is to produce complete and accurate data that meet the needs of our customers. For federal funds allocation, the single most important contribution the Census Bureau can make is to count every one, count them only once, and count them where they usually reside. This is a daunting challenge, but we are committed to making the 2010 Census the most successful ever.

Thank you again for this opportunity to testify. I am happy to answer any questions.