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CENSUS DATA AND ITS USE IN FEDERAL FORMULA FUNDING

HEARING

BEFORE THE

SUBCOMMITTEE ON INFORMATION POLICY,
CENSUS, AND NATIONAL ARCHIVES

OF THE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

JULY 9, 2009

Serial No. 111–23

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CENSUS DATA AND ITS USE IN FEDERAL FORMULA FUNDING

THURSDAY, JULY 9, 2009

House of Representatives,
Subcommittee on Information Policy, Census, and National Archives,
Committee on Oversight and Government Reform,
Washington, DC.

The subcommittee met, pursuant to notice, at 3:10 p.m., in room 2247, Rayburn House Office Building, Hon. Wm. Lacy Clay (chairman of the subcommittee) presiding.

Present: Representatives Clay, Maloney, Watson, McHenry, and Westmoreland.

Also present: Representative Kaptur.

Staff present: Darryl Piggee, staff director/counsel; Frank Davis, professional staff member; Jean Gosa, clerk; Charisma Williams, staff assistant; Leneal Scott, information systems manager; Dan Blankenburg, minority director of outreach and senior advisor; Adam Fromm, minority chief clerk and Member liaison; and Chapin Fay, minority counsel.

Mr. Clay. The Information Policy, Census, and National Archives Subcommittee will now come to order. Good afternoon and welcome to today's hearing entitled: "Census Data and Its Use in Federal Formula Funding."

Today's hearing will examine the impact of using census data on local recipients in Federal funding allocation decisions. On our first panel, we will hear from Federal department witnesses who will testify about how select Federal Government agencies use census data in their funding formulas. Our second panel is comprised of local government officials and private agencies who will tell us about their knowledge and experience with census data and their recommendations to improve the use of census data in Federal formula funding.

Without objection, the Chair and ranking minority member will have 5 minutes to make opening statements followed by opening statements not to exceed 3 minutes by any other Member who seeks recognition.

Without objection, Members and witnesses may have 5 legislative days to submit a written statement or extraneous materials for the record.

I will begin with my opening statement.

The purpose of today's hearing is to examine how census data are used in Federal funding program calculations and whether these Federal funding formulas fairly distribute Federal moneys to

States, cities, and local governments. We will consider many important issues today including what criteria are used in these Federal funding formulas, whether Congress and agencies factor in the under-count of certain communities in these calculations, and what steps Congress and the administration can take to improve census data and the present formulas.

Census data are used by over 180 Federal programs in determining funding levels to cities, counties, and States. These Federal allocations to local governments and States topped over $375 billion in 2007 alone. Federal programs that use census data in their funding formulas include Title I education appropriations, Medicaid, and Community Development Block Grants.

This subcommittee is concerned about HUD's Community Development Block Grant program in particular, especially with regard to recent developments in Toledo, OH. In 2008, the Mayor of Toledo challenged census estimates and successfully added over 20,000 city residents to Toledo's population. However, with this increase in population, Toledo lost over $290,000 dollars in Community Development Block Grant funding. It is counter-intuitive for HUD to provide Toledo with less Federal funding because the Census Bureau increased the city's under-counted population number.

Other Federal funding formulas such as Medicaid redistribute hundreds of millions of dollars among States when census undercount data are corrected. Federal funding formulas like Medicaid and Community Development Block Grants are sensitive to the under-count, which causes Federal funds to be mis-allocated to cities and States, hurting traditionally under-counted populations such as low income children and immigrant communities.

Census data are used for a large majority of all Federal funding formulas. There needs to be clarity and transparency as to how census data are used and if these Federal funding formulas truly serve their targeted communities. Today's hearing will address these issues and reveal existing problems, solutions, and what further research needs to be done with census data and its use in Federal funding formulas.

Let me thank all of our witnesses for appearing today. I look forward to their testimony.

I now yield to the distinguished ranking minority member, Mr. McHenry of North Carolina, for 5 minutes.

[The prepared statement of Hon. Wm. Lacy Clay follows:]

Opening Statement
Wm. Lacy Clay, Chairman
Information Policy, Census, and National Archives Subcommittee
Oversight and Government Reform Committee

"Census Data and Its Use in Federal Formula Funding"

Thursday, July 9, 2009
2247 Rayburn HOB
2:00 p.m.

THE PURPOSE OF TODAY'S HEARING IS TO EXAMINE HOW CENSUS DATA IS USED IN FEDERAL FUNDING PROGRAM CALCULATIONS, AND WHETHER THESE FEDERAL FUNDING FORMULAS FAIRLY DISTRIBUTE FEDERAL MONIES TO STATES, CITIES, AND LOCAL GOVERNMENTS.

WE WILL CONSIDER MANY IMPORTANT ISSUES TODAY, INCLUDING WHAT CRITERIA ARE USED IN THESE FEDERAL FUNDING FORMULAS, WHETHER CONGRESS AND AGENCIES FACTOR IN THE UNDERCOUNT OF CERTAIN COMMUNITIES IN THESE CALCULATIONS, AND WHAT STEPS CONGRESS AND THE ADMINISTRATION CAN TAKE TO IMPROVE CENSUS DATA AND THE PRESENT FORMULAS.

CENSUS DATA IS USED BY OVER 180 FEDERAL PROGRAMS IN DETERMINING FUNDING LEVELS TO CITIES, COUNTIES, AND STATES. THESE FEDERAL ALLOCATIONS TO LOCAL GOVERNMENTS AND STATES TOPPED OVER $375 BILLION DOLLARS IN 2007 ALONE. FEDERAL PROGRAMS THAT USE CENSUS DATA IN THEIR FUNDING FORMULAS INCLUDE TITLE ONE EDUCATION APPROPRIATIONS, MEDICAID, AND COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG).

THIS SUBCOMMITTEE IS CONCERNED ABOUT H.U.D.'S COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM IN PARTICULAR, BECAUSE OF RECENT DEVELOPMENTS IN TOLEDO, OHIO. IN 2008, THE MAYOR OF TOLEDO CHALLENGED CENSUS ESTIMATES AND SUCCESSFULLY ADDED OVER 20,000 CITY RESIDENTS TO TOLEDO'S POPULATION. HOWEVER, WITH THIS INCREASE IN POPULATION, TOLEDO LOST OVER $290,000 HUNDRED THOUSAND DOLLARS IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING. IT IS COUNTERINTUITIVE FOR

H.U.D. TO PROVIDE TOLEDO WITH LESS FEDERAL FUNDING BECAUSE THE CENSUS BUREAU INCREASED THE CITY'S UNDERCOUNTED POPULATION NUMBERS.

OTHER FEDERAL FUNDING FORMULAS, SUCH AS MEDICAID, REDISTRIBUTE HUNDREDS OF MILLIONS OF DOLLARS AMOUNG STATES WHEN CENSUS UNDERCOUNT DATA IS CORRECTED. FEDERAL FUNDING FORMULAS LIKE MEDICAID AND COMMUNITY DEVELOPMENT BLOCK GRANTS ARE SENSITIVE TO THE UNDERCOUNT, WHICH CAUSES FEDERAL FUNDS TO BE MIS-ALLOCATED TO CITIES AND STATES, HURTING TRADITIONALLY UNDERCOUNTED POPULATIONS SUCH AS LOW-INCOME CHILDREN AND IMMIGRANT COMMUNITIES.

CENSUS DATA IS USED FOR A BIG MAJORITY OF ALL FEDERAL FUNDING FORMULAS. THERE NEEDS TO BE CLARITY AND TRANSPARENCY INTO HOW CENSUS DATA IS USED AND IF THESE FEDERAL FUNDING FORMULAS TRULY SERVE THEIR TARGET COMMUNITIES. TODAY'S HEARING WILL ADDRESS THESE ISSUES AND REVEAL EXISTING PROBLEMS,

SOLUTIONS, AND WHAT FURTHER RESEARCH NEEDS TO BE DONE INTO CENSUS DATA AND ITS USE IN FEDERAL FUNDING FORMULAS.

I THANK ALL OF OUR WITNESSES FOR APPEARING TODAY AND LOOK FORWARD TO THEIR TESTIMONIES.

Mr. McHenry. Thank you, Mr. Chairman. Thank you for holding today's hearing. I want to begin by thanking again Mr. Mesenbourg and Mr. Goldenkoff for reappearing before the committee. It is good to have you back. For the other witnesses, thank you so much for agreeing to testify and being here today.

As the chairman has already stated, the data collected by the Census Bureau is vitally important to the calculation of funding levels and appropriations in Federal programs at the congressional level and by Federal agencies themselves. Data are also used by State and local governments to allocate resources and services, and by the private sector to determine where to invest and develop industry.

The subject of today's hearing underscores the importance of filling out the decennial census form when it arrives on April 1, 2010. It is vitally important to the American people that everyone in this country respond to that form. It is not a partisan issue. It is simply a matter of having an accurate picture of who is in this country on census day 2010. This is very important. It is a very core Constitutional principle that we have an accurate count of who is here in this country.

With having a short form only census, it makes it even easier for the American people to participate. So Members of Congress should advocate for participation. Everyone within Government should advocate for participation. We are grateful for community groups who are involved to ensure that people participate as well.

I would also like to thank the chairman for having this hearing today. We last met in March. I know that we have racked up address canvassing, as Mr. Mesenbourg has related to the Congress. From the accounts we have gotten, it has gone very well. We are very grateful for that. That address canvassing, as Mr. Mesenbourg has previously said, is a cornerstone to the 2010 census.

I hope that we can have Mr. Mesenbourg or the new Director, whenever the Senate determines that they will actually act, then we can actually get the new Director in. But approximately 140,000 census workers took to America's streets this spring to verify addresses and assemble the Bureau's list of where decennial forms will be sent and where, if needed, enumerators will visit in 2010.

On separate occasions, Chairman Clay and I have stated that we both have unanswered questions about this vast canvassing effort. The outcome of the decennial census depends largely on this step in the operation and so there is an obvious need to review and assess its successes and failures. Certainly, the GAO and the Census Bureau, we would love to have you back. Mr. Chairman, I would certainly think we would both learn a lot from that hearing. It is my hope that we can bring you back again soon to evaluate this step of the process.

That said, today's hearing is an important opportunity for the committee to ensure that the census data and Federal funding formulas are fair, accurate, and effective.

Chairman Clay, I thank you for bringing this issue to the forefront about the inequities of Community Development Block Grant programs. I do share your concerns.

As for how census numbers affect the CDBG, I would like to point out that the funding formula involves many factors. In the

109th Congress, this subcommittee published a bipartisan report dealing with that funding formula. I ask unanimous consent to submit this for the record.

Mr. CLAY. Without objection, the document is submitted into the record.

[The information referred to follows:]

BRINGING COMMUNITIES INTO THE 21ST CENTURY: A REPORT ON IMPROVING THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

I. Executive Summary

II. Background
  - A. History of CDBG
  - B. CDBG Current Formula
  - C. CDBG Eligible Use of Funds
  - D. Current CDBG Performance Measures
  - E. U.S. Census Bureau Data and CDBG Formula Calculations
  - F. Strengthening America's Communities Initiative
  - G. HUD Proposed Changes to CDBG Formula
  - H. National Academy of Public Administration Study and Recommendations Pertaining to CDBG Performance Measures
  - I. Integrated Disbursement and Information Systems (IDIS)
  - J. Proposed Outcome Measurement System

III. Hearings
  - A. Hearing on the Strengthening America's Communities Initiative, March 1, 2005
  - B. Hearing on CDBG Formula Alternatives, April 26, 2005
  - C. Hearing on Use of CDBG Funds and Performance Measures, May 24, 2005

IV. Findings & Recommendations
  - A. Strengthening America's Communities Initiative (SACI)
  - B. HUD Proposed CDBG Formula Targeting Reform
  - C. Current CDBG Formula Grants
  - D. CDBG Eligible Uses of Funds
  - E. Performance Measures
  - F. Census Bureau Products

THE STATE OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
A REPORT

I. EXECUTIVE SUMMARY

In February 2005, the Bush Administration submitted its Fiscal Year 2006 budget recommendation to the United States Congress. Within the budget submission was a new initiative, the Strengthening America's Communities Initiative (SACI), consolidating 18 existing federal community and economic development direct-grant programs managed by five different agencies into a single program under the oversight of the U.S. Department of Commerce (Commerce). Seven of the 18 programs are currently administered by the Department of Housing and Urban Development (HUD). Each of the 18 programs would cease to exist independently under the initiative.

In Fiscal Year 2005, Congress appropriated $5.7 billion dollars for the combined suite of 18 programs. The seven HUD programs account for approximately 84 percent of the funding for all 18 grant programs. The Community Development Block Grant (CDBG) Program alone accounts for approximately 82 percent of that combined $5.7 billion in funding with an individual appropriation of $4.71 billion. Highlighting the enormous impact SACI will have on state and local governments and the citizens served by the 18 grant programs, the President's proposed Fiscal Year 2006 appropriation for the SAC grant program totals only $3.71 billion.

Considerable stakeholder opposition arose in reaction to the President's proposal. Consequently, the Subcommittee on Federalism and the Census (the Subcommittee), chaired by Mr. Michael R. Turner, devised an oversight agenda to investigate two basic questions regarding CDBG:[1]

(1) Should Congress consolidate CDBG with the 17 other direct-grant programs as proposed in the President's Fiscal Year 2006 budget request and transfer the administration of the program from HUD to Commerce?

(2) Notwithstanding SACI, should Congress or HUD consider making certain reforms to the CDBG program, either by legislation or by rule-making?

The Subcommittee held three hearings on these issues. The first hearing, entitled *"Strengthening America's Communities – Is It the Right Step Toward Greater Efficiency and Improved Accountability?,"* was held on March 1, 2005. The hearing's purpose was to review the proposed SACI and explore the reasons for its creation.

The Subcommittee held its second hearing, entitled *"The '70s Look: Is the Decades-Old Community Development Block Grant Formula Ready for an Extreme Makeover?,"* on April 26,

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[1] Clause 3 of Rule X of the Rules of the United States of House Representatives relates to the oversight functions of the committees organized within the House of Representatives. Paragraph (e) of Clause 3 states that "The Committee on Government Reform shall review and study on a continuing basis the operation of Government activities at all levels with a view to determining their economy and efficiency." RULES OF THE COMMITTEE ON GOVERNMENT REFORM: TOGETHER WITH SELECTED RULES OF THE HOUSE OF REPRESENTATIVES AND SELECTED STATUTES OF INTEREST, House of Representatives, 109th Congress, 1st Session (March 2005).

2005. Based on a February 2005 HUD study, the Subcommittee explored the first area of potential reform: the block grant formula. Specifically, the Subcommittee explored: (1) whether the 30-year old formula was appropriate for continued use in today's world; and (2) whether funds are distributed fairly among similarly situated communities.

The Subcommittee held its third hearing, entitled *"Bringing Community Development Block Grant Program Spending into the 21st Century: Introducing Accountability and Meaningful Performance Measures into the Decades-Old CDBG Program,"* on May 24, 2005. In that hearing, the Subcommittee examined: (1) how communities spend CDBG moneys (i.e., eligibility of use of funds); (2) whether HUD and grantees effectively target funds toward the needs identified in the program's authorizing legislation; and (3) how, if at all, Congress can measure these expenditures for effectiveness through the institution of performance measures.

This report will first summarize the materials examined by the Subcommittee in chronological order by date of publication. **Part II, Background**, thus provides a short history of the CDBG program and a summary of various studies suggesting changes to the program. In **Part III, Hearings**, each of the three Subcommittee hearings that discussed proposed changes will be reviewed. Findings and recommendations are discussed in **Part IV**.

II. BACKGROUND

A. HISTORY OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Congress authorized the creation of the CDBG program during the Ford Administration with the enactment of the Housing and Community Development Act of 1974 (HCDA).[2] CDBG is an offshoot of President Nixon's *Better Communities* proposal, which combined seven individual direct-grant programs into one community development block grant program. The reorganization of these grant programs was the result of "[l]arge-scale dissatisfaction with many [of their] components . . . [leading] to a discussion about how federal community development funds should be allocated."[3]

The vision of Nixon's "New Federalism" included a plan combining existing grant-in-aid programs into a single block grant program that distributed funds directly to local governments – those agencies in the best position to assess local needs.[4] Along with this local decision-making came an "unprecedented degree of local control" over the use of federal dollars on community development programs, "offering city and county officials broad discretion to fund housing, economic development activities, social services, and infrastructure."[5] In 1975, HUD advertised that CDBG funds could be "used anywhere within a local government's jurisdiction to serve the needs of low- and moderate-income persons."[6]

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[2] HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974, 42 U.S.C. §§ 5301-5321 (2004).

[3] TODD RICHARDSON ET AL., OFFICE OF POLICY AND DEVELOPMENT RESEARCH, U.S. HOUSING AND URBAN DEVELOPMENT, REDISTRIBUTION EFFECT OF INTRODUCING CENSUS 2000 DATA INTO THE CDBG FORMULA at 11 (2003) [hereinafter CENSUS DATA STUDY].

[4] *Id.*

[5] *Id.* at 12, *quoting* U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, FEDERAL FUNDS, LOCAL CHOICES: AN EVALUATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (1995).

Among the programs unified within CDBG were the Urban Renewal program, the Model Cities program, open space acquisition and beautification grants, neighborhood facilities grants, and water and sewer facilities grants.[7] The roots of CDBG can be traced directly to these grant programs, which focused on restoring urban neighborhoods through acquiring land, clearing blight, and encouraging private development; providing physical development and human services; providing health, welfare, social, and recreational services; and improving existing and developing new low- and moderate-income housing.[8] All of these services function to create better living environments for low- to moderate-income persons, the primary purpose of the HCDA.[9]

State and local governments use CDBG grant monies to fund various housing, community development, neighborhood revitalization, economic development, and public service provision projects. Such projects must serve at least one of three requirements: (1) to principally benefit low- and moderate-income individuals; (2) eliminate or prevent slums; or (3) remedy urgent threats to the health or safety of the community. At least 70 percent of CDBG funds distributed to the states and local governments must be spent on activities for the first requirement - to principally benefit low- and moderate-income individuals.

CDBG funds were originally distributed based upon a single formula that assessed community need using population, poverty, and overcrowded housing data as indicators of community development need.[10] In a 1976 study, HUD determined that the formula "was highly responsive to the poverty dimension but unresponsive to the non-poverty dimensions of community development need."[11] As a result, a second formula was devised using the factors of pre-1940 housing and loss of population to target those communities experiencing decline rather than poverty need alone.[12] These two formulas remain in use today and are now known as "Formula A" and "Formula B," respectively.

In 1981, Congress amended the HCDA once again. The original CDBG formula required 80 percent of CDBG funds be reserved for the formula grant and 20 percent of funds be set aside for non-entitlement jurisdictions. HUD administered this 20 percent through a categorical competition for non-entitlement communities, known then as the CDBG Small Cities Program.[13] In keeping with the idea that local administration of block grant funds is more effective than centralized administration by the federal government, HUD granted states the option of directly administering the Small Cities Program in Fiscal Year 1982. Concurrent with this program change, Congress amended the CDBG formula by adjusting the entitlement community/non-entitlement community split to 70 percent/30 percent.[14,15] Only these two changes have been made to the formula grant over the 30-year life of the program.

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[6] *Id., quoting* U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM: A PROVISIONAL REPORT (1975).

[7] *See id.* at 9.

[8] *See id.*

[9] *See id.* at 11. "The underlying purpose of title I of the Community Development Act is to increase the viability of urban communities by addressing housing needs and creating healthy living environments by expanding economic opportunity primarily for low- and moderate-income persons."

[10] *See* CENSUS DATA STUDY at 12.

[11] *Id.* at 14.

[12] *See id.*

[13] *See id.*

Today, CDBG is one of the largest federal direct block grant programs in existence. HUD's office of Community Planning and Development administers the program through 800 full-time employees located in Washington, D.C. and throughout the country in 42 field offices. In Fiscal Year 2005, Congress appropriated $4.71 billion for the CDBG program; $4.15 billion of that amount was reserved for CDBG formula grants.[16]

Despite the fact that Congress has generally increased appropriations for CDBG formula grants since the early 1990s,[17] less money in terms of "real dollars" has been available to entitlement and non-entitlement jurisdictions over that same period. This can be attributed to two factors: (1) Congressional allocation of more money for set-asides and earmarks, thereby decreasing the funds available for distribution under the formula grant; and (2) the growing number of entitlement communities due to natural population growth and other factors.[18]

In addition to the fiscal constraints on the program, commentators have criticized the CDBG program in recent years as cumbersome, inefficient, and unaccountable. During a Senate Budget Committee hearing in February 2000, the Comptroller General of the United States, David M. Walker, suggested that formula-based programs like CDBG are "not well targeted to jurisdictions with high programmatic needs but comparatively low funding capacity."[19]

Criticism of the program has come from within the Administration as well. The Office of Management and Budget (OMB) assessed CDBG in 2004 using the Program Assessment Rating Tool (PART). The Administration developed PART to assess the management and performance of individual programs - evaluating the purpose, design, planning, results, and accountability of a program.[20] Based on a weighted average, a program is rated effective, moderately effective,

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[14] *See id.*

[15] *See* 42 U.S.C. 5302(a). Entitlement jurisdictions are defined by one of five criteria: (1) Central cities of metropolitan areas (MAs); (2) cities located in a MA with a current population of 50,000 or more; (3) cities that previously met criteria for metropolitan cities; (4) urban counties with a population of 200,000 or more excluding the populations of metropolitan cities and eligible Indian tribes; or (5) counties that previously met criteria for metropolitan urban counties.

[16] *See* Consolidated Appropriations Act, 2005, FISCAL YEAR Pub. L. No. 108-447, 118 Stat. 2810 (2004).

[17] Congressional appropriations for CDBG formula grants have remained relatively static over the past six budget cycles. However, since Fiscal Year 2001, Congress has reduced funding for formula grants by roughly $300 million. In Fiscal Year 2005, Congress reduced funding by nearly $200 milling. This reduction accounted for the program's first "real dollar" decrease in a number of years.

[18] *See* EUGENE BOYD, AMERICAN NATIONAL GOVERNMENT DIVISION, CONGRESSIONAL RESEARCH SERVICE, REPORT NO. 96-503 GOV, COMMUNITY DEVELOPMENT BLOCK GRANTS: AN OVERVIEW at 4, 5 (1998). In Fiscal Year1997, set-asides accounted for 6.3 percent of the total CDBG appropriation. In Fiscal Year1998, that percentage increased to 10.3 percent, and to 11.1 percent in Fiscal Year 1999. *Id.* at i.

[19] *Federal Spending Priorities: Exercising Oversight: Hearing Before the Senate Comm. on the Budget*, 106th Cong. (2000) (statement of David M. Walker, Comptroller of the United States); *see also* DAVID M. WALKER, U.S. GENERAL ACCOUNTING OFFICE, GAO/T-AIMD-00-73, BUDGET ISSUES EFFECTIVE OVERSIGHT AND BUDGET DISCIPLINE ARE ESSENTIAL – EVEN IN A TIME OF SURPLUS at 7 (2000).

[20] *See* EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET, FISCAL YEAR 2006 BUDGET OF THE U.S. GOVERNMENT ANALYTICAL PERSPECTIVES, H. Doc. 109-2, Vol. III at 10 (2005).

adequate, or ineffective. Under the PART assessment tool, OMB determined that most of the community and economic development programs evaluated "were not accomplishing their intended results" and could not demonstrate "that they [were] having any positive impact on the communities they serve."[21] In particular, OMB rated the CDBG program as ineffective, stating, "The Program does not have a clear, unambiguous mission. Both the definition of community development and the role CDBG plays in that field are not well defined."[22]

B. COMMUNITY DEVELOPMENT BLOCK GRANT CURRENT FORMULA

HUD allocates the 70 percent of CDBG funds reserved for the grant portion of the program to entitlement jurisdictions using a dual formula system. Formula A allocates funds based on each entitlement community's share of population, poverty, and housing overcrowding as compared to all entitlement communities. Formula B allocates funds based on each entitlement community's share of poverty, aged housing (built prior to 1940), and the lag in population growth rate as compared to the total for all entitlement communities since 1960. Entitlement jurisdictions receive the greater sum of the two formula calculations.

HUD distributes the remaining 30 percent of CDBG formula funds to 49 states and the Commonwealth of Puerto Rico.[23] The statute requires these jurisdictions to re-distribute the funds to non-entitlement communities (i.e., those communities that do not meet the definition of an entitlement community).[24] These funds are also allocated according to a dual formula system whereby states receive the greater sum of the two formula calculations. Here, however, Formula A allocates funds based on a state's percentage of population, poverty, and housing overcrowding as compared to the aggregate of all non-entitlement areas in all states. Formula B allocates funds based on poverty, age of housing, and population (not population growth or lag) relative to all non-entitlement areas in all states.

The CDBG program, while enabling states and local governments to accomplish many objectives outlined in the original authorization, exhibits several problems that require remedy. A study of the formula allocations reveals two main fairness issues. First, there are numerous instances of "richer" communities receiving higher per capita awards than "poorer" communities. For instance, Wauwatosa, Wisconsin receives a per capita grant of $30.63 though it is assessed as one of the nation's communities with lowest need.[25] In contrast, Compton, California has one of the highest needs of the nation's communities and yet receives a per capita grant of only $26.18.[26] Second, similarly situated communities often get disparate per capita awards. While Compton, California receives a per capita grant of $26.18, St. Louis, Missouri, a community with a similar (yet lower) need index score receives a per capita grant of $73.58.[27]

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[21] *A top to Bottom Review of the Three-Decades-Old Community Development Block Grant Program: Is the CDBG Program Still Targeting the Needs of our Communities?*: Hearings Before the Subcomm. on Federalism and the Census of the House Comm. on Government Reform, 109th Cong. 21 (Serial No. 109-7) (2005) [hereinafter, *CDBG Hearings*] (statement of Clay Johnson III, Deputy Director for Management, Office of Management of Budget

[22] Office of Management and Budget, Department of Housing and Urban Development PART Assessments 3 (2004) <http://www.whitehouse.gov/omb/budget/fy2006/pma/hud.pdf>. *See also* EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET, FISCAL YEAR 2006 BUDGET OF THE U.S. GOVERNMENT ANALYTICAL PERSPECTIVES, H. Doc. 109-2, Vol. III at 26 (2005).

[23] The State of Hawaii opts not to participate in the program.

[24] *See supra* n. 16.

[25] *See* TODD RICHARDSON, OFFICE OF POLICY DEVELOPMENT AND RESEARCH, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, CDBG FORMULA TARGETING TO COMMUNITY DEVELOPMENT NEED at B-80 (2005) [hereinafter CDBG FORMULA STUDY].

While the formula has undergone five major assessments since 1974, only two changes have been made to the program. During this same period, the country's demographics and population trends have shifted dramatically. In particular, the number of entitlement communities has grown substantially. In Fiscal Year 2004, there were more than 1,100 designated entitlement communities, up from 732 in 1982 when the 70/30 split was first instituted. From 1982 to 1993, an additional 128 jurisdictions qualified as new entitlement communities. Since 1993, more than 250 more communities came online, demonstrating a vast increase in population growth rate. While the number of communities sharing the 70 percent portion of CDBG funds continues to grow, the overall funding has not kept pace. Thus, a larger portion of the population is sharing a relatively static piece of the CDBG pie, resulting in fewer funds per jurisdiction. At the same time, the number of non-entitlement communities declines, effectively increasing their share of the 30 percent portion of CDBG funds.

C. CDBG ELIGIBLE USE OF FUNDS

CDBG funded activities must satisfy a two-part eligibility test. First, these activities must align with one of the 25 eligible uses for CDBG funds as authorized by the HCDA.[28] Second, these activities must satisfy one of three national objectives stated in the HCDA.[29]

1. The Eligible Activities Test

The HCDA lists 25 activities for which grantees can expend CDBG funds. HUD classifies these activities into two groups: (1) basic eligible activities and (2) eligible rehabilitation and preservation activities.

a. Basic Eligible Activities

There are 17 basic eligible activities: (1) acquisition; (2) disposition; (3) public facilities and improvements; (4) clearance activities; (5) public services; (6) interim assistance; (7) payment of non-Federal share of a grant-in-aid program; (8) urban renewal completion; (9) relocation; (10) loss of rental income; (11) housing services; (12) support of privately owned utilities; (13) construction of housing; (14) homeownership assistance; (15) economic development; (16) technical assistance; and (17) assistance to institutions of higher education.[30]

The more common uses of CDBG funds fall within the categories of acquisition, disposition, public facilities and improvements, clearance, and public services.

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[26] *See id.* at B-8.
[27] *See id.* at B-46.
[28] *See* 42 U.S.C. §§ 5305(a)1-25 (2003).
[29] *See* 42 U.S.C. § 5304(b)(3).
[30] *See* 24 C.F.R. § 570.201 (2005).

b. Eligible Rehabilitation and Preservation Activities

In addition to the specifically enumerated activities above, CDBG moneys may be used to fund a broad range of rehabilitation and preservation activities, including the rehabilitation and improvement of buildings, code enforcement, historic preservation, the renovation of closed buildings, and the removal of lead based paint.[31] CDBG grantees may use funds for such purposes as assistance to private individuals and entities in acquiring and rehabilitating properties for personal use or resale as residences;[32] funding labor, materials, and other costs associated with the rehabilitation of properties;[33] and rehabilitation activities that increase energy and water consumption efficiency.[34]

With regard to code inspections and enforcement activities, the regulations permit expenditures so long as the enforcement activities are in deteriorating or deteriorated areas when such activity, coupled with private and public improvements, rehabilitation, or services, would obstruct further decline.[35] Within this category, grantees may use funds for "salaries and related expenses of code enforcement inspectors and legal proceedings."[36] Grantees, however, may not use the funds to cover the costs of correcting code violations.[37]

2. The National Objectives Test

Though the HCDA may specifically permit an activity, the activity must also meet at least one of the three national objectives outlined in the statute before CDBG funds may be expended upon it. Activities must (1) "benefit low- and moderate-income families;" (2) "aid in the prevention or elimination of slums or blight;" or (3) "meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community. . . ."[38]

These criteria are broad in scope and nearly any activity could be creatively described to meet the "benefit low- and moderate-income persons" objective. Therefore, HUD requires grant recipients "certify that their projected use of funds has been developed so as to give maximum feasible priority to activities which will carry out one of the national objectives. . . ."[39] Moreover, grant recipients must also ensure that 70 percent of the CDBG grant is expended over a period of one, two, or three years, as specified in their certification, for activities meeting one of the specified national objectives.[40] These certifications must be included in the grantee's Consolidated Plan.

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[31] *See* 24 C.F.R. § 570.202 (2005).
[32] *See* 24 C.F.R. § 570.202(b)(1) (2005).
[33] *See* 24 C.F.R. § 570.202(b)(2) (2005).
[34] *See* 24 C.F.R. § 570.202(b)(4), (5) (2005).
[35] *See* 24 C.F.R. § 570.202(c) (2005).
[36] *Id.*
[37] *See id.*
[38] 24 C.F.R. § 570.200(a)(2) (2005).
[39] 24 C.F.R. § 570.200(2); *see also* 42 U.S.C. § 5305 (2005).
[40] *See id. See also* 24 C.F.R. § 570.208 (2005) for the criteria used to determine whether an activity satisfies one or more of the national objectives.

D. CURRENT CDBG PERFORMANCE MEASURES

HUD requires that each grantee submit a Consolidated Plan ("Conplan"), a comprehensive planning document that doubles as an application for funding under several Community Planning and Development (CPD) formula grant programs.[41] The Conplan describes a jurisdiction's strategy to pursue the overall goals of the HUD community and economic development programs. These goals include "develop[ing] viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities principally for low- and moderate-income persons."[42] HUD will evaluate a jurisdiction's Conplan and its performance under the plan against these goals.[43]

The Conplan is the tool by which HUD determines whether CDBG-funded activities meet the second part of the two-part test for eligibility. Once HUD asks whether the activities described in the Conplan are eligible for use of funds under the HCDA, HUD then uses the Conplan to evaluate whether the activities satisfy one of the three national objectives. Prior to acceptance of a jurisdiction's annual certifications, HUD also uses the Conplan to determine whether the grantee complied with its HUD-approved plan and whether CDBG-funded activities were consistent with that plan.[44]

According to its own regulations, HUD will accept or reject a jurisdiction's Conplan within 45 days of the date of submission.[45] Additionally, the HCDA generally requires that HUD approve a Conplan submission unless the plan (or a portion of it) is inconsistent with the purposes of the Act or is substantially incomplete.[46]

In addition to the Conplan, grantees must develop a plan that encourages citizen participation in developing the Conplan, particularly by persons of low- or moderate-income living in areas CDBG funds are to be used.[47]

E. U.S. CENSUS BUREAU DATA AND CDBG FORMULA CALCULATIONS

HUD presently uses five variables in its block grant formulas. These variables include (1) total resident population; (2) the number of persons living below poverty level; (3) overcrowding (defined as more that 1.01 persons per room in a housing unit); (4) the number of housing units built before 1940; and (5) population growth lag compared to all metropolitan cities since 1960. HUD relies primarily on the decennial census to provide this data objectively and consistently. In years subsequent to the decennial census, HUD relies upon the annual Boundary and Annexation Survey (BAS) for revised population estimates, incorporations of new cities, and major boundary changes.[48] By law, HUD must use "the latest data consistently available for all areas as of 90 days before the start of the fiscal year."[49]

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[41] *See* 24 C.F.R. §§ 91.1(b), 91.2(a)-(b) (2005).
[42] 24 C.F.R. § 91.1(a) (2005).
[43] *See* 24 C.F.R. § 91.1(a)(2) (2005).
[44] *See* 24 C.F.R. § 570.903(a) (2005).
[45] *See* 24 C.F.R. § 91.500(a) (2005).
[46] *See* 24 C.F.R. § 91.500(b) (2005).
[47] *See* 24 C.F.R. § 91.105(a)(2) (2005).

The decennial census of population traditionally included two questionnaires: the short form and the long form. The Census Bureau uses the short form for a complete population count with basic characteristics such as name, sex, age, and race. The long form, sent to approximately one in six households, collects detailed characteristic data including the poverty and housing data required by HUD for CDBG formula calculations. The strength of using the decennial census data is the near-complete population counts and the very large sample size of the short form. Consequently, the data is statistically sound. The weakness of using decennial census data in CDBG formula allocations is that the federal government only collects it once every 10 years.

The Census Bureau provides estimated updates of the population or "short form" data between decennial censuses with information found in the annual administrative records of federal and state agencies. The Census Bureau and its state partners use statistical models that combine information derived from census and administrative records to produce current population estimates. This information is then benchmarked against the last decennial census counts.[50] These intercensal population estimates are available at the county level[51] and are used by HUD to make CDBG formula calculations.

While the Census Bureau updates population estimates based on the decennial census short form, it does not update the extensive population characteristics data provided by the decennial long form over the course of the intervening decade. Because no other nationally consistent data is available, HUD has had no choice but to use the aging data between decennial censuses. For example, by 2001, shortly before the Census Bureau released its Census 2000 long form data, HUD would have had to allocate any CDBG funds for that year based on eleven-year-old data.[52] HUD draws data for three of the five formula variables from the long form, basing its formula calculations on consistently old data, thereby risking accurate targeting of funds.

The Congress, the Administration, HUD, the Census Bureau, and many other federal agencies recognize this problem of aging long form data between censuses. With congressional support and funding, the Census Bureau launched the American Community Survey (ACS) as a solution. The ACS will produce annual estimates of long form-type data and will replace the decennial long form in 2010. The Bureau successfully implemented the program in the fourth quarter of Fiscal Year 2004 and the agency is currently conducting the first full year of data collection. Data for areas with a population of 65,000 or more will be available in 2006, data for areas of 20,000 or more will be available in 2008, and data for all areas will be available in 2010. Accordingly, HUD could more accurately target CDBG funds between censuses even if it or Congress made no other changes the program.

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[48] The U.S. Census Bureau conducts an annual survey called the Boundary and Annexation Survey (BAS) to collect information about selected legally defined geographic areas. The BAS provides information documenting the creation of new and dissolution of old incorporated municipalities, minor civil divisions (MCDs), and counties and equivalent areas, and changes in the boundaries of municipalities, MCDs, counties, and federally recognized American Indian areas (AIAs), which include reservations and off-reservation trust lands. *See* U.S. Census Bureau, *Boundary and Annexation Survey* (last modified April 29, 2005) <http://www.census.gov/geo/www/bas/bashome.html>.

[49] CDBG FORMULA STUDY at 8.

[50] *See* U.S. Census Bureau, *FSCPE History* (last modified November 19, 2003) <http://www.census.gov/population/www/coop/history.html>.

[51] *See* U.S. Census Bureau, *Population Estimates* (visited August 25, 2005) <http://www.census.gov/popest/estimates.php>.

[52] *See* U.S. Census Bureau, *Census 2000 Data Products at a Glance* (last modified April 6, 2005) <http://www.census.gov/population/www/censusdata/c2kproducts.html>.

The smallest level of delineated geographic areas for which the Bureau provides ACS is the census tract.[53] As a result of the small size of census tracts, there will not be sufficient sample size to annually develop statistically sound estimates. Consequently, the Census Bureau will develop multi-year estimates by averaging data collected over three or five years depending on the population density. This means that ACS will annually provide updated estimates based on the average of three or five years of data. The Census Bureau refers to these estimates as "rolling estimates."

Discussions between the Subcommittee and HUD staff revealed that HUD has yet to determine how it will adapt ACS data, the rolling averages in particular, into CDBG calculations.

F. STRENGTHENING AMERICA'S COMMUNITIES INITIATIVE

The Administration publicized the proposed SACI as "a unified direct-grant program focusing on America's most economically distressed communities."[54] The Administration contends SACI would build upon "existing economic and community development efforts."[55]

The President's proposal consolidates 18 existing direct grant economic and community development programs, managed by five federal agencies, into a single office within the Department of Commerce. The targeted programs include:

Department of Housing and Urban Development Programs

- Community Development Block Grants (CDBG)
- Community Development Block Grants Set-Asides (CDBG SA)
- National Community Development Initiative (NCDI)
- Brownfields Economic Development Initiative (BEDI)

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[53] Census tracts are small, relatively permanent statistical subdivisions of a county. The Census Bureau delineates Census tracts for most metropolitan areas (MA's) and other densely populated counties. Census tracts usually have between 2,500 and 8,000 persons and, when first delineated, are designed to be homogeneous with respect to population characteristics, economic status, and living conditions. Census tracts do not cross county boundaries. The spatial size of census tracts varies widely depending on the density of settlement. Census tract boundaries are delineated with the intention of being maintained over a long time so that statistical comparisons can be made from census to census. However, physical changes in street patterns caused by highway construction, new development, etc., may require occasional revisions; census tracts occasionally are split due to large population growth, or combined as a result of substantial population decline. *See* U.S. Census Bureau, *Census Tracts and Block Numbering Areas* (last modified November 14, 2000) <http://www.census.gov/geo/www/cen_tract.html>.

[54] U.S. Department of Commerce, Strengthening America's Communities (February 2005) (unpublished PowerPoint presentation, on file with the Department of Commerce).

[55] Office of Management and Budget, *President Bush Proposes Strengthening America's Communities Initiative* at 1 (last modified February 3, 2005) <http://www.commerce.gov/SACI/Talking%20Points_Strengthening%20Communities%20FINAL%202-03-05.pdf>.

- Rural Housing and Economic Development (RHEC)
- Urban Empowerment Zones Round II Grants (UEZ)
- Community Development Loan Guarantees (Section 108) (CDLG)

Department of Agriculture Programs

- USDA Rural Business Enterprise Grants
- USDA Rural Business Opportunity Grants
- USDA Economic Impact Grants
- USDA Rural Empowerment Zones (EZ)/Enterprise Communities (EC)

Department of Treasury Programs

- Community Development Financial Institutions (CDFI) Program
- Bank Enterprise Award (BEA) Program
- CDFI Native Initiatives

Department of Health and Human Services Programs

- HHS Community Services Block Grant
- Community and Economic Development
- Rural Community Facilities

Department of Commerce Programs

- Economic Development Assistance Programs

Collectively, these 18 grant programs amounted to $5.7 billion in appropriations for Fiscal Year 2005. Of the 18 direct-grant programs included in SACI, the largest is the CDBG. With an overall Fiscal Year 2005 funding level of roughly $4.71 billion, $1 billion more than the President's $3.71 billion request for SACI, CDBG is the largest direct-grant program to local governments for community and economic development activities.[56]

Under SACI, each grant program would cease to exist independently. The grants previously awarded under these programs would be awarded by the Department of Commerce through the newly created Strengthening America's Communities (SAC) Grant Program. Under the Administration's proposal, funding would drop to a combined $3.71 billion for all programs in Fiscal Year 2006, a decrease of 31 percent or roughly $1.64 billion.

The Administration states its primary goal in this initiative is to ensure grant moneys further Congress' original intent: "to create the conditions for economic growth, robust job opportunities, and livable communities."[57] According to an OMB review, most of the 18 direct grant programs lack clear goals or sufficient accountability. Further, OMB contends that many of the grants overlap in key areas, resulting in duplicative efforts and wasted money. According to the Administration, the current system of federal programs "forces communities to navigate a maze of Federal departments, agencies, and programs in order to access economic development assistance programs, each imposing a separate set of standards and reporting requirements."[58] The new $3.71 billion initiative, the Administration argues, would "help strengthen America's transitioning and most needy communities, while making better use of taxpayer dollars by reforming and restructuring many of the existing Federal economic and community development programs."[59] The SAC grant program would "simplify access to the Federal system, set new eligibility criteria, and establish strong accountability standards all in exchange for the flexible use of the funds so that communities most in need will be assisted."[60] Thus, SACI intends to: (1) improve the efficiency of community and economic development grant programs; (2) create greater accountability for program success; and (3) simplify access to these grant programs.

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[56] *See* Consolidated Appropriations Act, 2005, Pub. L. No. 108-447, 118 Stat. 2810 (2004).

[57] Office of Management and Budget, *President Bush Proposes Strengthening America's Communities Initiative* at 1 (last modified February 3, 2005)

The Administration has not yet presented a detailed plan for the program or a legislative proposal for codifying the initiative. However, the Administration stated that the new eligibility criteria would be based upon job loss, unemployment levels, and poverty. The new accountability measures would include increased job creation, new business formation rates, increased homeownership, commercial development, and private sector investment. If a community fails to meet such measures, the SACI proposal calls for the Commerce Department to work with the community to develop an action plan and to provide technical assistance in the effective use of funds. If a community consistently fails to meet the accountability standards, it may lose future funding.

G. HUD PROPOSED CHANGES TO THE CDBG FORMULA

On February 21, 2005, HUD published a document entitled *CDBG Formula Targeting to Community Development Need*, the result of a study on the declining effectiveness of the current grant formula in targeting need. The study demonstrates that the current formula continues to target need: the top 10 percent of communities with the greatest need receive four times as much as the 10 percent of communities with the lowest need.[61] However, this targeting is based on *poverty* need. The study shows that the current formula's ability to target *community development* need has substantially declined over the last 30 years. A growing number of communities with similar needs today receive substantially different grants. Further, the per capita grants awarded to the neediest of communities have decreased while the per capita grants awarded to the least needy of communities have increased.[62]

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[58] *Id.*

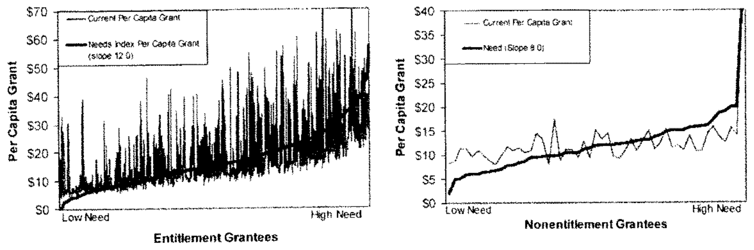
[59] *Id.*

[60] *Id.*

[61] *See* CDBG FORMULA STUDY at x.

[62] *See id.* at 37.

Current Formula



The above entitlement grantee chart (left) demonstrates that the amount of funds jurisdictions currently receive (the jagged line) is only slightly in accord with the amount of funds that should be allocated according to the need index (the solid line), but it also demonstrates that similarly situated communities receive vastly differing grant awards (differing heights of the peaks).[63] HUD posits that one explanation for these two anomalies is the flatness of Formula A and the inequity of Formula B.[64] Formula A places a 25 percent weight on the population variable, resulting in the most needy of grantees not getting substantially more funds than the least needy of grantees simply because two cities may have similar population counts regardless of the need of that population. Conversely, Formula B grantees often receive substantial grants because of the large numbers of pre-1940 housing even though there may be little community or economic need. The non-entitlement grantee chart (right) demonstrates that there is little to no relationship between the need of a community and the funds allocated under CDBG.[65]

To address these deficiencies, HUD proposed four alternative formulas. Three of the four alternatives maintain the 70/30 (entitlement community/nonentitlement community) split.[66] The fourth alternative eliminates the 70/30 split. Only one of the four alternatives maintains the Formula A and Formula B duality[67] while the remaining alternatives simplify the calculation by using one formula each for entitlement communities and non-entitlement communities.

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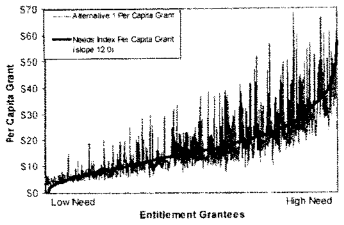
[63] *See id.* at x chart ES-1.
[64] *See id.* at xi.
[65] *See id.* at xii chart ES-2.
[66] *See supra* p. 5.
[67] *See id.*

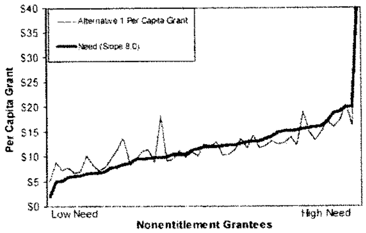
Alternative 1

Alternative 1 adjusts the existing formula by changing the weights of the variables in the current formula.[68] Under Formula A, population is weighted at 10 percent (currently 25 percent), poverty is weighted at 60 percent (currently 50 percent), and overcrowding is weighted at 30 percent (currently 25 percent). Under Formula B, the age of housing is calculated as housing 50 years or older occupied by a poverty household (currently pre-1940 housing, without regard to household need) and weighted at 50 percent (currently also 50 percent), poverty is calculated by family and elderly poverty (currently calculated as poverty without regard to family status or age, thus incorporating large student populations) and is weighted at 40 percent (currently 30 percent), and growth lag is weighted at 10 percent (currently 20 percent).

Alternative 1

Entitlement Communities		States (Nonentitlements)	
Formula A	Formula B	Formula A	Formula B
10% * population 60% * family & elderly poverty 30% * overcrowding	10% * adjusted growth lag 40% * family & elderly poverty 50% * housing 50 years or older occupied by a poverty household	10% * population 65% * family & elderly poverty 25% * overcrowding	10% * population 40% * family & elderly poverty 50% * housing 50 years or older occupied by a poverty household
Metropolitan denominators except for growth lag. Grant is larger of two formulas less a pro rata reduction.		State nonentitlement total denominators. Grant is larger of two formulas less a pro rata reduction.	





Alternative 1 improves the targeting of each formula (the bouncing line follows the solid need index line more closely) but does not correct the disparities that occur between Formula A recipients and Formula B recipients (the spiking remains similar to the current formula chart).[69] This alternative also results in the least disruption of funds.[70]

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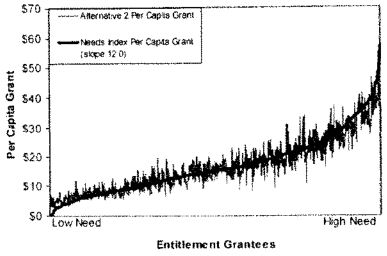
[68] *See* CDBG FORMULA STUDY. at xiii-xv, 62-65.
[69] *See id.* at xiv-xvi charts ES-3 and ES-4.
[70] *See id.* at xiv, 61.

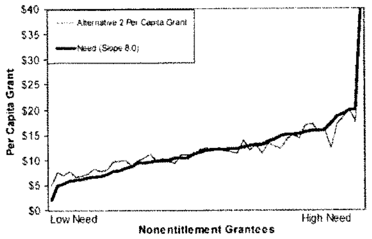
Alternative 2

Alternative 2 eliminates the dual formula system and replaces it with one formula.[71] For entitlement communities, allocation is calculated using family and elderly poverty weighted at 50 percent, female-headed households with children under 18 years weighted at 10 percent, overcrowding weighted at 20 percent, and housing 50 years or older occupied by a poverty household weighted at 20 percent. Non-entitlement community allocation is calculated using family and elderly poverty weighted at 60 percent, female-headed households with children under 18 years weighted at 10 percent, and housing 50 years or older occupied by a poverty household weighted at 30 percent. The overcrowding variable is eliminated in the non-entitlement calculation as it bears a high correlation to poverty in non-entitled communities, which is accounted for in the other variables.

Alternative 2

Entitlement Communities—70%	States (Nonentitlements)—30%
50% * family & elderly poverty 10% * female-headed household with children under 18 20% * overcrowding 20% * housing 50 years or older occupied by a poverty household	60% * family & elderly poverty 10% * female-headed household with children under 18 30% * housing 50 years or older occupied by a poverty household
Entitlement total denominators.	State nonentitlement total denominators.





The allocations using Alternative 2 closely match the need index (the solid line) and address the inequities between similarly situated communities by eliminating the dual formula (less spiking in the line representing actual allocation).[72] However, because the allocation so closely matches the need index thereby improving fairness, without increasing funding, some very needy Formula B communities suffer dramatic decreases in funding.[73] Likewise, some high-need communities that are relatively over-funded by Formula A (as compared to the need index) suffer significant funding decreases as well (e.g., St. Louis drops from $74 per capita to

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[71] *See id.* at xvi-xviii, 62, 66-71.

[72] *See id.* at xvii-xviii charts ES-5 and ES-6.

[73] *See id.* at xvii, 62, 70

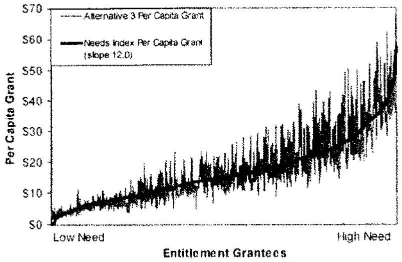
$37 per capita). At the same time, high-need communities that were under-funded are awarded larger per capita grants more closely aligned with their needs.

Alternative 3

Alternative 3 is very similar to Alternative 2.[74] For entitlement communities, the allocation is calculated using the same formula as in Alternative 2 but with more weight on older housing occupied by a poverty household and less weight on overcrowding. Family and elderly poverty is weighted at 50 percent, female-headed households with children under 18 years is weighted at 10 percent, overcrowding is weighted at 10 percent, and housing 50 years or older occupied by a poverty household is weighted at 30 percent. This shift in weight places more emphasis on communities plagued by aged housing or decline versus communities with growing immigrant populations. The formula also allows for an upward adjustment of up to 25 percent for communities with low per capita income or a downward 25 percent adjustment for areas with a high per capita income, both relative to the metropolitan area per capita income. Additionally, the formula permits a pro rata reduction to ensure aggregate grant allocations do not exceed the program's appropriated funds. The non-entitlement community formula is identical to the formula used in Alternative 2.

Alternative 3

Entitlement Communities—70%	States (Nonentitlements)—30%
50% * family & elderly poverty 10% * female-headed household with children under 18 10% * overcrowding 30% * housing 50 years or older occupied by a poverty household	60% * family & elderly poverty 10% * female-headed household with children under 18 30% * housing 50 years or older occupied by a poverty household
Entitlement total denominators. Adjusted by the ratio of metropolitan area per capita income divided by local per capita income with an adjustment cap of +/- 25 percent. Pro rata reduction of adjusted grant to match grant allocation to appropriations.	State nonentitlement total denominators



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[74] *See id.* at xviii-xx, 62, 71-73.

Alternative 3 addresses the need index by following the solid line but with a steeper slope, meaning more funds are allocated to higher need communities and less funds are allocated to less needy communities.[75] However, as indicated by the spiking of the allocated per capita grant, there is more variation in the amounts allocated between similarly situated communities than in Alternative 2. While some relatively over-funded high need communities still suffer decreases in their per capita grant, the decrease is not as significant as under Alternative 2.

Alternative 4

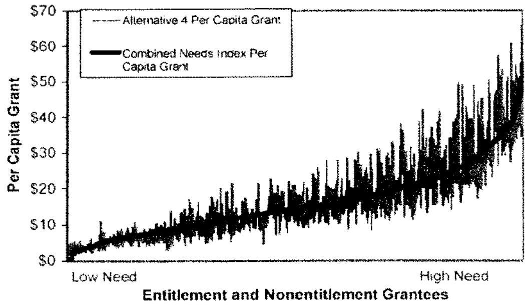
Alternative 4 is a single formula approach. There is no differentiation between entitlement and non-entitlement communities (currently, the 70 /30 split).[76] The formula is identical to the formula used for entitlement communities under Alternative 3. Allocations are calculated based upon family and elderly poverty weighted at 50 percent, female-headed households with children under 18 years weighted at 10 percent, overcrowding weighted at 10 percent, and housing 50 years or older occupied by a poverty household weighted at 30 percent. As in Alternative 3, the allocation may be adjusted upward or downward by 25 percent based upon per capita income relative to the metropolitan area per capita income and a pro rata reduction is permitted to match the grant allocations to the program appropriations. Using this formula and Fiscal Year 2004 figures, the end result is a de facto split of 69 percent of CDBG funds granted to entitlement communities and 31 percent granted to non-entitlement communities. Targeting is improved in the same way as under Alternative 3 as demonstrated by the grant allocation line closely matching the need index line but with a greater slope. Thus,

Alternative 4

Entitlement Communities and State (Nonentitlements)—100%

50% * family & elderly poverty
10% * female-headed household with children under 18
10% * overcrowding
30% * housing 50 years or older occupied by a poverty household

Adjusted by the ratio of metropolitan area per capita income divided by local per capita income (states not adjusted) with an adjustment cap of +/- 25 percent. Pro rata reduction of adjusted grant to match grant allocation to appropriations.



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[75] *See id.* at xix chart ES-7.

higher need communities receive more funds and lower need communities receive fewer funds.[77]

Summary of Impact

Alternative 1 makes only minor modifications to the current formula, resulting in fewer large losses and gains than the other alternatives. Alternatives 1, 3, and 4 result in redistribution of funds from the least needy entitlement communities to the most needy communities, with Alternative 4 causing the largest redistribution. Alternative 2 addresses the anomaly created by using a dual formula system (Formula A versus Formula B), replacing the two formulas with a single formula. However, this leads to significant per capita grant reductions to very needy entitlement communities, a consequence that Alternative 3 attempts to address. Alternative 4 has almost an identical impact as Alternative 3 – the upside being the most significant simplification of allocation calculation (one formula without a 70/30 split), with the downside being slightly more losers than winners in the allocation because the share of funds for entitlement communities is effectively reduced to 69 percent.

The following tables demonstrate the effect on jurisdictions under each of the four Alternative formulas. Table ES-1[78] shows the effect on entitlement communities, table ES-2[79] shows the effect on non-entitlement communities (states), and table ES-3[80] shows the redistribution of funds by region.

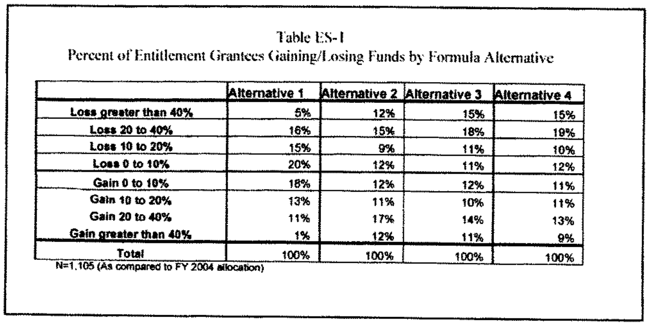

Table ES-1
Percent of Entitlement Grantees Gaining/Losing Funds by Formula Alternative

	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Loss greater than 40%	5%	12%	15%	15%
Loss 20 to 40%	16%	15%	18%	19%
Loss 10 to 20%	15%	9%	11%	10%
Loss 0 to 10%	20%	12%	11%	12%
Gain 0 to 10%	18%	12%	12%	11%
Gain 10 to 20%	13%	11%	10%	11%
Gain 20 to 40%	11%	17%	14%	13%
Gain greater than 40%	1%	12%	11%	9%
Total	100%	100%	100%	100%

N=1,105 (As compared to FY 2004 allocation)

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[76] *See id.* at xx-xxi.
[77] *See id.* at xxi chart ES-8.
[78] *See id.* at xxii.
[79] *See id.*
[80] *See id.* at xxiii.

Table ES-2
Percent of Nonentitlement Grantees Gaining/Losing Funds by Nonentitlement Formula Alternatives

	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Loss greater than 40%	0%	4%	4%	0%
Loss 20 to 40%	14%	18%	18%	18%
Loss 10 to 20%	20%	22%	22%	20%
Loss 0 to 10%	16%	16%	16%	18%
Gain 0 to 10%	26%	6%	6%	6%
Gain 10 to 20%	20%	12%	12%	16%
Gain 20 to 40%	6%	20%	20%	20%
Gain greater than 40%	0%	4%	4%	4%
Total	100%	100%	100%	100%

N=51 (using FY 2004 geography)

Table ES-3
Total Regional Shifts for Both Entitlements and States for Each Alternative

Region	Alternative 1	Alternative 2	Alternative 3	Alternative 4
New England	-22%	-31%	-21%	-21%
New York/New Jersey	-2%	-5%	3%	2%
Mid-Atlantic	-7%	-18%	-11%	-12%
Southeast	8%	20%	16%	16%
Midwest	-11%	-19%	-11%	-11%
Southwest	13%	21%	15%	16%
Great Plains	-9%	-12%	-8%	-8%
Rocky Mountain	-5%	-2%	-4%	-3%
Pacific/Hawaii	9%	14%	0%	1%
Northwest/Alaska	-6%	-3%	-7%	-5%
Puerto Rico	33%	35%	23%	24%

N=1,156

H. THE NATIONAL ACADEMY OF PUBLIC ADMINISTRATION STUDY AND RECOMMENDATIONS PERTAINING TO CDBG PERFORMANCE MEASURES

In 2003, the National Academy of Public Administration (NAPA) contracted with QED Group to develop a set of performance measures for the CDBG program. In February 2005, the NAPA panel (the "Panel") published its findings and recommendations for developing performance measures for the CDBG program. The Panel concluded:

> [T]here is sufficient common ground among [CDBG stakeholders] to construct a performance measurement system that can satisfy them and be consistent with the Housing and Community Development Act of 1974, GPRA, and PART. The Panel found that virtually all parties in this discussion, ranging from OMB to

HUD to stakeholder groups, are committed to arriving at a viable approach that reflects common agreement.

Generally, entitlement communities and states support CDBG performance reporting as long as it is non-intrusive, extensively used, cost effective, and compatible with existing management systems. Grantees want maximum programmatic flexibility to tailor the investments to their local needs. At the federal level, HUD wants a system that reflects and maintains CDBG's flexibility, and complies with its statutory responsibilities as an executive agency. Meanwhile, OMB wants one that encourages HUD and grantees to demonstrate conclusively that the investments contribute to the development of viable communities and to low- and moderate income beneficiaries. To accomplish this, it wants entitlement communities and states to target CDBG funding to a limited number of neighborhoods.

. . . .

To illuminate shared practices in the field, the Panel examined a wide-ranging sample of performance measurement reports issued by federal programs, communities and states, think tanks, university research centers, public interest groups, citizen groups and foundations. . . . The more closely that a CDBG performance measurement system conforms to practices in the field, the more likely entitlement communities and states will be to report performance results and use them in management. The Panel believes that a system proposed for negotiation with grantees must distinguish clearly between realistic expectations of what grantees can reasonably be expected to report and the progress toward national results that HUD should be responsible for determining. The Panel calls on HUD to demonstrate a relationship between locally reported data and accountability standards for grantee performance. In turn, grantees should hold HUD accountable for an effective research and evaluation program that demonstrates the value that taxpayers receive from their investment in CDBG.

. . . .

The Panel recommends that performance indicators should:

- Have stakeholder consensus on what should be measured.
- Focus on things that can be quantified—people, businesses or even organizations, rather than notions of community and neighborhood betterment where considerable conceptual ambiguity exists.
- Always report frequencies, rather than percentages or rates, to facilitate aggregation of data across communities and states.

> - Avoid use of baselines or benchmarks in reporting due to the sporadic, often one time only nature of CDBG investments (e.g., a single investment in a water system).
>
> - Avoid any arbitrary time qualifiers as much as possible, but should report annual results.
>
> - Allow aggregation from the local to national level.
>
> - Overlap as much as possible with other community planning and development program indicators so that HUD can demonstrate performance across related activities.
>
> - Avoid double counting of benefits across CDBG, ESG, HOPWA and HOME programs if there are any. (footnote omitted)
>
> - Be valid in measuring consistently and correctly over time.
>
> . . . .
>
> CDBG's existing performance measurement system relies on data gathering and reporting systems that are common in the department, the field and elsewhere. The Panel is aware of other systems that might complement or supplement performance information reported in more traditional practice. For example, social science findings could be used to impute outcomes to CDBG beneficiaries when it proves cost prohibitive to gather outcome information directly from beneficiaries themselves. It recommends that HUD explore some of these alternative systems, perhaps through a series of demonstration projects, as a way to measure program accomplishments.[81]

I. THE INTEGRATED DISBURSEMENT AND INFORMATION SYSTEMS (IDIS)

Grant recipients currently report their CDBG data to HUD through the Integrated Disbursement and Information System (IDIS). A companion system known as Community 2020, once considered innovative by stakeholders, has become technologically obsolete and incompatible with newer software.[82] Consequently, the Community 2020 system is now seldom used. According to the NAPA study, "neither system has worked well and past efforts to fix each one has failed or been executed in a piecemeal fashion."[83]

HUD posits that much of the problem with the reporting system results from the use of COBAL, a programming language first developed in 1960. Consequently, COBAL and programs developed using COBAL are antiquated and incompatible with today's technologies. HUD indicates that it is reengineering the IDIS in an effort to resolve these problems. To that end, NAPA and other observers have commended HUD for its efforts to upgrade its information management systems.[84]

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[81] National Academy of Public Administration, *Developing Performance Measures for the Community Development Block Grant* at xi-xv (2005) [hereinafter *NAPA Performance Measures Report*].

[82] *See* NATIONAL ACADEMY OF PUBLIC ADMINISTRATION, INTEGRATING CDBG PERFORMANCE MEASURES INTO IDIS at vii (2005).

[83] *Id.*

Commissioned by HUD, NAPA reviewed IDIS and published a report entitled *Integrating CDBG Performance Measures into IDIS.* NAPA offers several suggestions therein for upgrades to improve existing performance measurement and reporting systems.

J. PROPOSED OUTCOME MEASUREMENT SYSTEM

In June 2004, a Joint Grantee/HUD/OMB Outcome Measurement Working Group (the "working group") convened to develop an Outcome Measurement System for key federal community development programs, including CDBG. The Council of State Community Development Agencies (COSCDA), National Community Development Association (NCDA), National Association for County and Community Economic Development (NACCED), National Association of Housing and Redevelopment Officials (NAHRO), HUD's CPD office, and OMB were partners in this effort.

In October 2004, the working group drafted a consensus document on a proposed Outcome Measurement System. According to the proposal, "grantees would use this System in their five-year Consolidated Plans and Annual Action Plans, but are free to add objectives, outcomes and indicators specific to their state or local initiatives or priorities."[85] Under the plan, HUD will alter existing reporting requirements and mechanisms to "include... outcomes, indicators and appropriate variable data" proposed by the working group.[86]

HUD published a Notice in the Federal Register on June 10, 2005 regarding the Performance Measurement Outcome System to obtain input from the public to operationalize the proposal.[87] The comment period closed on September 8, 2005 and HUD expects to issue a Final Notice by December 2005. HUD also held regional input sessions in five cities across the country drawing more than 1,000 attendees. HUD plans to provide training to grantees in 2006 and will then phase in the new system by 2007 as the Department's information system is adjusted according to the proposal.[88]

The proposal includes three overarching objectives: (1) "Creating Suitable Living Environments," (2) "Providing Decent Affordable Housing," and (3) "Creating Economic Opportunities."[89] Within each objective, there are three outcome categories including availability and accessibility, affordability, and sustainability. Under the new system:

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[84] Interview with HUD Staff, in Washington, D.C. (Apr. 1, 2005).

[85] *Consensus Document: Joint HUD/OMB/Grantee Outcome Measurement Working Group* at 1 (last modified Nov. 20, 2004) <http://www.coscda.org/CDBGBattleCry2005/CDBGOutcomeMeasures.pdf> [hereinafter *Working Group Consensus Document*].

[86] *Id.*

[87] *See* Notice of Draft Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs; Request For Comments, 70 Fed. Reg. 34,044 (2005).

[88] *See id.* at 34,045.

[89] *Id.* at 34,046.

> Based on their intent when funding them, Grantees would determine under which of the three objectives to report the outcomes of their projects and activities. Similarly, once the objective is chosen, then the Grantee would also choose which of the three outcome categories best reflects what they are seeking to achieve (the results) in funding a particular activity. Next, Grantees would choose from a list of indicators (also known as outputs) to report on, and supply the data for those indicators to HUD.
>
> The System maintains the flexibility of the block grants [sic] programs, as the objectives and outcomes are determined by the grantees based on the intent of the project and activity. While program flexibility is maintained, the System offers a specific menu of objectives, outcomes and indicators so that reporting can be standardized and the achievements of these programs can be aggregated to the national level.[90]

III. HEARINGS

A. HEARING ON THE STRENGTHENING AMERICA'S COMMUNITIES INITIATIVE, MARCH 1, 2005

Given the Administration's critique of the CDBG program and, conversely, given the overwhelming opposition to SACI by the stakeholder community, the Subcommittee held its initial oversight hearing into the CDBG program and its proposed consolidation under SACI on March 1, 2005.

This hearing was entitled "*Strengthening America's Communities—Is It the Right Step Toward Greater Efficiency and Improved Accountability?*" The Subcommittee received testimony from a number of parties representing a diversity in interests and viewpoints regarding both the CDBG program and SACI.

A total of seven witnesses testified in two panels. The first panel consisted of the Honorable Roy A. Bernardi, Deputy Secretary of HUD; the Honorable Clay Johnson, III, Deputy Director of OMB; and the Honorable David Sampson, Assistant Secretary for Economic Development of the Department of Commerce. The second panel, consisting of non-federal CDBG stakeholders, included U.S. Conference of Mayors President Donald Plusquellic, National Association of Counties President Angelo D. Kyle, National Community Development Association Executive Director Chandra Western, and National League of Cities First Vice President Jim Hunt.

The panel of federal witnesses centered its attention on the proposed SACI and the Administration's argument that the 18 direct grant programs affected are duplicative and ineffective and should therefore be consolidated into one program.

Assistant Secretary Sampson testified that the Administration's proposal "calls for the consolidation of 18 of [the 35 federal economic and community development] programs which are the direct-grant programs. Some of these programs, based on OMB analysis, duplicate and overlap one another."[91] According to OMB, "[w]ith no administration-wide approach to guide these efforts, many of these investments are: largely uncoordinated, too loosely targeted, weakly leveraged, and not achieving results. Most important, these programs often cannot demonstrate they are having any positive impact on the communities they serve."[92]

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[90] *Id.*

Assistant Secretary Sampson likewise criticized the direct grant programs because they allegedly "lack clear accountability goals, and...cannot sufficiently demonstrate measurable impact on achieving improved community and economic performance."[93] In addition to improving what the Administration considers questionable impact, Sampson continued, the Administration intended SACI to reduce duplication and confusion:

> [T]he current system forces communities to navigate a maze of federal departments, agencies and programs – each imposing a separate set of standards and reporting requirements – in order to access federal assistance. Some of these programs duplicate and overlap one another, and some have inconsistent criteria for eligibility and little accountability for how funds are spent.[94]

According to the Department of Commerce, "Success is often hampered by this fragmented, and often duplicative, set of programs. In some instances, programs act in isolation from one another, even though they share the exact same purpose...[a]s a result, funding is spread thinly and not strategically targeted to have any impact on communities in need."[95] Deputy Director Clay Johnson testified that the Administration believes SACI will "better structure our community and economic development programs to get more of the intended results, which are to create vibrant communities that would not exist otherwise."[96]

While the Administration has yet to propose specific details of changes to the program concomitant with consolidation under SACI, Mr. Sampson testified that the eligibility criteria will change in order to improve targeting of funds:

> The intent of the proposal is that most entitlement communities will continue to remain eligible. The intent is to graduate from the program the wealthiest communities in America and redirect that funding so that those communities who remain eligible actually receive more money than they currently do. But the specific line where that eligibility criteria will be drawn has not yet been established.[97]

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[91] *CDBG Hearings* at 23 (statement of David A. Sampson, Assistant Secretary of Commerce for Economic Development, Department of Commerce).

[92] *Id.* at 21 (statement of Clay Johnson III, Deputy Director for Management, Office of Management of Budget).

[93] *Id.* at 23 (statement of David A. Sampson, Assistant Secretary of Commerce for Economic Development, Department of Commerce).

[94] *Id.* at 26-27.

[95] *Id.* at 28.

[96] *Id.* at 20 (statement of Clay Johnson III, Deputy Director for Management, Office of Management of Budget).

[97] *Id.* at 41 (statement of David A. Sampson, Assistant Secretary of Commerce for Economic Development, Department of Commerce).

Sampson continued, "[T]here are clearly a number of communities in America where you have – I think the number is 38 percent of current HUD CDBG grants go to communities with poverty rates below the national average."[98] "[I]f you look at some of that data and you see communities with poverty rates of 2 to 3 percent, it's pretty clear to us that is a good candidate for retargeting those funds to communities with poverty rates of 20 to 26 percent," Sampson concluded.[99]

Mr. Johnson characterized SACI as "a tremendous opportunity to build more accountability into the programs to ensure that the focus is on what we get for the money, not on how much money we spend."[100] The Administration posited that in the new SAC grant program, "communities [will] be required to meet specific accountability measures[.]"[101] Mr. Sampson explained that "[a]ssisted communities [will be required] to track progress toward certain goals, including such things as increasing job creation, new business formation, and private sector investment from an economic development standpoint; and increasing homeownership...and commercial development from a community development standpoint."[102] "For those communities that show inadequate progress meeting the program's goals," Johnson explained, "a plan of action will be developed and technical assistance will be provided to ensure that future funds are strategically targeted and invested in proven activities. Communities that are consistently unable to use taxpayer dollars to meet the accountability measures would stand to lose future funding."[103]

In a later hearing, when asked directly whether the Administration's assessment was an accurate characterization of the CDBG program, Deputy Secretary Bernardi argued that the purpose and design of the program are clear, contrary to the PART assessment. The program was purposely designed with great flexibility in order to best address local needs:

> [On] the program purpose and design [element of the PART score], we received a zero score. Candidly, the program purpose and design, I think, is spelled out in the Community Development Block Grant Act of 1974. The program was meant to be utilized by local officials with determination after a tremendous amount of community input as to how best they would utilize those resources . . . . So it is a very flexible program; it is a program that was meant to be utilized at the local level.[104]

Touting the flexibility of the program, CDBG stakeholders recounted a wide assortment of activities funded by program dollars. Mayor Plusquellic related Akron's use of funds to demolish dilapidated housing and funds leveraged funds to encourage private sector developers to build new housing in old neighborhoods.[105] The city also used its grant dollars "to induce the private owner of a grocery store chain to open in an area that was not served with a grocery store in many years. And we've helped senior citizens, assisted handicapped children, and...helped new homebuyers[.]"[106] NACO President Angelo Kyle cited CDBG funds as the enabler creating the largest high-tech business incubator in California, creating 475 jobs and revitalizing a blighted community.[107] Kyle also ran down the list of programs on which CDBG funds are used in his hometown of Lake County, IL, which include a variety of activities and projects including "daycare, transitional housing, homeless assistance, fair housing, emergency food assistance, homeowner rehabilitation, first-time homebuyer assistance, and employment training, as well as for important infrastructure improvements, public services, and economic development activities."[108] As Councilman Hunt described CDBG, "[It] is not just a jobs creator or economic development tool;" CDBG is also a catalyst for many other types of projects.[109]

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[98] *Id.* at 42.
[99] *Id.*
[100] *Id.* at 20 (statement of Clay Johnson III, Deputy Director for Management, Office of Management of Budget).
[101] *Id.* at 22.
[102] *Id.* at 30 (statement of David A. Sampson, Assistant Secretary of Commerce for Economic Development, Department of Commerce).
[103] *Id.* at 22.
[104] *Id.* at 208 (statement of Roy A. Bernardi, Deputy Secretary of the Department of Housing and Urban Development).
[105] *See id.* at 49 (statement of Don Plusquellic, President, U.S. Conference of Mayors).

In reaction to the Administration's primary reason for consolidating the direct grant programs, reducing duplication and increasing efficiency, Members of the Subcommittee questioned whether the Department of Commerce has the expertise to manage a program the size of CDBG alone, with an overall Fiscal Year 2005 appropriation of $4.71 billion, and whether they have the institutional knowledge to administer what is essentially a housing and urban development program. There is a significant internal infrastructure at HUD supporting the administration of the CDBG program – one of many programs HUD administers. Deputy Secretary Bernardi reported that there are approximately 800 employees devoted to the community planning and development program – 200 employees are located at HUD headquarters with the remaining 600 employees stationed across the country in 42 field offices.[110] Approximately 40 employees of the 200 stationed in Washington, D.C. work full time on the CDBG program in conjunction with the Section 108 Loan Guarantee Program.[111] On average, the 600 field employees "devote at least a third of their time" to administering the CDBG program.[112]

Conversely, Commerce manages a portfolio of grants totaling $2.3 billion.[113] Asked directly whether the Department has the expertise to handle the CDBG program, Deputy Secretary Sampson responded, "we clearly understand that in consolidating all 18 of these programs, the new entity is going to have to leverage subject matter experts within the different programs in creating this new entity within Commerce that will be responsible for administering Strengthening America's Communities."[114] Sampson further stated, "Commerce has a very extensive grant portfolio currently...[b]ut we clearly will have to leverage the subject matter expertise and the lessons learned from other agencies and other programs in creating this new program."[115]

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[106] *Id.*
[107] *See id.* at 59 (statement of Angelo D. Kyle, President, National Association of Counties).
[108] *Id.*
[109] *Id.* at 63 (statement of James C. Hunt, First Vice President, National League of Cities).
[110] *See id.* at 37 (statement of Roy A. Bernardi, Deputy Secretary, Department.of Housing and Urban Development).
[111] *See id.*
[112] *Id.*
[113] *See id.* at 40 (statement of David A. Sampson, Assistant Secretary of Commerce for Economic Development, Department of Commerce).

[114] *Id.*
[115] *Id.*

Stakeholders likewise questioned the wisdom of moving a grant program the size of CDBG to Commerce. National League of Cities First Vice President Jim Hunt argued,

> The Administration claims that it is seeking to "retarget and refocus" these funds to create new program efficiencies. However, from a practical standpoint, NLC questions whether moving the programs from HUD, where administrative and professional infrastructures already exist and function well, to the Department of Commerce will generate any real savings because building the agency's capacity to administer the programs alone would likely consume any cost savings derived from consolidating these programs.[116]

Stakeholders also testified to the accomplishments of the CDBG program and panned OMB's criticisms resulting from its PART assessment. In a joint written statement to the Subcommittee, the stakeholders noted that one of the primary criticisms of the PART was the program's alleged lack of performance outcome measures.[117] However, these organizations worked with both HUD and OMB in a joint working group, the purpose of which was to create performance outcome measures and reporting criteria. The stakeholders questioned the credibility of OMB's PART assessment given that "OMB helped develop [the performance and outcome matrix] and...signed off on the framework and the outcome measures."[118]

The stakeholders further attacked the PART as an inappropriate tool for measuring performance of a block grant program, positing the tool is better suited for the assessment of categorical programs.[119] Conference of Mayors President, Mayor Don Plusquellic, surmised that the PART "may be factually correct, but it's inferentially wrong."[120] Plusquellic continued that the PART "infers that somehow we're doing something with these moneys other than what was intended, and that we're not meeting some performance standard..." but he warned the Subcommittee that CDBG funds are "used in some of the most distressed and difficult areas in the community, and yet they're some of the most important, because what we do is keep from allowing that decay from older buildings... from spreading, and we thereby bring back the whole community."[121]

Councilman James Hunt, testifying on behalf of the National League of Cities, emphasized that the performance measures utilized by the Administration in the PART analysis were inapplicable in most circumstances in which CDBG funds are used. "[M]easuring results by [the PART] criteria makes little sense for the communities that are chronically impoverished, have little to offer in the way of resources, and are unlikely to show significant progress over a relatively short period."[122] Additionally, Hunt offered, CDBG funds are used on projects the impact of which is difficult to measure in terms of economics. For instance, the removal or demolition of vacant or dilapidated buildings, which were once crime havens, result in the expansion of businesses or in additional land for garages and yards of private citizens.[123] "It is very difficult to assess the impact of removing a drug den from a neighborhood using economic criteria alone; moreover, it is difficult to assess the economic impact in relation to this type of project over a short period, yet the [A]dministration's proposal appears to do just that."[124]

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[116] *Id.*at 69 (statement of James C. Hunt, First Vice President, National League of Cities).
[117] *See id.* at 56 (statement of Don Plusquellic, President, U.S. Conference of Mayors).
[118] *Id.*
[119] *See id.* at 57.
[120] *Id.* at 50.
[121] *Id.*
[122] *Id.* at 63 (statement of James C. Hunt, First Vice President, National League of Cities).

At the same time it attacked the decision to move CDBG to Commerce and applauded the successes of the program, the stakeholder community admitted that there is room for improvement within the CDBG program. Deputy Secretary Bernardi acknowledged this fact and testified that HUD had demonstrated both willingness and an ability to address the weaknesses in the program. "[E]very program can be improved upon…we have good employees. They have the capacity, the experience, [and] the institutional knowledge to improve on any program."[125] Further emphasizing HUD's willingness to better the CDBG program, Bernardi offered, "[W]e are constantly looking, under difficult budget constraints, ways in which we can provide additional resources to those people that need it most."[126]

Emphasizing that change is possible without eliminating the program entirely, in a later hearing, Saul Ramirez, Jr. of NAHRO testified, "CDBG is effective and successful, but there is always room for improvement" and "[w]hen stakeholders agree, CDBG can be improved. Interest groups and grantees are more than willing to come to the table with Congress and the Department to work toward responsible change."[127]

To date, the Administration has not transmitted further information detailing its SACI proposal.

B. HEARING ON CDBG FORMULA ALTERNATIVES, APRIL 26, 2005

A second hearing was held on April 26, 2005, entitled "*The '70s Look: Is the Decades-Old Community Development Block Grant Formula Ready for an Extreme Makeover?*" The hearing primarily focused on HUD's report, *CDBG Formula Targeting to Community Development Need.* The report, prepared for the Department's 2004 budget submission,[128] analyzed the distribution of program funds under the current formula as well as four HUD-proposed alternative formulas. Additionally, the report detailed changes to the program's need index analysis, through which HUD assigns a numeric score to entitlement communities based on relative need. This need index score is the basis for the determination of a community's annual CDBG funding.

In examining the formula alternatives presented by HUD, the Subcommittee requested the participation of individuals representing varied groups of CDBG stakeholders including federal and state government officials, interest groups, associations, and CDBG users. Testifying before the Subcommittee were the Honorable Roy A. Bernardi, Deputy Secretary of HUD; Paul

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[123] *See id.* at 64.

[124] *Id.*

[125] *Id.* at 38 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

[126] *Id.*

[127] *Id.* at 161 (statement of Saul N. Ramirez, Jr., Executive Director, National Association of Housing and Redevelopment Officials).

[128] *See id.* at 132 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

Posner, Director of Federal Budget & Intergovernmental Relations at GAO; Jerry C. Fastrup, Assistant Director of Applied Research and Methods at GAO; and Saul N. Ramirez, Jr., now the Executive Director of the National Association of Housing and Redevelopment Officials, formerly the Deputy Secretary of HUD in the Clinton Administration.

The primary factor for considering a change to the formula is the perceived inequitable distribution of program funds. HUD's analysis revealed "stark examples of funding disparity...communities with similar need may receive significantly more or less funding on a per capita basis [and there are] examples of communities with less need receiving roughly the same amount of funding as higher-need areas."[129] According to Deputy Secretary Bernardi, "[i]n 1983 and 1995, [HUD] found that CDBG formulas had become increasingly less effective in targeting need. The problem is that while the variables and the formulas have not changed since 1978, [the] country has."[130] "[T]oday's formula – ...a formula that [had not] been modified since 1978 – places great emphasis on certain variables that may not be a true reflection of today's need," Bernardi concluded.[131] The goal, he continued, is to "chang[e] the program's formula to meet today's needs."[132] According to Jerry Fastrup of GAO, HUD "identified the key factors that are the cause of [widely disparate funding levels], namely the growth lag factor and the pre-1940 housing that [does not] take into account the income status of the households that are living in those houses...along with the use of two formulas that work at cross purposes with one another[.]"[133]

HUD proposes altering the formula variables employed in calculating a community's grant award. Those changes in the proposed formulas involve both changes to the underlying variables themselves and a variance in weight. For example, HUD proposes calculating the grant amount based on housing 50 years or older *and* occupied by a poverty household. Currently, aged housing is defined as built before 1940, without regard to the need of the household. Other new variables include family and elderly poverty and female-headed households with minor children.

Members of the Subcommittee questioned whether HUD's proposed changes to variables accurately captured community development need. Chairman Turner explained his concern:

> Dallas has needs, Dallas has poverty[] but intuitively we all know that if you drive through Detroit, and if you drive through Dallas, [with] the issues of community development [in mind], [one would expect] Detroit expressing a higher need and Dallas expressing a lesser need. . . . [However, i]n looking at the four formulas that HUD has prepared, in two out of the four [alternatives] Detroit loses, and in all of the four [alternatives] Dallas wins.[134]

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[129] *Id.* at 113.
[130] *Id.*
[131] *Id.* at 115.
[132] *Id.* at 113.
[133] *Id.* at 184 (statement of Jerry C. Fastrup, Assistant Director of Applied Research and Methods, Government Accountability Office).
[134] *Id.* at 129 (statement of Subcomm. Chairman Michael R. Turner).

In exploring how disparities still occur under the proposed alternative formulas, the Subcommittee turned to a discussion of the need assumptions. In order to assess "today's needs," HUD "designed an index to try to rank each community based on its relative level of community development need...us[ing] variables that relate directly to the statutory objectives of the CDBG program[] such as poverty, crime, unemployment and population loss."[135] HUD employs a number of criterions to calculate this need score. In its 2005 analysis of the CDBG formula, HUD introduces new criterions which it proposes capture new elements of community need, such as that resulting from immigrant population growth. At the same time, other elements that may accurately depict community need are ignored, such as cost of living.

The discussion first turned to the concern that the new need index counts the growing immigration population twice. The need index calculates overcrowding, the occupation of more than 1.01 person per room.[136] However, under the new need index, HUD also includes a separate factor for immigration, weighted at 15 percent of the calculation.[137] As GAO's Jerry Fastrup explained,

> In [HUD's] need criteria, the immigrant population doesn't come into [the] need index directly. It only comes into it indirectly, and it comes in indirectly in two ways: one through the poverty measure, to the extent these immigrants are low-income people that get picked up in the census counts . . .
>
> The other way it's picked up is in [HUD's] second factor...that's weighted 15 percent in [the] overall need index. The only things in there that capture immigration is overcrowded housing, which the study says is correlated with high immigrant populations, and to the extent that correlation is there, [HUD's] need index picks up immigration in that way.[138]

Members of the Subcommittee also questioned whether the CDBG program was the correct tool for addressing the growing needs of the immigration population, what HUD called a "new dimension of community distress."[139] As Chairman Turner stated, "[immigration is] not new...we've always had immigration. [It is] maybe new in certain concentrations in areas of the South, and it may be new in the composition of that population that are immigrants [but] certainly poverty is not new in concentrations in immigrants."[140] Further, while the nation experienced a brief immigration surge in the 1990s, the pace of immigration is now similar to that experienced during the formula analyses of the prior two decades.[141] Given that "immigrant populations are going to migrate to areas of the country that have growth, jobs, and opportunity[,]" financing the type of aid required in immigrant communities through CDBG may be shifting CDBG funds to areas of economic growth rather than targeting to communities in decline.[142] Jerry Fastrup later echoed this point when he indicated "overcrowded housing is a sign of a tight labor market and housing market and upward pressure in the housing market...is usually a sign of strong growth rather than decline."[143]

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[135] *Id.* at 113 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[136] *See id.* at 131.
[137] *See id.* at 129 (statement of Subcomm. Chairman Michael R. Turner).
[138] *Id.* at 180 (statement of Jerry C. Fastrup, Assistant Director of Applied Research and Methods, Government Accountability Office).
[139] CDBG FORMULA STUDY at 27.
[140] *CDBG Hearings* at 130 (statement of Subcomm. Chairman Michael R. Turner).
[141] *See id.*

Of additional concern to the Subcommittee was the introduction of a ratio comparing community per capita income to metropolitan area income without factoring a ratio of the cost of living in a community versus the greater metropolitan area. The new need index incorrectly assumes that the greater the disparity between a CDBG eligible community's per capita income and its metropolitan area per capita income, the greater the community and economic development need. According to Deputy Secretary Bernardi, "[i]f a local jurisdiction's per capita income is lower than the per capita income of the metropolitan area, that local jurisdiction would receive additional dollars."[144] Without accounting for living costs, however, the new need index builds-in a bias toward communities with a lower cost of living and high area per capita income. GAO indicated that, by not accounting for cost of living, "both the current formula and the two alternatives probably overstate needs in communities with relatively low cost-of-living and understate [needs] in communities with a higher cost-of-living."[145]

According to Paul Posner of GAO, "this [per capita income] factor improves targeting, but additional analysis is needed, because...these two specific measures [of per capita income] tend to offset one another[.]"[146] As explained in GAO's written testimony, "[w]hile these two factors do direct more funding to high-need communities, they also widen rather than narrow differences in funding among communities with similar needs, in effect, increasing the error rate if measured simply in terms of targeting need."[147] Mr. Posner explains further in his testimony:

> Community per capita income (PCI) is used to increase funding for low-income communities and reduce funding for higher income communities. The metropolitan PCI factor partly offsets the effect of community PCI by increasing funding for communities in high-income metropolitan areas. The net effect of both factors is that the two factors, to some extent, work at cross purposes. For example, if two communities located in different metropolitan areas had the same PCI, the community located in the metropolitan area with a lower area-wide income would receive less aid than the community located in the high-income metropolitan area.[148]

While Deputy Secretary Bernardi stated it is an indicator of a community in decline when a community has a per capita income less than the greater metropolitan area, he later conceded that individuals "would have more of an opportunity...in a region where the per capita income in that region is higher even if [their] jurisdiction [per capita income] is lower."[149] Further, the

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[142] *Id.* at 131.

[143] *Id.* at 180 (statement of Jerry C. Fastrup, Assistant Director of Applied Research and Methods, Government Accountability Office).

[144] *Id.* at 113 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

[145] *Id.* at 157 (statement of Paul L. Posner, Managing Director of Federal Budget Analysis and Intergovernmental Relations, Government Accountability Office).

[146] *Id.* at 146.

[147] *Id.* at 157.

[148] *Id.*

[149] *Id.* at 136 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

Subcommittee discussed the fact that metropolitan regions with a higher ratio may also have greater regional resources to address their need than communities with a lesser ratio between community versus metropolitan per capita incomes.[150]

Mr. Posner likewise commented that although the introduction of an income variable must be further explored, "fiscal capacity is an important element to consider...particularly as [the federal government tries to] triage scarce federal funds."[151] Mr. Posner explained "high income communities generally have stronger tax bases from which to fund program needs without relying on federal assistance compared to lower income areas."[152] To provide the same services, communities with lower tax bases will raise taxes, further burdening an already distressed population and increasing the need gap between the communities that have and those communities that have not. Mr. Posner continued, "So if we [are] to close the gaps between the lower-income communities and the higher-income communities, some recognition of the relevant capacity as well as the relevant needs among these communities…is important [to discuss.]"[153] However, Mr. Posner also reminded the Committee that "areas faced with a high cost-of-living…would need to pay more for the workers who actually deliver services at the local level."[154]

The Members continued questioning the validity of the new need index because of the exclusion of all single, non-elderly poverty households. According to HUD, use of the Census variable captures off-campus college students who may benefit from family support, skewing the poverty variable for a community.[155] However, in excluding all single, non-elderly households, a number of individuals in need are excluded in the need index calculation. Members of the Subcommittee directly questioned the wisdom in excluding all single, non-elderly poverty individuals when HUD can request a tabulation specifically excluding college students alone.[156] Similarly, Saul Ramirez, Jr. of NAHRO argued that even if the college town phenomenon exists, the resulting skew of including off-campus students in the need assessment is not enough to outweigh the skewing caused by failing to accurately account for other single and disabled individuals living in poverty by excluding all single, non-elderly individuals living in poverty.[157]

After debating the new need index criteria at length, the Subcommittee turned to a discussion of whether the variables comprising the current and proposed formulas are objective and whether they operate contrary to the intent of the HCDA. Deputy Secretary Bernardi conceded the existence of "affluent communities . . . that receive above the line in the need index"[158] and that this result can be attributed to disparities in the formula variables. Deputy Secretary Bernardi and other witnesses cited several examples of these disparities.

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[150] *See id.* (statement of Subcomm. Chairman Michael R. Turner).

[151] *Id.* at 146 (statement of Paul L. Posner, Managing Director of Federal Budget Analysis and Intergovernmental Relations, Government Accountability Office).

[152] *Id.* at 151.

[153] *Id.* at 146.

[154] *See id.*. at 151.

[155] *See* CDBG FORMULA STUDY at 16.

[156] *See CDBG Hearings* at 137 (statement of Subcomm. Chairman Michael R. Turner).

[157] *See id.*. at 178 (statement of Saul N. Ramirez, Jr., Executive Director, National Association of Housing and Redevelopment Officials).

[158] *Id.* at 137 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

Designed to improve the targeting of CDBG funds, rather than "counting just the number of units built before 1940, [the new formulas] would measure housing older than 50 years...and occupied by a person of poverty."[159] Chairman Turner objected to the new criterion because by mandating that only old homes occupied by a family in need would be counted, the new formulas would penalize communities by "removing a funding source for housing rehabilitation based on the fact that [a community is] experiencing abandoned housing."[160] As an additional reason abandoned housing stock should not be discounted in the need index and formula alternatives, Chairman Turner pointed to the original intent of the statute – "one of the goals and objectives of CDBG is the acquisition and renovation of abandoned housing units, which are a blighting influence, and this ranking of need would specifically remove those units which are targeted for CDBG funds from the indication or the assessment of need."[161] Mr. Ramirez commented that the stakeholder community believes "by removing an accurate assessment of [abandoned] dwellings,...it will only accelerate the condition of... overall blight of a community[.]"[162]

Moving to the issue of instituting changes to the formula grant, Subcommittee Vice-Chairman Charles W. Dent questioned whether Congress could agree to any of the changes proposed in HUD's study or discussed during the hearing because "most Congressmen...will look at their communities and see how they will do under the old system, look how they will do under the new system and that will drive a lot of their decisionmaking [sic]."[163] Deputy Secretary Bernardi noted that Congress phased-in the changes transforming the program from a categorical grant program to a formula-based program in the 1970s and suggested the same could be done with formula changes in the future:

> [W]hen the program went from a categorical grant program to the formula . . . back in the 1970s, there was a phase-in period that was put into place by Congress . . . If [Congress] choose[es] to change the formula, [it] could do the same thing here so that the community would be phased into receiving that extra money so they have the capacity and the wherewithal to use [that extra] capacity at the same time if they were to lose those dollars [they could adjust accordingly].[164]

While the stakeholders "support...the notion of a fair and equitable distribution of CDBG dollars," they strongly objected to an "immediate and radical" change in the formula.[165] Mr. Ramirez expressed concern on behalf of the stakeholder community, commenting, "Dramatically changing the formula structure in a swift manner would create uncertainty and inhibit CDBG's current ability to leverage billions of dollars of both private and public investment in some of our poorest neighborhoods."[166] Ramirez further urged, "[t]he pursuit of a more equitable system must be balanced by a desire to avoid the kinds of sudden and dramatic shifts that create uncertainty and undermine a community's ability to...strategically plan improvements for the long-term to improve the quality of life of their citizens."[167]

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[159] *Id.* at 114.

[160] *CDBG Hearings* at 135 (statement of Subcomm. Chairman Michael R. Turner).

[161] *Id.*

[162] *Id.* at 181-182 (statement of Saul N. Ramirez, Jr., Executive Director, National Association of Housing and Redevelopment Officials).

[163] *Id.* at 139 (statement of Subcomm. Vice-Chairman Charles Dent).

[164] *Id.* at 139 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

[165] *Id.* at 162 (statement of Saul N. Ramirez, Jr., Executive Director, National Association of Housing and Redevelopment Officials).

[166] *Id.*

Finally, the Subcommittee questioned the practice of "grandfathering" communities thereby allowing communities that no longer meet the statute's eligibility requirements to remain entitled.[168] Chairman Turner inquired how many communities no longer meet the requirements of an entitlement community yet continue to receive funds under the grandfather provisions.[169] In a post-hearing response, HUD identified 114 communities no longer meeting the statutory requirements of an entitlement community receiving more than $75 million dollars in the aggregate under the entitlement community (the 70 percent) portion of the CDBG formula grant allocation. During the question and answer period, Mr. Ramirez touched briefly on the practice, criticizing the direction of funds to these communities through the grant formula and urging the Committee to investigate the issue.

> [T[he grandfathering and perpetuity of communities that are no longer eligible is a growing drag on the intent of the formula in trying to meet the distribution potential of that formula. Close to almost 200 communities now are grandfathered into the current formula that under the guidelines do not qualify any longer to receive these resources under the current definition. [170]

These grandfathered communities receive a significant share of a shrinking portion of money intended for the use of a growing number of entitlement communities. According to GAO, the number of entitlement communities can be expected to grow because population will continue to grow.[171] At the same time, "[w]hen population growth is factored in, the decline in real per capita spending has declined by two-thirds[,]" leaving less money for more entitlement communities to share.[172]

At the close of the hearing, Mr. Fastrup, summarizing the importance of considering changes to the CDBG grant formula, stated, "because of poor targeting of the program, you do run the risk, in tight fiscal times...of perceptions of poor targeting, leading people to ask [whether] this [is] really the highest priority use of Federal dollars or not."[173] Fastrup further opined, "to the extent that the targeting of this program is improved, it strengthens the rationale for having this program[.]"[174] As Mr. Posner testified, "when [there is] a shrinking pool of money, it makes targeting arguably more important to address the high needs communities' needs."[175] With improved targeting of funds, the government can "hold harmless those communities and others with [the] least capacity to absorb the cuts."[176]

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[167] *Id.* at 163.

[168] *See id.* at 142 (statement of Subcomm. Chairman Michael R. Turner).

[169] *See id.*

[170] *Id.* at 178 (statement of Saul N. Ramirez, Jr., Executive Director, National Association of Housing and Redevelopment Officials).

[171] *See id.* at 153 (statement of Paul L. Posner, Managing Director of Federal Budget Analysis and Intergovernmental Relations, Government Accountability Office).

[172] *Id.*

[173] *Id.* at 184 (statement of Jerry C. Fastrup, Assistant Director of Applied Research and Methods, Government Accountability Office).

[174] *Id.*

The hearing raised several additional issues that are discussed later in this report.

C. HEARING ON USE OF CDBG FUNDS AND PERFORMANCE MEASURES, MAY 24, 2005

The Subcommittee held its third CDBG hearing May 24, 2005, entitled "*Bringing Community Development Block Grant Programs Spending into the 21st Century: Introducing Accountability and Meaningful Performance Measures into the Decades-Old CDBG Program.*" As a consequence of the Subcommittee's prior hearings on the Administration's Strengthening America's Communities Initiative and the ensuing criticisms of the CDBG program, the Subcommittee held this third hearing to investigate current performance measures in the CDBG program and what improvements, if any, could be made in those measures. In particular, the Subcommittee explored HUD's use of the Consolidated Plan (Conplan) as a tool to track an eligible community's plan to spend grant funds as well as use of the IDIS system to track funds after expenditure. The Subcommittee further considered the recommendations of the Joint Grantee/HUD/OMB Outcome Measure Working Group to strengthen the use of these complementary tools to measure program performance. Additionally, the Subcommittee reviewed how eligible communities may currently spend CDBG funds. Specifically, the Subcommittee studied the issues of supplanting funds (the use of CDBG funds on projects for which general revenue funds are typically used) and the apparent lack of limitation on use of CDBG funds for staff functions.

Appearing before the Subcommittee were two panels of witnesses. The Honorable Roy A. Bernardi, Deputy Secretary of HUD, testified on the first panel. Witnesses on the stakeholder panel included the Honorable Ron Schmitt, City Councilman of Sparks, Nevada; Thomas Downs, Fellow at the National Academy of Public Administration; Lisa Patt-McDaniel, Assistant Director of the Community Development Division of the Ohio Department of Development; and Shelia Crowley, Ph.D., President of the National Low Income Housing Coalition.

Beginning its discussion of performance measurement of CDBG grantees, the Subcommittee first focused on the flexibility of the CDBG program and the value of that flexibility to local governments. Numerous commentators have noted that while it is the flexibility of the program that makes CDBG so successful in community and economic development, flexibility is also the reason grantee performance is difficult to measure.

CDBG stakeholders universally agree that "the beauty of the Community Development Block Grant program is its incredible flexibility."[177] This flexibility is necessary to adequately address the problems afflicting communities, which vary from one neighborhood to the next, Lisa Patt-McDaniel testified:

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[175] *Id.* at 145 (statement of Paul L. Posner, Managing Director of Federal Budget Analysis and Intergovernmental Relations, Government Accountability Office).

[176] *Id.*

[177] *Id.* at 291 (statement of Lisa Patt-McDaniel, Assistant Deputy Director, Community Development Division, Ohio Department of Development, on behalf of the Council of State Community Development Agencies).

> CDBG is a program that was designed to help many different kinds of communities- those that are growing, those that are fighting off decay and those that are already deteriorated. The current CDBG statute authorizes a menu of eligible activities that recognizes the differences in the types of communities to be served by the program and provides communities with appropriate tools to address their unique problems.
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> The original list of eligible activities was enacted to enable communities to meet the statutory purposes of the program. While those statutory purposes have not changed, and over the years whenever new community problems have emerged, such as brownfields, energy efficiency, economic opportunity, Congress has added eligible activities to help communities address these issues. Certainly not every community eligible for CDBG needs assistance with those issues, but again, this approach recognizes that a broad menu of activities must be available in order for communities to address their community development needs.[178]

Describing the flexibility of the program, Deputy Secretary Bernardi testified that the HCDA "allows grantees to determine their own local needs, to set their local priorities, and design programs to address both."[179] Local jurisdictions' use of their CDBG funds is not unfettered, however. Bernardi continued, "There are two limits that help target the use of CDBG funds. First, every assisted activity must [meet one of the statutory objectives]. And the second condition is a grantee must spend at least 70 percent, over 3 years, of its funds for activities that benefit low and moderate-income persons."[180]

While flexibility is the key component to the success of the CDBG program, it is a double-edged sword that hinders measuring grantee performance and accomplishments. Mr. Bernardi explained, "The flexibility of CDBG is of great importance to grantees because it allows them to use the funds in so many different ways to address their needs. However, that flexibility also created difficulty in getting consistency in accomplishments reported by individual grantees."[181]

HUD currently monitors CDBG grantees' use of funds through the Consolidated Planning process.[182] HUD created the Consolidated Plan (Conplan) as a method of combining the applications for CPD's formula grant programs.[183] The Conplan was intended for use as a tool describing how CDBG funds will be spent, thus a tool for monitoring the quality of a community's *planned* use of funds. According to Mr. Bernardi, however, as a result of numerous Congressional mandates, "HUD's major review focus for administration of the CDBG program is [now] monitoring grantees' [*actual*] use of funds."[184] Bernardi explained the evolution of HUD's role from front-end review to back-end review:

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[178] *Id.* at 250-251.

[179] *Id.* at 197 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

[180] *Id.*

[181] *Id.* at 204.

[182] *See supra* p. 9 for a description of the Consolidated Plan and the planning process.

[183] *See CDBG Hearings* at 202 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

> [P]rior to 1981, the law required HUD to make a more qualitative, front end review of a grantee's application to determine whether the activities identified to be undertaken addressed the needs described. In 1981, Congress determined that it would be better for HUD to basically accept what the application said and concentrate its review on after the fact monitoring to be sure that requirements were met.

In 1990, Congress passed the Cranston-Gonzales National Affordable Housing Act. Congress described therein "a more complete outline of what must be included" in a community's grant planning submission. With this new law, "the front-end HUD review was limited [by Congress] to whether this plan met the broad purposes of the law and was complete."[185] In 1995, HUD created the Consolidated Plan as a combined application and planning process for the CPD formula grant programs, one of which is CDBG. [186] By this time, HUD's grantee review process had transitioned from monitoring the quality of planned expenditures on the front-end to a back-end review to ensuring compliance in how funds were spent.[187]

Mr. Bernardi's statements support numerous critics' claims that the Conplan is merely a report - completed with sometimes meaningless numbers - that HUD will "rubberstamp" so long as all elements are complete. The Subcommittee directly questioned the effectiveness of HUD's use of grantees' Conplans. Specifically, Chairman Turner asked Deputy Secretary Bernardi about the Department's rejection of Conplans: "Has HUD rejected consolidated plans from communities; and what is the process for rejection of a consolidated plan if one is to be rejected and what type of discussion, feedback, or interaction occurs with the community if a consolidated plan is viewed as either deficient or could be improved?"[188] Bernardi responded, "[T]he consolidated plan is reviewed by each one of our field offices for all of our entitlement grantees, and as long as it adheres to the national objectives...[t]here is not a rejection of the consolidated plan per se[.]"[189]

While the Department may "rubberstamp" Conplans and not undertake an in-depth review of all submitted plans, HUD engages in risk monitoring for the grantees deemed at highest risk of non-compliance. "Of our 1,100 approximate grantees, we monitor about a third of those every year to see that they are in accordance with the consolidated plan, that they are spending their money in a timely way, that their goals and objectives and their annual action plan are being realized," Bernardi testified.[190] He continued, "[O]ur [field office] employees...know full well who is performing, who is not, who needs information technology, who needs additional capacity, and our staff is always ready and willing and is out there providing it for these folks."[191] When asked directly whether there is a "feedback loop" for Conplans, whether HUD engages grantees in a discussion if their Conplan could be enhanced, Bernardi responded:

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[184] *Id.*
[185] *Id.*
[186] *See id.*
[187] *See id.*
[188] *Id.* at 209-210(statement of Subcomm. Chairman Michael R. Turner).
[189] *Id.* at 210 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[190] *Id.*

> In the early years I believe we were more engaged in the preparation of the consolidated plan. Now we pretty much leave it to the communities to make the determinations they can justify...as to how they want to utilize their dollars. We feel very strongly that they know best. Of course, we look at those consolidated plans to make sure that they adhere to the rules that are in place.
>
> At the same time, if a community ends up in trouble with a particular project, if the plan is not being adhered to, we can take action. We don't like to reclaim dollars unless we absolutely have to...We try to work with the grantee so that either the objective can be met or the objective can be changed to something else. In the final analysis, if they are not able to do what they have to do according to the rules and regulations, then we will take that money back.[192]

Commenting on the current HUD review process, Chairman Turner observed:

> [T]here has to be a question of why are you measuring it. Are you measuring it for compliance? And here, with CDBG, we hear that the compliance requirements are very broad, so it [is certain] we will find some people who will be out of compliance and be able to move them back in. But generally the criteria appear to be so broad that measuring for compliance is not going to result in much usefulness in the information.[193]

Turner further noted his surprise at Deputy Secretary Bernardi's description of the Department's limited consultation with grantees on their Conplan. "I was surprised...that there is not a significant amount of effort in reviewing consolidated plans and reviewing the information submitted by communities to assist and enhance them in their process of expending CDBG funds."[194]

While the Conplan apparently serves only as a tool for HUD to verify that grantees comply with the law on what activities CDBG funds may be expended, there is no requirement that grantees spend their funds in accordance with their submitted Conplan. Consequently, HUD is unable to enforce compliance with the approved Conplan. Further, because of existing weaknesses in HUD's monitoring mechanisms, HUD has limited ability to supervise grantee actions. These two weaknesses result in narrowed capacity to hold communities accountable for their use of funds. Dr. Crowley explained:

> [T]here are two serious flaws. The first – and this is a huge one – there is no statutory requirement that jurisdictions actually spend their Federal block grant dollars, including CDBG, on any of the needs that they identify in the Conplan. The second flaw is that HUD has limited capacity to monitor what jurisdictions

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[191] *Id.*
[192] *Id.* at 210-211.
[193] *Id.* at 287 (statement of Subcomm. Chairman Michael R. Turner).
[194] *Id.*

> do with their funds and hold jurisdictions accountable for less than adequate performance.[195]

In addition to its limited use of Conplans as a performance measurement tool, another reason HUD cannot engage in meaningful performance-based management of CDBG is the Department's IDIS information management system. Deputy Secretary Bernardi testified, "The concept of IDIS was and is a great idea: it links financial information, i.e., amount of funds used, with actual accomplishments."[196] Where the Conplan is a tool to monitor intended use of funds, IDIS is the complementary tool to track actual expenditure of funds. Describing the use of the system, Bernardi explained, "Grantees enter information directly into IDIS on the activities they carryout with their CDBG funds and the accomplishments they achieve, by activity. Also, because CDBG funds are drawn through IDIS, information on funds disbursed, by activity, is readily available."[197]

Thomas Downs of NAPA presented the view of most IDIS critics: "[IDIS] works poorly, if at all, by most standards for the boarder purposes that [HUD] claims. The [NAPA] panel applauds [HUD] for its recent initiatives to clean up grantee data reported in IDIS so that it can be used for management and analysis purposes. It is essentially now an expenditure control system, not a performance management system."[198] Downs later emphasized, "The inability of the IDIS to absorb performance data cannot be overstated. It is basically an accounting system that is used to show where the money goes, it doesn't necessarily have the structure to support performance recording."[199] Ms. Patt-McDaniel echoed Mr. Downs:

> Until now, reporting and capturing many of the achievements of the CDBG program and the others included in the Consolidated Plan have been greatly hampered by HUD's IDIS system. In the Consolidated Annual Performance and Evaluation Report (CAPER), a part of the required Consolidated Plan, citizens are informed about the results of the program's expenditures in a narrative format, but the current IDIS system does not allow this kind of reporting.[200]

Bernardi conceded there are limitations to the system but that HUD is in the process of improving the system:

> Obtaining consistency in reporting and improving the quality of the data on CDBG activities in IDIS has taken years because of both the large number of grantees and the large number of activities that may be assisted under the CDBG program. The flexibility of CDBG is of great importance to grantees because it allows them to use the funds in so many different ways to address their needs. However, that flexibility also created difficulty in getting consistency in

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[195] *Id.* at 263-264 (statement of Sheila Crowley, Ph.D., President, National Low Income Housing Coalition).
[196] *Id.* at 204 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[197] *Id.*
[198] *Id.* at 233 (statement of Thomas Downs, Fellow, National Academy of Public Administration).
[199] *Id.* at 288.
[200] *Id.* at 250 (statement of Lisa Patt-McDaniel, Assistant Deputy Director, Community Development Division, Ohio Department of Development, on behalf of the Council of State Community Development Agencies).

> accomplishments reported by individual grantees, but HUD has made a concerted effort to address data quality in recent years.[201]

In agreement with Mr. Bernardi's comment, Mr. Downs suggested the difficulty in measuring performance arises because of the type of information that a block grant program lends itself to gathering. "It is harder with Community Development Block Grant funds to develop performance measures, particularly outcome measures, not output measures."[202]

To address the performance measurement deficiencies of both the Conplan and IDIS, CDBG stakeholders formed a working alliance with HUD and OMB – the Joint Grantee/HUD/OMB Outcome Measurement Working Group - to develop a framework of common outcome measures that grantees of all government levels could use to report data and demonstrate results to HUD. The stakeholders agreed that while it is difficult to create outcome measures rather than just output measures, it is not an impossible feat. According to Ms. Patt-McDaniel:

> The CDBG program is an inherently flexible program, designed that way by Congress because of the complex and varying natures of our nation's communities. We believe Congress got it right – we need the flexibility of eligible activities we have to address our communities' problems, achieve the outcomes described above and meet the statutory intent of the program. While that flexibility sometimes makes it difficult to measure the effectiveness of the activities, it can be done and we are confident that the [Joint Working Group's] proposed outcome measurement system will make that possible.[203]

Speaking to the joint effort in creating the outcome performance measurement system, Ms. Patt-McDaniel described the group's aim as creating a tool which would answer the question, "In what way can we best demonstrate that the CDBG program does achieve the results that Congress intended for the program?"[204] Elaborating on the process, Ms. Patt-McDaniel continued:

> Our goal was to develop common outcome measures that States could use in their programming that could also be reported to HUD and aggregated in useful ways that would enable us to tell Congress and our constituents of the results and benefits of the CDBG program, while at the same time encouraging our members to establish additional measures specifically for their own programs and initiatives.[205]

The group achieved this goal by "begin[ing] with the end in mind…why did we fund that project, what are we trying to achieve?"[206] The group found that while grantees use CDBG funds for many different kinds of projects, "at the heart of these activities, there are common outcomes that most communities are trying to achieve."[207] Patt-McDaniel continued, "We believe that when this outcome measurement system is implemented, we will begin to more clearly tell Congress and OMB more about the benefits of CDBG and the other consolidated plan programs."[208] According to Patt-McDaniel, "Aggregating the results by outcomes can help Federal policymakers assess whether the statutory intent of the program is being met, and the system can be an important management tool at both the grantee and Federal level."[209]

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[201] *Id.* at 204 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[202] *Id.* at 288 (statement of Thomas Downs, Fellow, National Academy of Public Administration).
[203] *Id.* at 251 (statement of Lisa Patt-McDaniel, Assistant Deputy Director, Community Development Division, Ohio Department of Development, on behalf of the Council of State Community Development Agencies).
[204] *Id.* at 241.
[205] *Id.*
[206] *Id.* at 246.

HUD is working to strengthen the IDIS system following the Joint Working Group's outcome measurement system proposal. Bernardi advised the Subcommittee, "[HUD is] committed to improving the way we track performance and show results for our program."[210] Bernardi touted the results of the working group as striking a crucial balance of maintaining the flexibility of the program yet gathering information necessary for meaningful outcome performance management. "While program flexibility is maintained, the [outcome measurement] system offers a specific menu of objectives, outcomes and indicators so that reporting can be standardized and the achievements can be aggregated to the national level," Bernardi advised the Subcommittee.[211] Further, with the new measurement system, HUD wants "to make [reporting] easier[,] to reduce the grantees' time and at the same time be able to consolidate...into one format the consolidated plan, the annual performance plan, [and] the CAPER plan so that individuals at HUD...can ascertain what has happened over a 5-year period, over a 1-year period of accomplishments."[212] According to Bernardi, the proposed matrix "will produce data to identify the results of formula grant activities. It will allow the grantees and HUD to provide a broader, more accurate picture. The goal is to have a system that will aggregate results across the spectrum of the programs at the city level, the county, [and] State,"[213] thereby "improve[ing] the type and content of reports available to HUD for monitoring."[214,215]

Praising the Working Group's product, Mr. Downs reported, "The [NAPA] panel strongly supports this collaborative effort and urges the Congress and OMB to adopt both the process and the outcome measures produced by [the] Working Group."[216]

Turning away from the issue of performance management, the Subcommittee explored two specific issues regarding grantees' use of funds. The Subcommittee first discussed the supplanting of funds whereby a grantee uses CDBG dollars on projects and activities which are normally paid for out of the grantee's general revenue fund. For example, "if you can afford to do sewers and sidewalks in rich neighborhoods, you shouldn't be spending your CDBG dollars to do sewers and sidewalks in poor neighborhoods. You should be spending your general fund dollars to do that."[217] The Subcommittee then turned to the question of how much of their grant dollars a grantee may use to fund staff functions as opposed to bricks-and-mortar activities and programs.

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[207] *Id.*
[208] *Id.* at 242-243.
[209] *Id.* at 243.
[210] *Id.* at 198 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[211] *Id.* at 206.
[212] *Id.* at 209.
[213] *Id.* at 198.
[214] *Id.* at 209.
[215] A final rule implementing the new performance measurement system is expected in late December 2005.
[216] *Id.* at 233 (statement of Thomas Downs, Fellow, National Academy of Public Administration).

CDBG was never meant as a pool of money to replace general revenue funds on projects a community should underwrite, regardless of whether grant dollars are available. According to Dr. Crowley, "The CDBG statute expressly addresses supplanting by stating that Congress intends that CDBG funds 'not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to' the enactment of CDBG."[218] Despite specific prohibition of supplanting in the statue, "[o]ne of the reoccurring criticisms of CDBG is whether or not the funds have been co-opted for government operations rather than community development functions, even if those government operations support community development functions."[219]

In response to Dr. Crowley's comments, Ms. Patt-McDaniel offered the Subcommittee a counterpoint: "I don't know very many local governments right now who are operating at huge, huge surpluses, or even slight surpluses."[220] Patt-McDaniel continued, offering an example:

> [I]f you have a city...which might be considered to have some nicer areas and some poorer areas, my guess is that a local government has a menu of infrastructure or parks, a whole menu of activities that they want to do, and they have resources. They have their own [general revenue fund], they have CDBG, they may have some State resources, but they have a variety of resources. But the total of those resources doesn't add up to all the infrastructure needs of that community.
>
> So it only makes good management sense to match the appropriate resource to the appropriate neighborhood so that if you have CDBG, you are in desperate need of replacing the sewer [system], which typically could be across the whole community, you are going to use the CDBG funds where you could benefit the low to moderate-income people and use the [general revenue fund] in the areas where they may not make the low to moderate-income standards.[221]

In either case, it is difficult to determine whether a city is supplanting general revenue dollars with CDBG dollars due to the flexibility of the program – the range of permissible activities is broad. Dr. Crowley opined, "[S]upplanting can only be prevented if HUD is capable of monitoring how funds are used and take action if it occurs."[222] Following that line of thought, Ranking Member Wm. Lacy Clay inquired "what mechanisms, if any, have been included in the new outcome framework to ensure that CDBG funds do not supplant local program funding streams?"[223] According to Ms. Patt-McDaniel, "In the outcome framework, we were looking at actual benefits of what we did, and not what percentage of that particular activity would end up paying for staff time."[224]

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[217] *Id.* at 296 (statement of Sheila Crowley, Ph.D., President, National Low Income Housing Coalition).

[218] *Id.* at 267.

[219] *Id.* at 213 (statement of Subcomm. Chairman Michael R. Turner).

[220] *Id.* at 298 (statement of Lisa Patt-McDaniel, Assistant Deputy Director, Community Development Division, Ohio Department of Development, on behalf of the Council of State Community Development Agencies).

[221] *Id.*

[222] *Id.* at 267 (statement of Sheila Crowley, Ph.D., President, National Low Income Housing Coalition).

Closely related to the issue of supplanting, the Subcommittee moved to a discussion of grantee use of funds. Specifically, the Subcommittee asked how much of its CDBG allotment a grantee may expend on staff functions. Not all expenditures on staff functions are impermissible. Congress instituted a 20 percent cap on administration and planning functions to settle the debate of how much money is required for those functions.[225] According to Mr. Bernardi, "There are caps on administration and planning, and that cap is 20 percent. There is also a cap on public service, which is 15 percent. . . . The other areas the communities can pretty much make the determination as to how they want to spend their dollars, in what areas."[226]

Chairman Turner questioned the apparent lack of an overall limitation on how much money may be spent on staff functions. "One of the criticisms that we hear about CDBG is the opportunity for local governments to utilize the funds rather than for community development, but to fund what many people consider local government activities that perhaps the local tax base should be supporting rather than CDBG," Turner stated.[227] Conceivably, the Chairman continued, a grantee could spend all of its grant dollars on staff functions in the eligible criteria categories.[228] "As long as the dollars are used to provide goods and services for individuals who meet the low and moderate-income threshold[, the] flexibility of the program allows the entities to use the money as they see fit," Bernardi assented.[229]

Accordingly, grantees may circumvent the 20 percent cap on administration and planning activities by categorizing particular staff functions as one of the enumerated 25 eligible activities. "A government entity could, in going down the smorgasbord of eligible uses, allocate 100 percent of its CDBG moneys for staff functions within those eligible uses and not be in violation of the restrictions placed upon CDBG," Chairman Turner concluded.[230] "I believe you are correct," Bernardi concurred.[231]

In order to determine the overall percentage of grant funds spent on staff functions, the Chairman requested information detailing staff-related expenditures by the 100 most populated cities receiving CDBG funds.[232] Subsequent to the hearing, Mr. Bernardi submitted a spreadsheet detailing the administrative expense information as requested. The information provided recounts, in the aggregate, significant portions of grant awards allocated to staff and administrative functions. Although the administrative and planning cap is 20 percent, 19 of the 100 entitlement communities exceeded that cap. According to Mr. Bernardi:

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[223] *Id.* at 291 (statement of Subcomm. Ranking Member Wm. Lacy Clay).
[224] *Id.* at 291 (statement of Lisa Patt-McDaniel, Assistant Deputy Director, Community Development Division, Ohio Department of Development, on behalf of the Council of State Community Development Agencies).
[225] *See id.* at 201 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).The spending cap on administration and planning functions is located in the CDBG appropriation laws.
[226] *Id.* at 211.
[227] *Id.* at 212 (statement of Subcomm. Chairman Michael R. Turner).
[228] *See id.* at 211.
[229] *Id.* at 212 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[230] *Id.* at 212 (statement of Subcomm. Chairman Michael R. Turner).
[231] *Id.* at 212 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[232] *See id.*

> CPD's investigation of these results indicates the primary factor contributing to this level of performance is the impact of unliquidated obligations from the prior program year. In order to provide a more accurate picture of the planning and administrative costs for these 100 grantees, CPD will collect and forward to the Committee additional information based upon the data used to calculate compliance with the twenty percent cap on planning and administrative expenses.[233]

In addition to the information detailing administrative and planning expenditures, the Department also included data for housing rehabilitation administration and code enforcement, the only two categories outside of administrative and planning which exclusively constitute staff expenditures.[234] Fifteen of the 100 grantees expended in excess of 10 percent for the program year 2003 for housing rehabilitation administration. Four of those 15 grantees expended in excess of 15 percent. Fewer exceeded those amounts for code enforcement. Five of the 100 grantees disbursed greater than 10 percent while an additional two grantees disbursed greater than 20 percent.[235]

Finally, Mr. Bernardi informed the Subcommittee that "direct project delivery costs may include the costs of staff carrying out the activity as well as other costs such as architectural and engineering services for construction activities or rent and utilities related to an eligible public service[.]"[236] Unfortunately, Bernardi was unable to detail those expenditures: "such specificity cannot be isolated within the data available to HUD."[237] As a result, HUD is unable to determine what percentage of CDBG funds are expended on staff functions by the 100 most populated entitlement communities.

Mr. Bernardi pointed out, however, that HUD regulations permit the use of funds for "reasonable administrative costs and charges related to the planning and execution of activities assisted with CDBG funds."[238] He continued, "This provision clearly states that staff and overhead costs directly related to carrying out activities eligible under the CDBG program are eligible as part of those activities."[239]

The congressional prohibition against supplanting notwithstanding, HUD lacks the ability to determine whether funds are supplanted for general revenue funds because it does not collect the necessary data. Anecdotal evidence suggests numerous communities spend beyond the 20 percent cap on program administration functions. Further, HUD is unable to verify or invalidate crtitics' claims concerning communities directing CDBG dollars to support staff functions because it is unable to calculate an overall percentage of CDBG funds expended on staff functions spanning all eligible activity categories with the current data collected.

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[233] *Id.* at 302 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[234] *See id.* at 303.
[235] *See id.*
[236] *Id.*
[237] *Id.*
[238] *Id.*
[239] *Id.*

IV. FINDINGS AND RECOMMENDATIONS

A. THE STRENGTHENING AMERICA'S COMMUNITIES INITIATIVE (SACI)

1. Findings.

   a. *HUD has initiated several in-house measures to improve internal administration of the CDBG program, an indication that reform of CDBG can be accomplished within HUD.*

HUD initiated numerous in-house efforts to improve the administration of the CDBG program. With the development of performance measures by the Joint Grantee/HUD/OMB Outcome Measurement Working Group as well as the research and study resulting in the *CDBG Formula Targeting to Community Development Need* publication, HUD demonstrates recognition of the need for improvement and willingness to effect change within its program.

   b. *HUD's institutional history, capacity, and expertise enhance the agency's ability to administer the CDBG program. That expertise and capacity is lacking at the Department of Commerce.*

In testimony before the Subcommittee, several stakeholders criticized SACI as fiscally illogical. The stated purpose of SACI is to improve the administration and management of the 18 grant programs, including CDBG. With an overall Fiscal Year 2005 appropriation of $4.71 billion CDBG is more than double the size of the Department of Commerce's current grant portfolio, necessitating the development of an infrastructure capable of overseeing such an enormous program.

During the March 1, 2005 hearing, Subcommittee Vice-Chairman Dent questioned whether the Department of Commerce has the housing and community development expertise to manage the program.[240] In response, Assistant Secretary Sampson, acknowledged the agency would have a ramping-up period before it could effectively manage the program:

> Commerce has a very extensive grant portfolio currently. We manage about a $2.3 billion grant portfolio of community and economic development grants currently. But we clearly will have to leverage the subject matter expertise and the lessons learned from other agencies and other programs in creating this new program.[241]

National League of Cities First Vice President Jim Hunt echoed Representative Dent in questioning the wisdom of moving such a large program to an agency that does not have the existing infrastructure to support it:

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[240] *See id.* at 39 (statement of Subcomm. Vice-Chairman Charles Dent).

[241] *Id.* at 40 (statement of David A. Sampson, Assistant Secretary of Commerce for Economic Development, Department of Commerce).

> The Administration claims that it is seeking to "retarget and refocus" these funds to create new program efficiencies. However, from a practical standpoint, NLC questions whether moving the programs from HUD, where administrative and professional infrastructures already exist and function well, to the Department of Commerce will generate any real savings because building the agency's capacity to administer the programs alone would likely consume any cost savings derived from consolidating these programs.[242]

Chandra Western, Executive Director of the National Community Development Association, likewise doubted the efficiency of moving to Commerce a program twice the size of its current portfolio:

> [A]ll the programs that are being proposed for consolidation and [to] be moved over...[to] Commerce are already eligible under CDBG... I think that the whole proposal is counterproductive in terms of maximizing efficiency to move [a] big program and what it's been doing for 30 years over to Commerce without any infrastructure or any idea [of] how the distribution of funds is going to take place to accomplish the same things we are already doing, and doing very well.[243]

The Administration has not yet provided enough details on SACI enabling an evaluation determining whether the proposal would enhance the program's effectiveness. The only SACI details provided to Congress for evaluation of the proposal are that it reduces program funding, consolidates programming, and transfers program administration from HUD to the Department of Commerce.

Until additional information is furnished to the Committee that would better justify moving the CDBG program to the Department of Commerce, the Committee will continue questioning the value of moving the program from HUD.

c. *The Administration's PART analysis, while successful in identifying key opportunities for reform of some programs, may not be an appropriate evaluative tool for the Community Development Block Grant program because of its flexibility. The Administration should consider whether alternative analytical tools exist that can better measure the CDBG program.*

One of OMB's chief criticisms of the CDBG program resulting from the PART analysis is that "[t]he program does not have a clear and unambiguous mission. Both the definition of 'community development' and the role CDBG plays in that field are not well defined."[244] Over the course of the series of hearings detailed within this report, witnesses often questioned whether the PART analysis is an appropriate tool for evaluating large, flexible grant programs administered cooperatively among federal, state, and local agencies. For example, Angelo Kyle, President of the National Association of Counties, commented, "PART fails to consider the broad and wide-range nature of the [CDBG] program, as well as the role of local governments in designing activities using CDBG [funds] that address challenges that are of a particular value to their community."[245]

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[242] *Id.* at 69 (statement of James C. Hunt, First Vice President, National League of Cities).

[243] *Id.* at 82 (statement of Chandra Western, Executive Director, National Community Development Association).

[244] Office of Management and Budget, Department of Housing and Urban Development PART Assessments 3 (2004) <http://www.whitehouse.gov/omb/budget/fy2006/pma/hud.pdf>.

Deputy Secretary Bernardi strongly disagreed with OMB's assessment of CDBG's purpose, stating that the difficulty in measuring the program arises in its great flexibility:

> [On] the program purpose and design [element of the PART score], we received a zero score. Candidly, the program purpose and design… is spelled out in the Community Development Block Grant Act of 1974. The program was meant to be utilized by local officials with determination after a tremendous amount of community input as to how bet they would utilize those resources . . .. So it is a very flexible program; it is a program that was meant to be utilized at the local level.[246]

Ranking Member Clay observed that a program like CDBG may be difficult to measure using PART because a "a block grant program with few strings attached make[s] assessment more challenging than other programs with more stringent requirements."[247] Deputy Secretary Bernardi agreed, "[Y]ou are absolutely right. When you have that kind of flexibility, the measurement of those programs becomes more of a challenge."[248]

When Congress created CDBG in 1974, it identified four programmatic goals. Three of those goals include the provision of "[d]ecent housing, suitable living environment[s], and economic opportunities for persons of low and moderate income[.]"[249] Congress identified the fourth goal in its direction that CDBG funds be used "for the support of community development activities" which are intended to: (1) eliminate slums and blight; (2) remove conditions detrimental to the health, safety and welfare of the public; (3) conserve and expand the nation's housing stock; (4) expand and improve the quality of community services for persons of low and moderate income; (5) create a more rational utilization of land and other resources; (6) reduce the isolation of low and moderate income groups and create greater diversity in neighborhoods; (7) restore and preserve historical and other properties of special value; (8) stimulate private investment in underserved areas; and (9) improve energy efficiency in an effort to preserve scarce energy resources.[250]

Congress also sought to create a program that would provide financial assistance to communities of varying sizes and needs. Specifically, it sought to create a program that:

> (1) provides assistance on an annual basis, with maximum certainty and minimum delay, upon which communities can rely in their planning;
>
> (2) encourages community development activities which are consistent with comprehensive local and areawide [sic] development planning;

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[245] *CDBG Hearings* at 60 (statement of Angelo D. Kyle, President, National Association of Counties).
[246] *Id.* at 208 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[247] *Id.* at 217 (statement of Subcomm. Ranking Member Wm. Lacy Clay).
[248] *Id.* (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[249] 42 U.S.C. § 5301(c).
[250] *Id.*

> (3) furthers achievement of the national housing goal of a decent home and a suitable living environment for every American family; and
>
> (4) fosters the undertaking of housing and community development activities in a coordinated and mutually supportive manner by Federal agencies and programs, as well as by communities.[251]

Throughout the Subcommittee's hearings on CDBG, witnesses referenced numerous projects furthering the statutory goals. For example, one of the primary goals of the program is to benefit individuals and groups of low- and moderate-incomes. National Association of Housing and Redevelopment Officials Executive Director Saul Ramirez, Jr. noted, "In 2004, approximately 95 percent of funds expended by entitlement communities and 96 percent of State CDBG funds expended were for activities that principally benefited low and moderate-income persons.'"[252]

OMB's PART assessment also identifies "weak targeting of funds by the CDBG formula and by grantees to areas of greatest need."[253] The National Academy of Public Administration's report on CDBG points out, however, that "there is no targeting requirement in the legislation."[254] The report continues, "Making CDBG more categorical by concentrating and focusing investments to places seems to contradict the statute's intent."[255] In his testimony, Thomas Downs explained:

> The panel also disagrees with OMB's criticisms that CDBG is not geographically or place targeted. Although the panel appreciates OMB's view that directing funding to distressed areas may provide greater benefits to poor people, the 1974 Housing Act has no such requirements to be geographically targeted. Therefore, the panel believes that OMB criticized grantees for something they were not required to be doing.[256]

There appears to be support for NAPA's contention in the statute. Specifically, the statute implies that CDBG's objective is to protect "the future welfare of the Nation and the well-being of its citizens."[257] The statute expressly states that, among other objectives, CDBG funds are to be directed toward the provision of "a decent home and suitable living environment for all persons, but principally those of low and moderate income."[258] CDBG funds are therefore meant to benefit all persons, especially if they are of low and moderate income, regardless of where they are located. As Mr. Downs noted, "There is some disagreement in the field as to whether the Secretary of HUD can compel communities to geographically target. Perhaps this is an issue that Congress should or could clarify."[259]

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[251] 42 U.S.C. § 5301(d).

[252] *CDBG Hearings* at 162 (statement of Saul N. Ramirez, Jr., Executive Director, National Association of Housing and Redevelopment Officials).

[253] EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET, FISCAL YEAR 2006 BUDGET OF THE U.S. GOVERNMENT ANALYTICAL PERSPECTIVES, H. Doc. 109-2, Vol. III at 118 (2005).

[254] NAPA PERFORMANCE MEASURES REPORT at 29.

[255] *Id.*

[256] *CDBG Hearings* at 232 (statement of Thomas Downs, Fellow, National Academy of Public Administration).

[257] 42. U.S.C. §5301(b)

[258] 42. U.S.C. §5301(c)(3).

The Committee believes that the PART tool, while effective in measuring programmatic success in other government programs, is ineffective at qualitatively measuring the success of flexible block grant programs. Block grant programs that are inherently flexible in order to best address an array of issues do not have a prescriptive set of outcomes by which grantee accomplishments can be easily measured.

d. *Over recent years, the CDBG formula grant program has suffered an aggregate funding reduction, resulting in many communities receiving less funding. The Administration's SACI proposal would further reduce appropriations for the consolidated programs without substantiating cost savings or efficiencies.*

In Fiscal Year 2002, Congress appropriated $4.3 billion for the CDBG formula grant program, down from $4.4 billion in Fiscal Year 2001.[260] Congress again reduced the CDBG formula grant appropriation in each of the three succeeding fiscal years. In the Fiscal Year 2005 Consolidated Appropriations Act, Congress appropriated only $4.15 billion for the program. [261] In comparison, the Administration's Fiscal Year 2006 budget request for the direct grant portion of SACI was $3.7 billion.

Arguing that the drastic cut in CDBG funding would be irrecoverable, James Hunt of the National League of Cities summarized the potential impact of the SACI proposal:

> The Administration's SAC proposal collapses 18 current programs, whose combined fiscal year 2005 budgets total approximately $5.5 billion, into a single grant program funded at $3.7 billion. The Administration's proposed budget for SAC grants represents a funding cut of nearly 35 percent from what Congress allocated in fiscal year 2005 for all 18 programs. This cut disproportionately harms CDBG funding because CDBG's [overall] fiscal year 2005 level of $4.7 billion represents nearly 80 percent of the $5.5 billion of combined funding. Moreover, the proposed $3.7 billion for SAC grants is $1 billion short of CDBG's current funding level.[262]

2. Recommendations.

   a. *Congress should refrain from enacting any legislation in the 109th Congress that would either eliminate the CDBG program or move it from the Department of Housing and Urban Development to the Department of Commerce.*

   b. *HUD should continue efforts to improve the internal administration of the CDBG program by addressing the issues identified throughout this document.*

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[259] *CDBG Hearings* at 232 (statement of Thomas Downs, Fellow, National Academy of Public Administration).
[260] *See* Department of Housing and Urban Development, *Community Development Allocations and Appropriations* (last modified December 22, 2004) <http://www.hud.gov/offices/cpd/communitydevelopment/budget/index.cfm>.
[261] *See* P.L. 108-447, H.Rept. 108-792.
[262] *CDBG Hearings* at 68 (statement of James C. Hunt, First Vice President, National League of Cities).

c. *The Administration should consider reviewing the applicability of the PART analysis for block grant programs that are designed to have broad programmatic goals, provide a high degree of flexibility to recipients, and are administered cooperatively among state and local stakeholders.*

d. *Sustaining funding for the CDBG program should remain a federal government priority.*

B. HUD PROPOSED CDBG FORMULA TARGETING REFORM

1. Findings.

   a. *The process of selecting the needs index criteria, designed and utilized by HUD in determining the current CDBG formula grant and in HUD's proposed alternatives, is inherently subjective. As a result, the need index may not accurately capture a community's need.*

Studies of the current formula allocations reveal two main fairness issues. First, there are many examples where economically wealthier communities receive higher per capita awards than economically poorer communities. For instance, Wauwatosa, Wisconsin currently receives a per capita grant of $30.63. The city, however, has been ranked by HUD as one of the nation's lowest need communities.[263] In other words, Wauwatosa is an economically wealthy community. In comparison, Compton, California has one of the highest needs ratings in the nation, yet it only receives a per capita grant of $26.18.[264] The contrast between these two examples highlights a fundamental unfairness.

A second issue is that the current formula produces a result where similarly situated communities will often be awarded disparate per capita grants. As noted above, Compton, California receives a per capita grant of $26.18. St. Louis, Missouri, however, a community with a slightly lower need score than Compton, California, receives a greater per capita grant of $73.58.[265]

These results point to a significant problem with how HUD weights certain need index variables. In the current CDBG formula, HUD heavily weights the existence of pre-1940 housing within a community, treating it as a proxy of need. This variable alone results in disparate grant awards because it results in a regional bias usually benefiting Northeastern and Midwestern communities. Communities in these areas are more likely to have older housing stock compared to communities in the West and South for two reasons. First, communities in the Northeast and Midwest are typically older communities than those established in the West and South. Second, older homes are routinely restored in wealthier communities whereas communities with fewer resources are more likely to demolish older housing stock. Deputy Secretary Bernardi explained:

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[263] *See* CDBG FORMULA STUDY at B-80.
[264] *See id.* at B-8.
[265] *See id.* at B-46.

> [There] are affluent communities . . . that receive above the line in the need index, the Portsmouths and the Newtons…and just by having to indicate that it's pre-1940 housing, they receive a benefit there. And there are many, many individuals there that reside in those properties that are anything but poor people in need. [266]

Although the existence of older housing stock within a community may have served as an indicator of need at one time, the nature and quality of older housing stock in a particular community can change over time due to restoration efforts. The current CDBG formula has no mechanism to account for these changes.

The proposed CDBG formula alternatives also contain other elements that would inappropriately skew funding allocations. By not counting single households living in poverty, the proposed formula alternatives could place communities with a large number of non-elderly, poor, single households at a disadvantage. Similarly, the use of per capita income as a variable without considering cost-of-living pressures, among other variables may also inappropriately skew grant allocations. It is the view of the Committee that while the need index criteria are objectively applied, the process by which those criteria are selected by HUD is inherently subjective. Consequently, the need index score may not accurately reflect a community's need.

b. *The proposed need index counts twice a community's immigrant population in need by measuring a community's aggregate expression of poverty as well as its immigrant population, captured by measuring overcrowding.*

HUD's proposed need index measures poverty in factor 1, which captures a community's immigrant population living in need. That factor is weighted at 80 percent. Additionally, factor 2 of the need index measures overcrowding, which according to HUD "represents a new dimension of community need, growing immigrant populations."[267] HUD posits, "Much of the growing immigrant population is moving into expensive housing markets for work, the consequence is a shortage of [affordable] housing that leads to overcrowding."[268] The need index places a 15 percent weight on the factor 2 score. As GAO points out in its testimony, poverty is a characteristic alone that would capture an immigrant population living in need:

> In [HUD's] need criteria, the immigrant population doesn't come into their need index directly. It only comes into it indirectly, and it comes in indirectly in two ways: one through the poverty measure, to the extent these immigrants are low-income people that get picked up in the census counts. . .
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> The other way [immigrant population is] picked up is in [HUD's] second factor…that's weighted 15 percent in [HUD's] overall need index. The only things in there that capture immigration is overcrowded housing, which the study

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[266] *CDBG Hearings* at 137 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

[267] CDBG FORMULA STUDY at 27.

[268] *Id.*

> says is correlated with high immigrant populations, and to the extent that correlation is there, [HUD's] need index picks up immigration in that way.[269]

By considering separately poverty and overcrowding (as an indicator of poverty), the proposed need index essentially counts twice the need resulting from the existence of an immigrant population living in need.

c. *HUD proposes separately acknowledging increased immigrant populations as a unique stress on community development and recommends providing increased CDBG funding to such communities. Immigration and its resulting community pressures are not new, though impacted communities have changed. Immigration poses unique community challenges that may not be appropriate to address using the CDBG program.*

HUD asserts the population growth and economic activity associated with a growing immigrant population "come at the cost of increased fiscal stress associated with providing community services for the growing population of low-wage workers."[270]

A growing population will likely increase the financial burden of any city, but a growing population may also indicate a growing community. As Jerry Fastrup, Assistant Director of Applied Research and Methods at GAO, summarized:

> [I]f you are looking at the CDBG program as a program that's trying to compensate for fiscal distress and economic decline and the need to rehabilitate dilapidated housing and those kinds of things, [it] strikes us that overcrowded housing is a sign of a tight labor market and housing market and upward pressure in the housing market [is] usually a sign of strong growth rather than decline.[271]

Given the budget realities facing the federal government – as well as states and municipalities – it is plausible that Congress would soon be faced with tough policy decisions resulting from the potentially serious drain on CDBG funds caused by this new variable. Therefore, in addition to determining whether HUD's suggested alternatives accurately assess community need created by a growing immigrant population, Congress should also consider whether the CDBG program is the correct vehicle for addressing those needs.

d. *The need index designed and utilized by HUD in formulating its recommendations assumes that a greater disparity in the ratio between a CDBG eligible community's per capita income and its metropolitan area per capita income is an expression of greater need. That assumption may be too simplistic and does not consider other factors that could be at work in any given community. Therefore, HUD's need assumption based on this factor may not accurately express community need.*

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[269] *CDBG Hearings* at 180 (statement of Jerry C. Fastrup, Assistant Director of Applied Research and Methods, Government Accountability Office).

[270] CDBG FORMULA STUDY at 27.

[271] *CDBG Hearings* at 180 (statement of Jerry C. Fastrup, Assistant Director of Applied Research and Methods, Government Accountability Office).

In its study proposing changes to the grant formula, HUD proposed considering the relative income of communities. This new element would be calculated by comparing a community's per capita income to the metropolitan area's per capita income. According to Paul Posner, this introduces "an entirely different element into the equation, which is the issue of income and measuring the relative income of communities."[272]

While this element may capture disparity in per capita income, it does not consider factors impacting the resources available to address community need. Chairman Turner inquired, "By taking metropolitan per capita income into consideration and not taking [into consideration] costs . . . aren't you heavily weighting toward what could be low-cost, wealthy communities?"[273] Chairman Turner continued, noting,"[H]igh-growth areas where there is a significant amount of opportunities will have wages that have upward pressure that may not yet have expressed high cost-of-living in either housing or other elements of family support."[274]

Deputy Secretary Bernardi disagreed, arguing:

> Initially [there would be high wages and low costs]; but eventually [cost] catches, and catches up in a hurry.... I think what we've done here is to look for jurisdictions where the per capita income is lower, obviously, than the per capita income in that metropolitan area. That would demonstrate to me that's a community that has some concerns, has some decline. And that is why that community would receive, according to alternative 3, additional funding.[275]

Deputy Secretary Bernardi indirectly acknowledged, however, that the use of per capita income as a variable in alternative 3 is an imperfect attempt at weighting an assortment of variables in an effort to compensate for disparities between populations that live relatively close to one other. Specifically, Bernardi said:

> [One] can look at a city that has a low per capita income, and then look to the metropolitan area and see a higher per capita income, and the fact is that the people who [designed the alternatives] were looking for a way to weight, if you will, those individuals living just a few miles from other individuals who, because of many varied circumstances, that [sic] per capita income is extremely lower.[276]

Expressing support for HUD's approach, Mr. Ramirez testified:

> We believe that communities, even those that have a higher per capita income, do have pockets of poverty within them. In fact, many of those communities struggle with their labor force that service those communities around the country in providing safe and decent housing, and not forcing many of the service-

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[272] *Id.* at 146 (statement of Paul L. Posner, Managing Director of Federal Budget Analysis and Intergovernmental Relations, Government Accountability Office).
[273] *Id.* at 135 (statement of Subcomm. Chairman Michael R. Turner).
[274] *Id.*
[275] *Id.* at 136 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[276] *Id.*

> oriented labor for to seek shelter and grow their communities within blighted areas. . . . And so we do believe that's that balance, to some degree, that this formula has struck. It does allow for communities, high per capita communities to deal with these pockets of poverty and address the low and moderate-income families within those communities.[277]

Mr. Posner, however, questioned the effectiveness of HUD's approach:

> [O]verall I think we [see] the two factors in alternative 3...offsetting one another. On the one hand, you're trying to target aid proportionately to cities and areas that have lower incomes to raise on their own; on the other hand, you're providing greater aid to those communities if they happen to be nested in higher-income metropolitan areas. This is something I think that needs a lot more thinking. I think [HUD is] heading in the right direction by trying to capture the element of capacity and wealth.[278]

Concurring with Mr. Posner, Mr. Fastrup opined that HUD's method of taking into account the differences between high- and low-cost-of-living areas by measuring per capita income assumes areas of high per capita income have a correspondingly high cost of living. "[HUD] basically assumes that all of the difference in per capita income between a low-income metropolitan area and a high-income metropolitan area...[is] all cost of living differences, and that's not true," Fastrup told the Subcommittee. "So I think that method of putting metropolitan income into the formula is overdoing it to some extent," he concluded.[279]

The Committee agrees with the conclusions articulated by GAO. The need index designed and utilized by HUD in formulating its recommendations relies too heavily on a potentially flawed assumption that a greater disparity in the ratio between a CDBG eligible community's per capita income and the per capita income of its metropolitan area is an expression of greater need. The Committee believes that HUD's assumptions may be too simplistic and does not consider other factors that may be at work in a given community. Consequently, the Committee also finds that HUD's assumptions may not accurately express community need.

e. *A community's abandoned and vacant housing stock may represent a significant contributing factor to community blight. However, the need index considers only the condition of occupied structures in a community, ignoring the quality and condition of abandoned and vacant housing stock.*

The elimination of community blight is one of CDBG's enumerated goals. In 1974, Congress found that "the Nation's cities, towns, and smaller urban communities face[d] critical social, economic, and environmental problems arising [in part] from...inadequate public and private investment and reinvestment in housing and other physical facilities, and related public and social services, resulting in the growth and persistence of urban slums and blight[.]"[280] In order to address the issue, Congress declared the primary objective of the Housing and Urban Development Act to be the "development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities" through the use of CDBG funds on, in part, "the elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities[.]"[281]

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[277] *Id.* at 182 (statement of Saul N. Ramirez, Jr., Executive Director, National Association of Housing and Redevelopment Officials).
[278] *Id.* (statement of Paul L. Posner, Managing Director of Federal Budget Analysis and Intergovernmental Relations, Government Accountability Office).
[279] *Id.* at 184 (statement of Jerry C. Fastrup, Assistant Director of Applied Research and Methods, Government Accountability Office).

While Deputy Secretary Bernardi acknowledged the "obvious" blight created abandoned and vacated housing in communities across the nation, HUD's formula alternatives ignore the blighting influence of abandoned residential structures.[282] In assessing need, the formula alternatives only count housing units occupied by poverty-stricken families.[283] By not providing for a valuation of these dwellings, HUD ignores the probability that the blighted condition of a neighborhood and the overall community would be accelerated.[284]

In effect, Deputy Secretary Bernardi acknowledged that the current formula penalizes communities for having blighted housing because need is based upon the residence of poverty-stricken families within the community.[285] The Committee is concerned that the current formula therefore removes a source funding for housing rehabilitation solely because poverty-stricken households do not occupy abandoned or vacant properties. The Committee views this approach as incomplete and urges HUD to recognize vacant and abandoned housing stock as a contributing factor to community blight in its need index.

f. *In order to compensate for distortions caused by student populations in some communities, HUD proposes excluding all single occupant households from the poverty variable in the formula alternatives. In doing so, however, HUD may exclude a significant population of non-elderly individuals living in poverty that should be served by the CDBG program.*

In its formula alternatives, HUD excluded all single, non-elderly households living in poverty to compensate for the distortion in assessing need caused by the presence of off-campus college students. In so doing, HUD also excludes single individuals living in poverty, including the disabled.

In order to verify that the exclusion of single, non-elderly persons in poverty would not "misrepresent the needs of communities with particularly high portions of their population made up of non-college students who are single, non-elderly, and in poverty...HUD requested a special tabulation of census data that specifically excluded full-time college students from the poverty count."[286] HUD found that little difference in the need score index results when using a factor discounting student populations versus counting only poverty-stricken elderly or family households, thereby excluding all single, non-elderly households living in poverty.[287] By its own analysis, however, HUD states that a small number of communities would in fact be harmed.[288] Those communities would see as much as a 10 percent reduction in their share of the national poverty total when the poverty-stricken elderly or family household factor is used over the factor discounting student population.[289]

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[280] 24 C.F.R. § 5301(a).
[281] 24 C.F.R. § 5301(c).
[282] *See CDBG Hearings* at 134 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[283] *See id.* (statement of Subcomm. Chairman Michael R. Turner).
[284] *See id.* at 181-182 (statement of Saul N. Ramirez, Jr., Executive Director, National Association of Housing and Redevelopment Officials).
[285] *See id.* at 134-135 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

Consequently, it is the view of the Committee that if data is available to exclude the off-campus student population without also discounting non-elderly single households living in poverty, that data should be used to more accurately capture a community's need.

2. Recommendations.

   a. *HUD should acknowledge that any proposed "needs test" may be inherently subjective by its nature. Therefore, the policy implications of new or additional "needs tests" should be fully vetted before they are implemented.*

   b. *HUD should not count more than once, directly or indirectly, any single element of community need.*

   c. *HUD should undertake further study of the community stresses caused by immigrant population growth to determine if the resulting needs should be addressed by a program other than CDBG.*

   d. *HUD should reevaluate the use of the ratio between a community's per capita income and its corresponding metropolitan area's per capita income in the CDBG need index.*

   e. *HUD should recognize the contributing factor of vacant and abandoned housing stock to community blight in its need index.*

   f. *HUD should determine if data is available to exclude off-campus student populations without also discounting non-elderly, single households living in poverty. If that data exists, it should be used to create a more accurate refection of a community's needs.*

C. CURRENT CDBG FORMULA GRANTS

1. Findings.

   a. *HUD does not operate continuous formula review under a structured program to ensure the CDBG formula grant program keeps pace with rapid changes in the nation's demographic composition and economic needs. There are factors that*

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[286] CDBG FORMULA STUDY at 16, n. 13
[287] *See id.*
[288] *See id.*
[289] *See id.*

> *would improve the assessment of need and the targeting of funds in addition to those reviewed in the HUD study.*

The current formula grant remains largely unchanged since its inception 30 years ago. Meanwhile, the nation's demographics have changed dramatically during that same period. Over the previous three decades, HUD only studied the formula five times – in 1976, 1979, 1983, 1995, and 2005.[290] HUD initiated the majority of these studies in-house to ask the question: "[H]ow is the CDBG program doing in terms of meeting the community development need in this country?"[291] The Committee believes a more frequent and structured periodic review would keep the formula contemporary with the changes in demographics and need across the country.

In June 2005, Chairman Turner and Representative Robert Ney, Chairman of the House Financial Services Subcommittee on Housing and Community Opportunity, requested a GAO study on the CDBG grant formula. The request solicited: (1) a review of the current needs criteria as well as recommendations for new criteria to calculate a more accurate need index; (2) an evaluation of formula options that includes consideration of a community's fiscal capacity to address its needs; (3) an assessment of alternative formulas which distribute funds based on the prevalence of low-income citizens, (4) alternate need criterions and formula options that narrowly focus the targeting of CDBG funds; and (5) an evaluation of whether the current 70/30 split should be maintained, altered, or eliminated. Representatives Turner and Ney expect GAO will finalize this report during the second session of the 109th Congress.

> b. *Numerous communities are "grandfathered" by the Housing and Community Development Act of 1974 and thus continue receiving funds through the entitlement portion of the CDBG formula grant despite no longer meeting the definition of an "entitlement community." This results in a lower per capita grant per entitlement jurisdiction and therefore less effective targeting of CDBG funds.*

By statute, only entitlement communities may receive allocations from the 70 percent portion of funds reserved for entitlement communities under the CDBG formula grant. Entitlement communities are defined as central cities of metropolitan areas, cities with populations of 50,000 or more, and statutorily defined urban counties.[292] At the program's inception, there were 506 entitlement communities.[293] In Fiscal Year 2005, there were 1,112 entitlement communities, an increase of 606 communities.[294] During this same time, the amount of funds shared by these communities – that is, the 70 percent portion of grant funds – has remained relatively static. Conversely, the numbers of non-entitlement communities, which share the 30 percent portion of grant funds, dwindled. Consequently, entitlement communities receive shrinking per capita grants while non-entitlement communities receive growing per capita grants.

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[290] *See id.*

[291] *CDBG Hearings* at 112 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

[292] *See* 42 USC § 5302.

[293] *See* Letter from Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development to the Honorable Michael R. Turner, Chairman of the Subcommittee on Federalism and the Census of the House Committee on Government Reform 2 (Jun. 1, 2005) (on file with Subcommittee) [hereinafter HUD Letter].

[294] *See id.*

Under the HCDA, entitlement communities benefit from grandfathering protection when they drop below a population of 50,000 or lose their classification as a central or principal city.[295] At present, there are eight urban counties and 106 central cities grandfathered in the CDBG formula grant program.[296] Collectively, these 114 communities receive more than $75 million in formula dollars that would otherwise fund community and economic development activities in the nearly 1000 other certified entitlement communities.[297]

The Committee finds that grandfathered communities do not meet the statutory definition of communities eligible to receive monies from the entitlement community portion of funds. Therefore, they are not the recipients Congress originally intended for those funds. To address the non-entitlement communities' needs, Congress adopted the 70/30 split thereby reserving funds for non-entitlement communities' use. The grandfathered communities, as they are no longer entitlement communities, should only receive funds from that pool. In specifying a grandfather provision, however, one may reasonably infer that Congress intended to prevent significant disruption in grant funds to communities and the services those funds enable. Not only would "de-grandfathering" these 114 communities result in more funds available for the growing number of entitlement communities, but by moving the communities to the 30 percent portion of the CDBG program, they would share funds with a decreasing number of other non-entitlement communities.

c. *Any change in the formula grant will lead to significant disruption in funding for some communities.*

The stakeholder community argues that any change to the formula grant will result in significant and abrupt funding changes to already fiscally troubled communities. In challenging the proposition that the current CDBG formula grant no longer effectively targets the needs identified in the HCDA, Saul Ramirez, Jr., Executive Director of the National Association of Housing and Redevelopment Officials, argued:

> The statute requires that at least 70 percent of all CDBG funds expended go towards activities to benefit low- and moderate-income persons. However, communities are, in fact, targeting much more aggressively than the statute requires. In 2004, approximately 95 percent of funds expended by entitlement communities and 96 percent of state CDBG funds expended were for activities that principally benefited low- and moderate-income persons.[298]

The Committee does not disagree with these statistics. Communities currently receiving CDBG funds expend those dollars as legally required by the 70 percent statutory threshold. However, the Committee believes that while funds are targeted as required within the community to which they are awarded, CDBG funds as a whole are not targeted to those communities with the greatest need.

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[295] *See* 42 USC § 5302.

[296] *See* HUD Letter at 2.

[297] *See* HUD Letter at 4-6.

[298] *CDBG Hearings* at 162 (statement of Saul N. Ramirez, Jr., Executive Director, National Association of Housing and Redevelopment Officials).

The Committee recognizes that any change in the formula grant will result in decreased funds to numerous communities and thus disrupt those communities' plans for community and economic development. The stakeholder community supports "the notion of a fair and equitable distribution of CDBG dollars, but urge[s] [Congress] to proceed with caution" and advises that "[i]f Congress feels change is truly necessary, then we would think likely that change could happen in a way that mitigates uncertainty and avoids sudden and substantial losses in funding."[299] The Committee fully agrees with this assessment and heeds these cautions. Consequently, the Committee suggests a phase-in of any formula changes and the resulting funding adjustments to ease the transition, a tool not foreign to the CDBG program. According to Deputy Secretary Bernardi, Congress instituted a phase-in period when it transformed the program from a categorical grant program to a formula-based program in the 1970s.

> [W]hen the program went from a categorical grant program to the formula . . . back in the 1970's, there was a phase-in period that was put into place by Congress . . . If [Congress] choose[es] to change the formula, [it] could do the same thing here so that the community would be phased in to receiving that extra money so they have the capacity and the wherewithal how [sic] to use the [extra] capacity at the same time if they were to lose those dollars [they could adjust accordingly].[300]

2. Recommendations.

   a. *Congress should institute a mandatory, periodic review of the CDBG formula grant. Further, HUD should actively work in concert with GAO in the requested study of alterative need index and formula criteria. Any formula grant modifications should respond to two expressed Congressional goals: increasing the effectiveness of CDBG targeting and achieving cost savings and efficiencies.*

   b. *Congress should consider whether "de-grandfathering" communities that no longer meet the definition of metropolitan city or urban county would result in increased cost savings and more effective targeting to need. If Congress determines to go forward with de-grandfathering, HUD should be tasked with undertaking a review and recommending the least disruptive method.*

   c. *If Congress amends the CDBG grant formula, HUD should design a plan to phase in those formula changes over time so that communities marked for funding reductions will experience minimal revenue disruptions.*

D. PERFORMANCE MEASURES

1. Findings

   a. *Performance measurement for the CDBG program is currently limited to HUD's use of the Consolidated Plan (Conplan), which will more likely than not be approved by HUD if the plan is "complete" or "substantially complete." The*

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[299] *Id.*

[300] *Id.* at 139 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

> *Conplan can potentially serve as a mechanism for holding CDBG communities accountable for their program performance. As currently utilized by HUD, however, the Conplan serves no apparent purpose.*

The Conplan was intended for use as a tool describing how CDBG funds will be spent, thus a tool for monitoring the quality of a grantee's planned use of funds. As a result of numerous Congressional mandates, however, "HUD's major review focus for administration of the CDBG program is [now] monitoring grantees' [actual] use of funds."[301] Because the statute can be loosely interpreted to require approval unless the plan is incomplete, critics assert that HUD essentially "rubber stamps" most Consolidated Plans. "[A]s long as it adheres to the national objectives…[t]here is not a rejection of the consolidated plan per se," Bernardi informed the Subcommittee.[302] Bernardi further conceded that the Department only thoroughly reviews plans that appeared to be "high risk" while approving others that are complete or substantially complete.[303]

Observers also question whether HUD actually reads each Conplan, suggesting that HUD simply does not have the time or manpower to review 1,100 Consolidated Plans within the 45-day time period.[304] In the event they do read every submitted Conplan, there is no process in place to assist communities and enhance their ability to expend their CDBG funds.[305]

While the Conplan apparently serves only as a tool for HUD to verify that grantees comply with the law on what activities CDBG funds may be expended, there is limited utility in monitoring according to the Conplan because there is no requirement that grantees spend their funds in accordance with their submitted Conplan. Consequently, HUD is unable to enforce compliance with a community's approved grant activities and programs. [306]

Accordingly, the utility of the Conplan, which is approved unless substantially incomplete, is unclear to the Committee when there is no requirement to comply with an approved Conplan and consequently no ability to enforce expenditures on approved activities and programs.

> b. *HUD's IDIS information management system is based on an operating language written over 40 years ago. The program has become obsolete and incompatible with many end-user systems. Even if IDIS was not obsolete, it does not lend itself well to the collection of performance measuring data.*

According to Deputy Secretary Bernardi, "The concept of IDIS was and is a great idea: it links financial information, i.e., amount of funds used, with actual accomplishments."[307] Where the Conplan is a tool to monitor intended use of funds, IDIS is the complementary tool to track actual expenditure of funds. The National Academy of Public Administration concluded, however, "[IDIS] works poorly, if at all, by most standards for the boarder purposes that [HUD] claims."[308] Past efforts to fix the system have either failed or "been executed in a piecemeal fashion."[309] Most witnesses concurred with NAPA's view that the program was time consuming, limited, and inefficient in its use.

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[301] *Id.* at 202 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[302] *Id.* at 210 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).
[303] *See id.*
[304] *See id.* at 292 (statement of Sheila Crowley, Ph.D., President, National Low Income Housing Coalition).
[305] *See id.* at 287 (statement of Subcomm. Chairman Michael R. Turner).
[306] *See id.* at 263 (statement of Sheila Crowley, Ph.D., President, National Low Income Housing Coalition)..
[307] *Id.* at 204 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

While HUD is currently upgrading the system, the process has been slowed for a wide variety of reasons – some attributable to HUD and others attributable to outside factors. However, even if upgrades to the IDIS system were more rapid, the system functions as nothing more than an accounting system. "The inability of the IDIS to absorb performance data cannot be overstated. It is basically an accounting system that is used to show where the money goes, it doesn't necessarily have the structure to support performance recording," reported Thomas Downs. [310] According to Lisa Patt-McDaniel, reporting CDBG achievements captured in the Conplan has been difficult due in great part to IDIS. "[In] part of the Consolidated Plan, citizens are informed about the results of the program's expenditures in a narrative format, but the current IDIS system does not allow this kind of reporting."[311]

In essence, IDIS is a tool to track where grantees spend their grant dollars. It is not a tool to measure how effectively those funds are being spent.

The Committee is concerned that the IDIS system, as is, does not lend itself well to the collection and analysis of data used to measure performance. Additionally, because the IDIS and other HUD performance measuring computer programs are obsolete, they are proving an impediment to the local jurisdictions in their efforts to create their own performance measures. Accordingly, the Committee finds that despite recent efforts to upgrade the IDIS system, more work remains if there is to be meaningful performance measurement and accountability inserted in the CDBG program.

c. *HUD should consider acting on the recommendations of the Joint Working Group and those published by the National Academy of Public Administration in its February 2005 report on performance measures for the CDBG program.*

The Committee agrees with NAPA's report that stakeholders "support CDBG performance reporting as long as it is non-intrusive, extensively used, cost effective, and compatible with existing management systems."[312] According to the NAPA report, any successful performance measurement system must be multi-faceted to meet the differing needs of grantees, HUD, and OMB:

> Grantees want maximum programmatic flexibility to tailor the investments to their local needs. At the federal level, HUD wants a system that reflects and maintains CDBG's flexibility, and complies with its statutory responsibilities as an executive agency. Meanwhile, OMB wants one that encourages HUD and

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[308] *Id.* at 233 (statement of Thomas Downs, Fellow, National Academy of Public Administration).
[309] *Id.*
[310] *Id.* at 288 (statement of Thomas Downs, Fellow, National Academy of Public Administration).
[311] *Id.* at 250 (statement of Lisa Patt-McDaniel, Assistant Deputy Director, Community Development Division, Ohio Department of Development, on behalf of the Council of State Community Development Agencies).
[312] NAPA PERFORMANCE MEASURES REPORT at xii.

> grantees to demonstrate conclusively that the investments contribute to the development of viable communities and to low- and moderate-income beneficiaries. To accomplish this, it wants entitlement communities and states to target CDBG funding to a limited number of neighborhoods.[313]

According to Lisa Patt-McDaniel, the Joint Working Group "succeeded" in developing performance measures upon which all stakeholders can agree.[314]

To address the performance measurement deficiencies of both the Conplan and IDIS as detailed heretofore, CDBG stakeholders formed a working alliance with HUD and OMB – the Joint Grantee/HUD/OMB Outcome Measurement Working Group - to develop a framework of common outcome measures that grantees of all government levels could use to report data and demonstrate results to HUD. According to Patt-McDaniel, "The CDBG program is an inherently flexible program, designed that way by Congress because of the complex and varying natures of our nation's communities," however, it is "that flexibility [that] sometimes makes it difficult to measure the effectiveness of the activities[.]"[315]

In designing an outcome performance measurement system, Ms. Patt-McDaniel described the group's aim as creating a tool which would answer the question, "In what way can we best demonstrate that the CDBG program does achieve the results that Congress intended for the program?"[316] Their goal was to create measures that would result in the aggregation of data, demonstrating the results and benefits of the CDBG program.

Beginning with the question, "why did we fund that project, what are we trying to achieve?," the group found that while grantees use CDBG funds for many different kinds of projects, "at the heart of these activities, there are common outcomes that most communities are trying to achieve." [317] With the implementation of this system, Patt-McDaniel believes grantees will be able to report data that can be aggregated by outcomes to "help Federal policymakers assess whether the statutory intent of the program is being met, and the system can be an important management tool at both the grantee and Federal level."[318]

According to Deputy Secretary Bernardi, "While program flexibility is maintained, the outcome measurement system offers a specific menu of objectives, outcomes and indicators so that reporting can be standardized and the achievements can be aggregated to the national level."[319] Further, advised Bernardi, the proposed matrix "will produce data to identify the results of formula grant activities. It will allow the grantees and HUD to provide a broader, more accurate picture. The goal is to have a system that will aggregate results across the spectrum of the programs at the city level, the county, [and] State,"[320] thereby "improve[ing] the type and content of reports available to HUD for monitoring."[321,322]

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[313] *Id.*

[314] *See id.* at 242 (statement of Lisa Patt-McDaniel, Assistant Deputy Director, Community Development Division, Ohio Department of Development, on behalf of the Council of State Community Development Agencies).

[315] *Id.* at 251.

[316] *Id.* at 241.

[317] *Id.* at 246.

[318] *Id.* at 243.

[319] *Id.* at 206 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

The Committee applauds HUD's collaborative effort with the Joint Working Group to develop a new performance measure matrix for the CDBG program. The Subcommittee also commends HUD for its impending Notice of Final Rule on this matter. The Committee acknowledges, however, that upgrading the Consolidated Plan or any performance measure system with the introduction of rigorous performance indicators could represent a significant technical challenge for many jurisdictions.

2. Recommendations

   a. *Congress should consider revising or eliminating the statue which requires how Consolidated Plans are used in monitoring CDBG targeting and accountability.*

   b. *HUD should work closely with OMB to replace the current IDIS system with a system that will measure performance in addition to functioning as an auditing and accounting tool.*

   c. *In addition to its efforts implementing the Joint Grantee/HUD/OMB Working Group Outcome Measurement System, HUD should adopt and implement the recommendations presented by the National Academy of Public Administration on performance measures.*

E. CURRENT ELIGIBLE USES OF CDBG FUNDS

1. Findings.

   a. *CDBG programmatic success has been effectively linked to the flexibility of the use of funds. Such broad flexibility should be maintained.*

Flexibility has been the key feature of the CDBG program most often lauded by end-users and other stakeholders. According to the James Hunt, the flexible nature of the program has "allowed local government broad latitude in how it uses grant funds, and whether that use is for the creation of new economic development opportunities, affordable housing, public facilities, or services."[323] Councilman Hunt argued that because of this flexibility, the CDBG program has "given cities the latitude to address 'urgent needs' like eliminating drug dens and other cancers on our communities – latitude not found with other programs."[324] "It is because of CDBG's flexibility and autonomy of local control that the CDBG program has become, from the local perspective, the most effective form of federal assistance currently available," Hunt concluded.[325]

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[320] *Id.* at 198.
[321] *Id.* at 209.
[322] As noted previously, a Final Rule implementing the new outcome performance measurement system is expected in late December 2005.
[323] *Id.* at 72 (statement of James C. Hunt, First Vice President, National League of Cities).
[324] *Id.*

Thomas Downs of the National Academy of Public Administration also applauded the flexibility of the program, stating, "The 1974 Housing Act clearly gives wide latitude – intentionally, I might add – to States and communities to spend CDBG moneys to meet the needs of poor people and distressed communities."[326] Mr. Downs explained:

> Part of the genius of the program is its breadth of decision making that allows State and local jurisdictions to solve problems that are unique within their community. And we have discovered long ago that there is a fundamental difference between Minot, North Dakota, and Miami. That is built into the program.[327]

The Committee agrees with stakeholders that the fundamental element of the CDBG program is its flexibility in the use of funds. While this flexibility may create accountability problems, it also provides local communities the latitude they require to expend the funds necessary to quickly and reliably address local needs. It has consistently been shown that federal government cannot effectively and efficiently anticipate local needs from inside the Beltway. State and local governments are often far more responsive to the needs of its citizens. Therefore, it is the view of the Committee, based on the notion and concept of federalism, that the broad flexibility inherent within the CDBG program should be maintained for the foreseeable future.

b. *Observers routinely criticize the CDBG program because entitlement communities may spend significant portions of their CDBG funds on staff positions and other administrative costs. Although CDBG grantees operate under a spending cap specifically on the administrative and planning activities category, there is not a cap on aggregate spending – spanning all eligible activity categories - for these functions.*

Congress instituted a 20 percent spending cap on items falling within the administration and planning activities category to limit the amount of funds that could be expended on non-program activities, including staff functions. HUD reported that 19 of the 100 most populated entitlement communities exceeded the 20 percent spending cap on administrative and planning activities category. Further, CDBG frequently endures criticism, that grantees spend well beyond that 20 percent on staff functions alone, merely by categorizing a particular function as an eligible activity.

Deputy Secretary Bernardi testified, "As long as the dollars are used to provide goods and services for individuals who meet the low and moderate-income threshold[, the] flexibility of the program allows the entities to use the money as they see fit."[328] Accordingly, grantees could conceivably spend 100 percent of its grant dollars on staff functions by categorizing particular functions as one of the 25 eligible activities and not be in violation of the spending restrictions.

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[325] *Id.*

[326] *Id.* at 232 (statement of Thomas Downs, Fellow, National Academy of Public Administration).

[327] *Id.* at 295.

[328] *Id.* at 212 (statement of Roy A. Bernardi, Deputy Secretary, Department of Housing and Urban Development).

There are two additional categories outside of administrative and planning activities that exclusively constitute staff expenditures. In program year 2003, 15 grantees expended more than 10 percent (four of which exceeded 15 percent) on housing rehabilitation administration while seven grantees expended more than 10 percent (two of which exceeded 20 percent) on code enforcement. HUD does not collect the appropriate data, however, to determine the overall amount of CDBG funds spent on staff functions falling outside of the 20 percent spending cap on administrative and planning activities.

Further, Mr. Bernardi testified, "direct project delivery costs may include the costs of staff carrying out the activity as well as other costs such as architectural and engineering services for construction activities or rent and utilities related to an eligible public service[.]"[329] Bernardi was unable to provide details on those activities, however, because "such specificity cannot be isolated within the data provided to HUD."[330] Consequently, HUD is unable to determine what percentage of CDBG funds are expended on staff functions by the 100 most populated entitlement communities.

The Committee finds that it is probable some CDBG grantees permissibly spend an excessive amount of grant dollars on administrative and staff functions that could be categorized as an eligible activity. In doing so, these communities spend irreplaceable dollars on functions other than those which are necessary to accomplish the tangible goals of CDBG programs and activities. Because HUD does not have the data necessary to precisely determine the amount of funds expended on such functions, the Committee cannot state with certainty how egregious the problem may be.

2. Recommendations.

   a. *Congress should review and consider revising the eligible activities enumerated in Sec. 5305 of the Title 42 of the United States Code to maintain a wide degree of flexibility of use with in the CDBG program.*

   b. *An aggregate cap on spending, applicable to all administrative and staff functions spanning all eligible activity categories, is necessary to ensure CDBG funds are available for the "bricks and mortar" community development functions targeted by the program.*

F. CENSUS BUREAU PRODUCTS

1. Findings

   a. *The decennial census is the primary source of data currently used for CDBG formula calculations. It currently provides data for all five of the CDBG formula variables. The decennial census long form provides data for three of the five*

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[329] *Id.* at 303.
[330] *Id.*

> *formula variables and other useful data to HUD and state and local planners but has shortcomings because this data is updated once every 10 years and quickly becomes dated. The U.S. Census Bureau, using the American Community Survey, is now providing similar data updated annually. If HUD were to better use this and other Census products it could greatly enhance the targeting accuracy and fairness of CDBG formula allocations.*

Discussions between Subcommittee and HUD staff have revealed that HUD has yet to determine how it will adapt American Community Survey (ACS) data and the rolling averages in particular, into CDBG calculations. Some observers argue that HUD should begin now to examine how it can best use ACS data in the design of its community development policies and formula calculations.

In a separate hearing entitled *"Life in the Big City: What is Census Data Telling Us About Urban America and Are Policymakers Really Listening?,"* held on May 10, 2005, the Federalism and Census Subcommittee examined the diverse data provided by the U.S. Census Bureau and how it is used by public and private sector planners. For example, the new Longitudinal Employer Household Dynamics (LEHD) program is linking shifts in industrial sectors and workforce requirements. The Bureau also is significantly improving GIS information nation-wide. The GIS is becoming an increasingly important planning tool. HUD, in cooperation with the U.S. Census Bureau, should explore opportunities for innovative applications of Census Bureau data to improve the targeting of CDBG funds allocations and for measuring the performance of CDBG projects.

Another issue raised in the May 10, 2005, hearing was the ongoing need for data user education for improved use of Census Bureau data products – simply because the data is available, does not mean that the data is effectively used. In the Subcommittee's May 24, 2005, hearing on CDBG performance measures, Lisa Patt-McDaniel testified that if Congress wishes to address the issue of CDBG program effectiveness, "it should direct HUD to find ways to train local governments on best practices on community planning…."[331] The Committee understands HUD requires that CDBG applicants and recipients use Census Bureau data and somewhat facilitates that use through certain types of technical assistance. Nonetheless, it is clear from both the May 10, 2005 and May 24, 2005 hearings that there are opportunities for more effective application of the wide variety of data provided by the Census Bureau for community planning purposes. To accomplish that goal, practitioners need more training. This especially holds true in smaller communities where a dedicated demographer may not be on staff. HUD should, in cooperation with the U.S. Census Bureau, explore opportunities for innovative applications of Census Bureau data to improve community development programs.

2. Recommendations

   a. *The Committee recommends that HUD, in cooperation with the U.S. Census Bureau, explore opportunities for innovative applications of Census Bureau data to improve community development programs.*

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[331] *Id.* at 287 (statement of Lisa Patt-McDaniel, Assistant Deputy Director, Community Development Division, Ohio Department of Development, on behalf of the Council of State Community Development Agencies).

Mr. McHenry. It is still regarded as a strong road map of how to improve the CDBG program by addressing the need as well as ensuring that we have the proper numbers.

So with that, Mr. Chairman, I thank you for having this hearing today. I appreciate your leadership and thank you for your friendship.

[The prepared statement of Hon. Patrick T. McHenry follows:]

EDOLPHUS TOWNS, NEW YORK
CHAIRMAN

DARRELL E. ISSA, CALIFORNIA
RANKING MINORITY MEMBER

ONE HUNDRED ELEVENTH CONGRESS
Congreſs of the United States
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Statement of Ranking Member Patrick McHenry

Subcommittee on Information Policy, Census, and National Archives

"Census Data and Its Use in Federal Formula Funding"

July 9, 2009

Thank you, Chairman Clay, for holding today's hearing on the value of census data.

As the Chairman has already stated, the data collected by the Census Bureau is vitally important to the calculation of funding levels and appropriations in federal programs, at the Congressional level and by federal agencies themselves. Data is also used by state and local governments to allocate resources and services, and by the private sector to determine where to invest and develop industry.

The subject of today's hearing underscores the importance of filling out that Decennial Census form when it arrives in April of 2010 and sending it in – and for us, as Members of Congress, encouraging all of our constituents to do so as well.

Since the Committee last met on this subject in March, the Census Bureau has now wrapped up its address canvassing effort, which Acting Director Mesenbourg, who is here to testify before us today, has called the "cornerstone" of the 2010 Census.

Approximately 140,000 census workers took to America's streets this Spring to verify addresses and assemble the Bureau's lists of where Decennial forms will be sent and, if needed, enumerators will visit in 2010. On separate occasions, Chairman Clay and I have stated that we both have unanswered questions about this vast canvassing effort. The outcome of the Decennial Census depends largely on this step in operations, and there is an obvious need to review and assess its successes and failures.

It is my hope that we can bring you in again soon, Mr. Mesenbourg, to evaluate the work the Bureau has done so far in preparation for Census Day before we jump ahead to what will be done with all of the collected data.

That said, today's hearing provides an important opportunity for this Committee to ensure that both census data and federal funding formulas are fair, accurate, and effective.

Chairman Clay, I would like to thank you for raising concerns about the inequities of the Community Development Block Grant Program. I share your concerns. As for how census numbers affect CDBG, I would like to point out that the CDBG funding formula involves many factors and that in the 109th Congress, this Subcommittee published a bipartisan report dealing with that funding formula. The report is still seen as a roadmap of how we can improve the CDBG program by addressing need, and I ask that it be included in today's hearing record.

Again, thank you Mr. Chairman for holding this hearing and I look forward to the testimonies from our witnesses.

Mr. CLAY. Thank you so much, Mr. McHenry. Be assured that as soon as the new Director is confirmed by the Senate, they will momentarily be before this committee. So thank you.

I would like to recognize the gentlewoman from California for 3 minutes.

Ms. WATSON. Thank you, Mr. Chairman. Thank you so much for holding today's important hearing examining the role census data plays in the formulas used for distributing Federal funds. I look forward to hearing from today's witnesses about the mythologies behind these formulas and the steps being taken to promote the census, improve participation, and decrease the differential under-count to ensure that Federal funds are appropriated to the areas in America where they are needed most.

Since the establishment of the decennial census in 1790, every census has experienced an under-count. According to the Government Accountability Office, the 2000 census missed an estimated 2 percent of the U.S. population, a disproportionate number of which were minorities, low income households, and children. My district in particular has traditionally been under-counted due to a lack of mutual understanding and engagement with local constituencies.

This under-count is troubling because without accurate population data, it is impossible to ensure that we have a complete view of our Nation's demographics, that Americans have proper representation in State and Federal Governments, and that Federal grants are targeted to where they are needed most.

According to the Census Bureau, for the fiscal year 2007, over $400 billion was allocated through Federal grants and direct assistance programs based on formulas reliant on data from the 2000 census. The amount of critical Federal funding at stake reinforces the importance of an accurate and comprehensive 2010 census count for local, State, and tribal governments.

Mr. Chairman, I would like to thank today's panelists for their cooperation with our proceedings and for your leadership in ensuring that the 2010 census provides the most complete enumeration of our population in American history.

Thank you and I yield back.

[The prepared statement of Hon. Diane E. Watson follows:]

Opening Statement

Congresswoman Diane E. Watson

"Census Data and Its Use in Federal Formula Funding"

Subcommittee on Information Policy, Census, and National Archives
Oversight and Government Reform Committee

Thursday, July 9, 2009
2154 Rayburn HOB
2:00 P.M.

Thank you Mr. Chairman for holding today's important hearing examining the role census data plays in the formulas used for distributing federal funds. I look forward to hearing from today's witnesses about the methodologies behind these formulas and the steps being taken to promote the census, to improve participation, and to decrease the differential undercount to ensure that federal funds are appropriated to the areas in America which need them most.

Since the establishment of the decennial census in 1790, every Census has experienced an undercount. According to the Government Accountability Office, the 2000 Census missed an estimated 2% of the U.S. population; a disproportionate number of which were minorities, lower-income households, and children. My district in particular has traditionally been undercounted due to a lack of mutual understanding and engagement with local constituencies.

This undercount is troubling to me because without accurate population data it is impossible to ensure that we have a complete view of our nation's demographics, that Americans have proper representation in state and federal government, and that federal grants are targeted to where they are needed most.

According to the Census Bureau, for the Fiscal Year 2007 over $400 billion was allocated through federal grants and direct assistance programs based on formulas reliant on data from the 2000 Census. The amount of critical federal funding at stake reinforces the importance of an accurate and comprehensive 2010 Census count for local, state, and tribal governments.

Mr. Chairman, I would like to thank today's panelists for their cooperation with today's proceedings, and for your leadership in ensuring that the 2010 Census provides the most complete enumeration of our population in American history.

Thank you and I yield back the remainder of my time.

Mr. CLAY. Thank you so much. I also want to recognize a guest here who will serve on the panel here, my good friend Marcy Kaptur from Ohio. Thank you for coming today. If you have any opening statement, you can be recognized for 3 minutes.

Ms. KAPTUR. I wanted to thank you very much for the opportunity to sit in.

Our community of Toledo, OH in the Ninth District well knows the importance of the census and the distribution of the tax dollars that our citizens send here to Washington and then by formula are sent back home.

On the second panel I will have the pleasure of introducing our Mayor and his team, who have traveled very far, Mayor Carleton Finkbeiner. I would like to recognize him now. He is a 12-year Mayor of our city and the first strong Mayor in Toledo's history. We are very proud of him. No one has fought harder for accurate census counts than he has, having been someone who helped to do the census when he was a youngster and having seen what actually happened when people went out into the field. So we look forward to his testimony this afternoon.

I thank you very much for the time.

Mr. CLAY. You are very welcome. We look forward to your service on this committee today. Without further ado, I want to start by introducing our first panel.

We will first hear from Mr. Thomas Mesenbourg who is currently serving as the Acting Director of the U.S. Census Bureau. He has more than 36 years of Census Bureau experience and now oversees the day to day operations of the Federal Government's perennial, preeminent statistical agency.

Next we will hear from Mr. Robert Goldenkoff, a Director on the U.S. Government Accountability Office's Strategic Issues team. He has over 20 years of program evaluation experience with GAO and is currently responsible for reviewing the 2010 census and Government-wide human capital reforms.

Our third witness is Mr. Todd Richardson, the Associate Deputy Assistant Secretary in the Office of Policy Development for the U.S. Department of Housing and Urban Development. At HUD, he leads a team of staff responsible for analyzing current data and drawing on the results of past research to assist the Secretary with making informed policy decisions.

Our next witness is Mr. Donald Moulds, the newly appointed Principal Deputy Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services. In this capacity, he provides leadership, direction, and management of policy research, analysis, evaluation, and coordination of Department-wide science and data policy activities and issues.

Our last witness on the first panel, Mr. Stuart Kerachsky, is the Acting Commissioner of the National Center for Education Statistics in the U.S. Department of Education. His career has been devoted to applying the best scientific methods to bringing information and evidence to bear on improving social programs.

Let me thank all of you for appearing today before the subcommittee. It is the policy of the committee to swear in all witnesses before they testify. I would like to ask each witness to please stand and raise your right hands.

[Witnesses sworn.]

Mr. CLAY. Thank you. You may be seated. Let the record reflect that the witnesses answered in the affirmative.

Each of you will have 5 minutes to make an opening statement. Your complete written testimony will be included in the hearing record. The yellow light in front of you will indicate that it is time to sum up. The red light will indicate that your time has expired. When you hear this, that means shut it off. [Laughter.]

Mr. Mesenbourg, you may proceed with your opening statement.

STATEMENTS OF THOMAS MESENBOURG, ACTING DIRECTOR, U.S. CENSUS BUREAU; ROBERT GOLDENKOFF, DIRECTOR, STRATEGIC ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; TODD RICHARDSON, ASSOCIATE DEPUTY ASSISTANT SECRETARY, POLICY DEVELOPMENT, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; DONALD MOULDS, ACTING ASSISTANT SECRETARY, PLANNING AND EDUCATION, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES; AND STUART KERACHSKY, ACTING DIRECTOR, NATIONAL CENTER FOR EDUCATION STATISTICS, U.S. DEPARTMENT OF EDUCATION

STATEMENT OF THOMAS MESENBOURG

Mr. MESENBOURG. Chairman Clay, Ranking Member McHenry, and members of the subcommittee, thank you for the opportunity to discuss the role that data produced by the Census Bureau plays in Federal funds distribution. I appreciate the subcommittee's attention to this important issue and I am pleased to be testifying alongside four of the agencies that use our data.

This helps make an important distinction. The Census Bureau is not involved in developing, administering, or evaluating the funding formula or the programs that use our data. However, the Census Bureau through the decennial census, the American Community Survey, and our Population Estimates Program is the producer of many of the data sources used by agencies in their funding formula. 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 information produced by the American Community Survey. The American Community Survey collects data monthly for population and housing characteristics that previously were collected in the decennial census long form. Of course, we publish that data annually.

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 counts each year with new information using births, deaths, and net migration information. The population estimates are used in many formulas to allocate funding. They are also used in the production of the final American Community Survey estimates released to the public. Thus the quality of the official population estimates and the American Community Survey are inextricably linked to the accuracy of the decennial census.

Federal agencies that administer grants and other Federal funds allocation programs typically use a mix of the decennial census, population estimates, and information from the American Community Survey. I make this point to stress the importance of the upcoming 2010 census. Our Governments Division recently analyzed 140 Federal grant and direct assistance programs for fiscal year 2007 and concluded that over $400 billion are distributed annually using one or more of these Census Bureau data sources. There is no better way to emphasize the importance of the 2010 census for local, State, and tribal governments than by acknowledging this.

In the years between the 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 complete count. They are determined by using available data, for example, from available administrative record data on births and deaths as well as information from the IRS to track net migration flows. The estimates rely heavily on data from the latest available decennial census as those census data serve as the basis on which the population estimates are constructed.

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 and critical 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 everyone, count them once, and count them where they usually reside. This is the daunting challenge but we are committed to making the 2010 census the most successful ever.

Thank you for this opportunity to testify.

[The prepared statement of Mr. Mesenbourg follows:]

PREPARED STATEMENT OF
THOMAS MESENBOURG
ACTING DIRECTOR
U.S. CENSUS BUREAU

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

9 July, 2009

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 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 on 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 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.

Mr. CLAY. Thank you, Mr. Mesenbourg. Mr. Goldenkoff, you are recognized.

STATEMENT OF ROBERT GOLDENKOFF

Mr. GOLDENKOFF. Chairman Clay, Ranking Member McHenry, and members of the subcommittee, thank you for the opportunity to be here today to discuss the role that population data plays in the allocation of Federal funds to States and localities.

In my written statement, we reported that in past years the Federal Government has annually distributed over $300 billion in Federal assistance through grant programs using formulas driven in whole or in part by census population counts. According to a new Census Bureau study, this figure is now over $400 billion for fiscal year 2007. What is more, the American Recovery and Reinvestment Act will obligate an additional $161 billion to Federal grant programs for fiscal year 2009, including some programs that depend to some extent on census population data to determine the amount of Federal assistance.

As agreed with the subcommittee, my testimony describes how census data are used in the allocation of Federal formula grant funds and how the structure of the formulas and other factors can affect those allocations. In particular, I want to stress two key points. First, although population counts play an important role in the distribution of Federal funds, other factors such as the design of the grant formulas can mitigate the effect that any population changes have on funding levels.

Second, because population estimates are important for Federal funding allocations and the decennial census is the foundation for these estimates, an accurate enumeration in 2010, including the reduction in the historic under-count of minority and other populations as well as a complete count of communities affected by Hurricane Katrina and other natural disasters, is absolutely essential.

Federal grants use various sources of population data in their funding formulas. The largest of these is the decennial census, which the Census Bureau conducts every 10 years.

The Bureau also estimates the population for the years between censuses, known as post-censal estimates. For example, the allocation formula for Social Services Block Grants, which help States fund day care, health, substance abuse, and numerous other programs, uses the most recent post-censal population estimates to distribute funds.

Another source of population data is the Bureau's American Community Survey, which provides detailed annual data on socioeconomic characteristics for the Nation's communities. It is used to allocate Federal funds for such programs as the Section 8 Housing Voucher Program, which is aimed at increasing affordable housing choices for very low income households.

A third source is the Current Population Survey, which is conducted by the Census Bureau for the Bureau of Labor Statistics. CPS data are used to allocate funds for programs under the Workforce Investment Act of 1998, which provides work force development services to employers and workers.

Among funding formulas that rely on population data, the degree of reliance varies. On the one hand, the Social Services Block

Grant formula allocates funding based on States' population relative to the total U.S. population. On the other hand, some formulas such as Medicaid use population plus one or more other variables to determine funding levels.

As the completeness and accuracy of population data can modestly affect grant funding streams and other applications of census data, the Bureau has used a variety of programs to address possible errors in population counts and estimates.

Importantly, however, while accurate population data play an important role in allocating Federal assistance, various grant-specific factors can also affect the distribution of Federal funds and can mitigate the impact of population changes. For example, some grant programs including Medicaid employ floors in order to mitigate the outcome that would result if a particular grant allocation were determined by the funding formula alone. Further, in order to prevent funding losses from a formula change, programs can include hold harmless provisions guaranteeing a level of funding that is based on a prior year's funding.

In conclusion, while population data play an important role in allocating Federal assistance through formula grant programs, the design of a grant can also affect funding allocations and in some cases can mitigate or entirely mute the impact of a change in population. Further, shifts in population, inaccuracies in census counts, and methodological problems with population estimates can also impact the distribution of Federal grant money.

Nevertheless, given the importance of census data as a baseline for post-censal estimates used for grant programs as well as for congressional apportionment and redistricting, counting the Nation's population once, only once, and in the right location in 2010 will be absolutely critical.

Mr. Chairman, this concludes my remarks and I will be glad to answer any questions that you or other subcommittee members may have.

[The prepared statement of Mr. Goldenkoff follows:]

United States Government Accountability Office

GAO

Testimony
Before the Subcommittee on Information Policy, Census, and National Archives, Committee on Oversight and Government Reform, House of Representatives

For Release on Delivery
Expected at 2:00 p.m. EDT
Thursday, July 9, 2009

FORMULA GRANTS

Census Data Are among Several Factors That Can Affect Funding Allocations

Statement of Robert Goldenkoff, Director
Strategic Issues

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Highlights

Highlights of GAO-09-832T, a testimony before the Subcommittee on Information Policy, Census, and National Archives, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

In past years, the federal government has annually distributed over $300 billion in federal assistance through grant programs using formulas driven in part by census population data. Of the more than $580 billion in additional federal spending, the American Recovery and Reinvestment Act of 2009 will obligate an estimated additional $161 billion to federal grant programs for fiscal year 2009.

The U.S. Census Bureau (Bureau) puts forth tremendous effort to conduct an accurate count of the nation's population, yet some error in the form of persons missed or counted more than once is inevitable. Because many federal grant programs rely to some degree on population measures, shifts in population, inaccuracies in census counts, and methodological problems with population estimates can all affect the allocation of funds.

This testimony discusses (1) how census data are used in the allocation of federal formula grant funds and (2) how the structure of the formulas and other factors can affect those allocations. This is based primarily on GAO's issued work on various formula grant programs and the allocation of federal funds.

View GAO-09-832T or key components.
For more information, contact Robert Goldenkoff (202) 512-2757 or goldenkoffr@gao.gov.

July 9, 2009

FORMULA GRANTS

Census Data Are among Several Factors That Can Affect Funding Allocations

What GAO Found

Federal grants use various sources of population counts in their funding formulas. They include the decennial census, which provides population counts once every10 years, and also serves as the baseline for estimates of the population for the years between censuses—known as postcensal estimates. Other sources of population data include the Bureau's American Community Survey and the Current Population Survey conducted by the Bureau for the Bureau of Labor Statistics, which provides monthly data.

The degree of reliance on population in funding formulas varies. For example, the Social Services Block Grant formula allocates funding based solely on a state's population relative to the total U.S. population. Other programs use population plus one or more variables to determine funding levels. Medicaid, for example, uses population counts and income to determine its federal reimbursement rate.

On the basis of simulations GAO conducted of federal grant allocations by selected federal grant programs—for illustrative purposes only—we found that changes in population counts can affect, albeit modestly, the allocations of federal funds across the states. For example, in 2006 we found that compared to the $159.7 billion total federal Medicaid funding in 2004, 22 states would have shared an additional $208.5 million in Medicaid funding, 17 states would have lost a total of $368 million, and 11 states and the District of Columbia would have had their funding unchanged. In total 0.2 percent of Medicaid funds would have shifted as a result of the simulation.

In addition to population data, various other factors related to the design of federal grant programs may mitigate the effect that population changes can have on the distribution of federal funds. For example, in order to prevent funding losses from a formula change, several programs include hold-harmless provisions guaranteeing that each recipient entity will receive a specified proportion of the prior year's amount or share regardless of population changes.

Chairman Clay, Mr. McHenry, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss the role that the nation's population count plays in the allocation of federal funds to states and localities. As agreed with the Subcommittee, my remarks today describe (1) how census data are used in the allocation of federal formula grant funds, and (2) how the structure of the formulas and other factors can affect those allocations.

My main point is that although population counts play an important role in the distribution of federal funds, other factors, such as the design of the grant formulas, can mitigate the effect that any population changes have on funding levels. It does not necessarily follow that an increase or decrease in population size would have a proportional effect on the amount of federal assistance an entity ultimately receives. Nevertheless, because population estimates are important for federal funding allocations, and the decennial census is the foundation for these estimates, an accurate enumeration in 2010—including a reduction in the historic undercount of minority and other populations, as previously reported[1]—is essential.

As you well know, the decennial census is a critical national effort mandated by the Constitution, and census data are used to apportion congressional seats and redraw congressional districts. Data from the decennial census, and annual estimates of the nation's population that are derived from the decennial, directly and indirectly affect the allocation of federal assistance to state and local governments. In past years, the federal government distributed over $300 billion annually in federal assistance through federal grant programs to states and localities using formulas driven in whole or in part by census population data. The enactment of the American Recovery and Reinvestment Act of 2009 (Recovery Act)[2]—which is intended to help restore the economy, invest in our national infrastructure, and minimize and avoid reduction in state and local government services—will allocate additional money through grant programs. Of the $580 billion in additional federal spending associated with the Recovery Act, the federal government will obligate an estimated additional $161 billion to federal grant programs for fiscal year 2009, including some programs that depend on census population data in whole or in part to determine the amount of federal assistance.

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[1] GAO, *2010 Census: Communications Campaign Has Potential to Boost Participation*, GAO-09-525T (Washington, D.C.: Mar. 23, 2009).

[2] Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

The Census Bureau (Bureau) puts forth tremendous effort to conduct an accurate count of the nation's population. However, some degree of error in the form of persons missed (an undercount), counted more than once (an overcount), or in the wrong location is inevitable. Such errors are particularly problematic because of their differential impact on various subgroups. Minorities, renters, and children, for example, are more likely to be undercounted by the census, while more affluent groups, such as people with vacation homes, are more likely to be enumerated more than once.

Further, the U.S. has an increasingly mobile population, and natural disasters such as Hurricane Katrina can have a dramatic impact on population counts of affected communities. For example, in the wake of Hurricane Katrina, the Red Cross estimated that over a half a million people were displaced and either temporarily or permanently migrated to other areas. Because many federal grant programs rely to some degree on population measures, shifts in population, inaccuracies in census counts, and methodological problems with population estimates can all affect the allocation of funds.

My remarks are based primarily on reports we have previously issued on various formula grant programs and the allocation of federal funds (please see the final pages of this testimony for a list of related GAO products). To update information from our prior work, we reviewed funding data for selected grant programs in the Office of Management and Budget's *Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2010* and interviewed Bureau officials. We selected five grant programs based on prior work we conducted that illustrate how population and other factors can affect the allocation of federal funds. According to the General Services Administration's *Catalog of Federal Domestic Assistance*, the federal government administers over 1,800 different grant programs. Some grant programs use census population data in their allocation formulas while others do not. The five programs we selected constituted about $225.7 billion in fiscal year 2008 obligations, and represented more than 40 percent of federal program grant obligations in that year. The programs we selected (and the amount of money obligated in fiscal year 2008) include:

- the Medical Assistance Program (Medicaid),[3] which is a joint federal-state program that finances health care for certain low-income individuals (about $214.0 billion in fiscal year 2008 obligations);[4]
- the Community Development Block Grant program (CDBG),[5] which is intended to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income (about $4.9 billion in fiscal year 2008 obligations);[6]
- the Vocational Rehabilitation Program (VR),[7] which administers grants for the purpose of providing vocational rehabilitation services to persons with disabilities who are seeking competitive employment ($2.9 billion in fiscal year 2008 obligations);[8]
- the Social Services Block Grant (SSBG) program,[9] which is a federal program that provides funds to assist states in delivering social services to adults and children ($1.7 billion in fiscal year 2008 obligations); and
- the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act of 1990,[10] which was enacted to address the needs of jurisdictions, health care providers, and people with human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) and their family members (about $2.2 billion in fiscal year 2008 obligations).

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[3] 42 U.S.C. §§ 1396 to 1396w-2.

[4] Growing obligations in fiscal years 2009 and 2010 would then be supplemented by an estimated $79.8 billion under the Recovery Act.

[5] 42 U.S.C. §§ 5301-5321.

[6] The CDBG obligation in fiscal years 2009 and 2010 will be supplemented by an estimated $3 billion under the Recovery Act.

[7] 29 U.S.C. §§ 720-751.

[8] The VR obligation in fiscal year 2009 will be supplemented by an estimated $540 million under the Recovery Act.

[9] 42 U.S.C. §§ 1397-1397f.

[10] 42 U.S.C. §§ 300ff to 300ff-121.

Changes in Census Population Counts Can Affect the Allocation of Federal Funds

Federal grants use various sources of population counts in their funding formulas. First, the Bureau conducts the decennial census, which provides population counts once every 10 years, and also estimates the population for the years between censuses—known as postcensal estimates. For example, the SSBG allocation formula uses the most recent postcensal population estimates to distribute funds. Second, the Bureau's American Community Survey provides detailed annual data on socioeconomic characteristics for the nation's communities and is used to allocate federal funds for such programs as the Section 8 housing voucher program,[11] an effort aimed at increasing affordable housing choices for very low-income households. In addition, the Current Population Survey conducted by the Bureau for the Bureau of Labor Statistics provides monthly data and is used to allocate funds for programs under the Workforce Investment Act of 1998,[12] which provides workforce development services to employers and workers.

Among funding formulas that rely on population data, the degree of reliance varies. On the one hand, the SSBG formula allocates funding based on a state's population relative to the total U.S. population. On the other hand, some formulas use population plus one or more other variables to determine funding levels. Medicaid, for example, uses population counts and income to determine the federal reimbursement rate. The Medicaid formula is based on the ratio of a state's aggregate personal income to the same state's population relative to aggregate U.S. per capita personal income. Other grant programs, such as CDBG, are driven by multiple factors in addition to population such as poverty, housing overcrowding, and the age of the housing. Population plays a more limited role in other programs. Federal assistance under one part of the CARE Act does not use census population counts in its funding formula. Rather, census population counts are used in this part as criteria for program eligibility—CARE Act funds under this part are awarded to urbanized areas, which are determined in part by census population counts. The actual amount of federal assistance is based on the counts of people with HIV/AIDS.[13]

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[11] 42 U.S.C. § 1437f.

[12] Pub. L. No. 105-220, 112 Stat. 936 (Aug. 7, 1998).

[13] See, e.g., 42 U.S.C. §§ 300ff-11, 300ff-13.

Accurate Population Counts Are Important for Allocating Federal Assistance

On the basis of simulations we conducted of formula grant allocations, we found that changes in population counts can affect, albeit modestly, the allocations of federal funds for the programs analyzed. Note that these simulations were for illustrative purposes only—to demonstrate the effect that alternative population estimates could have on selected federal grant programs.

In two prior reports, we simulated the reallocations that would have resulted from using alternative population counts for Medicaid allocations.[14] In our 2003 report, based on population estimates that differed from the 2000 Census count by about 3.2 percent across the U.S. and varying state by state, we found that of the $110.9 billion total federal Medicaid spending in 2002, 18 states would have shared an additional $377.0 million in Medicaid funding, 21 states would have lost a collective $363.2 million, and 11 states and the District of Columbia would have had their funding unchanged.

In our 2006 report, based on population estimates that differed from the 2000 Census count by about 0.5 percent across the U.S. and varying state by state, we found that of the $159.7 billion total federal Medicaid funding in 2004, 22 states would have shared an additional $208.5 million in Medicaid funding, 17 states would have lost a total of $368 million, and 11 states and the District of Columbia would have had their funding unchanged.[15] In total, 0.2 percent of Medicaid funds would have shifted as a result of the simulation. In our 2006 report, we also simulated the reallocations of SSBG funding and found that of the $1.7 billion in SSBG allocations, 27 states and the District of Columbia would have shared a gain of $4.2 million and 23 states would have shared a loss of $4.2 million. In total 0.2 percent of SSBG funds would have shifted as a result of the simulation.

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[14] GAO, *Federal Assistance: Illustrative Simulations of Using Statistical Population Estimates for Reallocating Certain Federal Funding*, GAO-06-567 (Washington, D.C.: June 22, 2006) and *Medicaid Formula: Differences in Funding Ability among States Often Are Widened*, GAO-03-620 (Washington, D.C.: July 10, 2003).

[15] GAO-06-567.

The Census Bureau Has Procedures for Addressing Errors in Population Counts

Since the completeness and accuracy of population data can modestly affect grant funding streams and other applications of census data, the Bureau has used a variety of programs to address possible errors in population counts and estimates. Not all of these programs are completed by December 31 of the decennial year—the date on which population data are to be sent to the President for purposes of congressional apportionment. Corrections made after this date may be reflected in the population counts made available for redistricting or the allocation of federal funds.

- Demographic Full Count Review: For the 2000 Census, analysts were hired under contract by the Bureau to identify, investigate, and document suspected data discrepancies in order to clear census data files and products for subsequent processing or public release. Bureau reviewers were to determine whether and how to correct the data by weighing quality improvements against time and budget constraints. Bureau officials told us that they expect to implement something similar to the 2000 program, but they have not made a final decision for 2010.
- Count Question Resolution (CQR): In addition, for the 2000 Census the Bureau implemented the CQR program to provide a mechanism for state, local, and tribal governments, as well as Bureau personnel, to correct the counts of housing units and other types of dwellings and their associated populations. Governmental entities could use the updated information when applying for federal assistance that uses census data as part of the allocation formula. Between the program's initiation in June 2001 and its completion in September 2003, the CQR program corrected data affecting over 1,180 of the nation's more than 39,000 governmental units. Although the national- and state-level revisions were relatively small, in some cases the corrections at the local level were substantial. For example, the Bureau added almost 1,500 persons to the population count of Cameron, Missouri, when CQR found that a prison's population was erroneously omitted. Bureau officials told us that they expect to implement something similar to the 2000 program, but they have not made a final decision for 2010.
- Census Challenge Program: Further, to permit challenges to population estimates prepared by the Bureau, the Bureau administers a program whereby governmental units—including states, counties, and tribal and local governments—may file informal challenges within a designated period of time after the estimate is released by the Bureau. In the event that the challenge cannot be resolved informally, the governmental unit

may proceed with a formal challenge where the state or local government unit has a right to a hearing.[16] Using such documentation as new construction permits, and data from water and electrical utilities, localities can ask the Bureau to review and update their population counts. Between 2001 and 2007, 259 challenges led to adjustments in census population estimates.

- Coverage Measurement: Beginning with the 1980 Census, the Bureau has had procedures in place to measure the accuracy of the census (or "coverage") by relying on additional information obtained from an independent sample survey of the population. However, due to concerns over the quality of the data and other factors, the Bureau has never used the results of its coverage measurement efforts to adjust the census population count. For the 2010 Census, the Bureau plans to measure coverage error for various demographic groups and geographic areas, but does not plan to use the results to adjust the final population counts.

Factors Other Than Population Can Affect Distribution of Federal Funds

Although accurate population counts and estimates play an important role in allocating federal assistance, various other factors related to the design of federal grant programs may mitigate or increase the effect that population changes can have on the distribution of federal funds. These factors include floors on matching rates, floors for small states, hold-harmless provisions, complex formula structures, lags in data, and whether funding for a specific program is from a fixed pool or open ended. I will describe each in greater detail.

- Floors on Matching Rates: Some grant programs employ floors in order to mitigate the outcome that would result if a particular grant allocation were determined by the funding formula alone. For example, the Medicaid statute provides for a 50 percent floor.[17] In our 2003 report on federal formula grant funding, we found that for certain states the Medicaid matching provisions mitigated the effect of the Medicaid funding formula, which has a population component.[18] In 2002, under the statutory formula, which is based on personal income relative to state's population, Connecticut—a state with a high per-capita income—would have received a 15 percent federal matching rate. Because of the statutory floor, Connecticut instead received a 50 percent federal match.

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[16] 15 C.F.R. §§ 90.1-90.18.

[17] The Medicaid statute also generally provides for an 83 percent ceiling on the matching rate of each state's contribution. 42 U.S.C. §1396d(b). However, 1973 is the most recent year that any state has qualified for the 83 percent ceiling in the federal matching rate.

[18] GAO-03-178.

- Floors for Small States: To ensure at least a minimum level of funding for all states, program formula allocations with formulas that rely on population data can include floors for small states. The VR formula employs a floor allocation that overrides the population-based allocations.[19] The least-populated states receive a higher allocation than they would have otherwise received under the formula.

- Hold-Harmless Provisions: In order to prevent funding losses from a formula change, programs can include hold-harmless provisions guaranteeing a level of funding that is based on a prior year's funding. For example, one part of the CARE Act contains hold-harmless provisions whereby some recipients are guaranteed they will receive at least as much funding as in the previous year.[20]

- Complex Formula Structures: Many formulas include measures other than population to distribute funds. VR allocations depend upon three factors: the state's 1978 allocation, population, and per capita income.[21] As a result, the effect of increases in population may be mitigated by their 1978 allocations and changes to the state's per capita income. CDBG allocations are based on a complex dual formula structure using statistical factors reflecting several broad dimensions of need. Each metropolitan city and urban county is entitled to receive an amount equaling the greater of the amounts calculated under two formulas. The factors involved in the first formula are population, extent of poverty, and extent of overcrowded housing, weighted 0.25, 0.50, and 0.25, respectively. The factors involved in the second formula are population growth lag, poverty, and age of housing, weighted 0.20, 0.30, and 0.50, respectively.[22] In these formulas, the inclusion of population moderates the targeting impact of the other formula factors. We previously reported that complex approaches such as this can result in widely different payments to communities with similar needs.[23]

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[19] 29 U.S.C. § 730(a).

[20] See, e.g., 42 U.S.C. § 300ff-13(a)(4).

[21] 29 U.S.C. § 730.

[22] 42 U.S.C. § 5306.

[23] GAO, *Community Development Block Grant Formula: Options for Improving the Targeting of Funds*, GAO-06-904T (Washington, D.C.: June 27, 2006).

- Lags in Data Used to Allocate Funds: Statutes that require formulas to use specific sources of data can introduce lags in the data being used when those data are not immediately available. Lags inherent in the collection and publication of data by statistical agencies that gather and process data can result in a formula relying on data that are several years old. For example, the Medicaid statute generally specifies that matching rates for Medicaid be calculated 1 year before the fiscal year in which they are effective, using a 3-year average of the most recently available per capita income data reported by the Department of Commerce.[24] For fiscal year 2007, matching rates were calculated at the beginning of fiscal year 2006 using 3-year average data for 2002 through 2004—the latest then available. Where recipients have been affected by recent changes to their population, the recipient may view such allocations as slow to respond to these changes in population.

- Fixed Pool versus Open Ended Funding: Most programs have a finite or fixed pool of funds to distribute, while others do not. In a fixed pool program, such as SSBG, when a population change results in an increased allocation for one state, the increase is offset by decreases in allocations to one or more other states. In open-ended programs, such as Medicaid, states can receive more funding when states spend more from their own source of revenue, without a corresponding decrease to other states.

In conclusion, while population data play an important role in allocating federal assistance through formula grant programs, other grant-specific features—several of which I have discussed today—can also play a role in funding allocations, and in some cases can mitigate or entirely mute the impact of a change in population. Importantly, not all grants work the same, and an increase or decrease in population size may not have a proportional impact on ultimate funding levels. Nevertheless, given the importance of census data as a baseline for postcensal estimates used for grant programs, as well as for congressional apportionment and redistricting, counting the nation's population once, only once, and in the right location in 2010 is an essential first step.

Mr. Chairman, this concludes my remarks. I will be glad to answer any questions that you or other Subcommittee members may have.

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[24] 42 U.S.C. § 1301(a).

Contacts and Acknowledgments

For further information regarding this statement, please contact Robert Goldenkoff, Director, Strategic Issues, on (202) 512-2757 or at goldenkoffr@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. Individuals making key contributions to this statement included Ty Mitchell, Assistant Director; Sarah Cornetto; Erin Dexter; Robert Dinkelmeyer; Gregory Dybalski; Amber G. Edwards; Amanda Harris; and Tamara F. Stenzel.

Related GAO Products

Ryan White CARE Act: Estimated Effect of Proposed Stop-Loss Provision on Urban Areas. GAO-09-472R. Washington, D.C.: March 6, 2009.

2010 Census: Population Measures Are Important for Federal Allocations. GAO-08-230T. Washington, D.C.: October 27, 2007.

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Data Quality: Improvements to Count Correction Efforts Could Produce More Accurate Census Data. GAO-05-463. Washington, D.C.: June 20, 2005.

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Mr. CLAY. Thank you so much for your testimony, Mr. Goldenkoff. Mr. Richardson, you are recognized for 5 minutes.

STATEMENT OF TODD RICHARDSON

Mr. RICHARDSON. Thank you. Chairman Clay, Ranking Member McHenry, and members of the subcommittee, thank you for inviting me to testify today.

HUD annually allocates directly or through guided competitions more than $10 billion to cities, counties, States, Indian tribes, and other grantees using several different formulas based on census data. The Community Development Block Grant program, proposed for fiscal year 2010 to allocate nearly $4.2 billion, allocates the largest share of the dollars.

CDBG is a relatively complicated dual formula with one formula allocating toward communities that have growth and higher poverty and other formula allocating to communities that generally have old housing and population loss. These formulas rely on five variables from the Census Bureau. From census 2000 data, we have persons in poverty, overcrowded households, and housing units built prior to 1940. These variables are fixed until we integrate American Community Survey data in fiscal year 2011. From annual Population Estimates data, including updated data as a result of challenges, we have the number of persons and a variable called growth lag.

I am going to talk a little bit about growth lag because it affects the question that you raised about Toledo. The growth lag variable is used to fund communities that have had historically declining populations. If a community that has historically declining populations does a population challenge that shows its population is actually larger than we had thought it was, the net result on the CDBG formula, unlike most formulas, is to result in a funding change that would reduce funding under the CDBG program. So that is a little unusual in terms of how formulas operate. But that has been in place since 1977 when the formula was put in place.

Mr. CLAY. I am going to ask you to explain it in more detail when we get to the questioning period. But go ahead.

Mr. RICHARDSON. Absolutely. Other programs that allocate funding using the basic CDBG formula are the Emergency Shelter Grant Program and the guiding initial pro-rata need allocation for the Continuum of Care homeless program competition.

Separate formulas relying on census data largely sample data from the census 2000. They include the HOME, Native American Housing Block Grant, Indian CDBG, Section 202, and Section 811 programs. The Housing Trust Fund, created in HERA and proposed by the President to receive $1 billion for fiscal year 2010 would also be allocated to States using special tabulation data on housing needs.

In 2010, as you know, the Census Bureau plans to publish the first 5-year data products based on American Community Survey data collected in 2005 through 2009. Beginning in fiscal year 2011, HUD plans to use ACS 5-year average data in place of the census 2000 sample data that are used to allocate most of the funding for the programs I just described.

Our understanding is that the 5-year ACS data will be weighted to the average of the population controls over the 5-year period. This is a very good thing since it leads to an integration of updated population and updated counts for all of the variables for each formula on an annual basis. That said, the initial move to the ACS data in fiscal year 2011 is very likely to cause some significant changes in allocation amounts for program grantees.

Quality of data is only half of the equation in allocation formulas. Quality of the formula is equally important. Because housing and community development needs are not static, it is important to regularly assess whether these formulas need updating so they remain well targeted to the intended needs and treat all grantees fairly.

In 2005, HUD published a report that identified some problems with how the CDBG formula targets funds. The 2005 report demonstrates some stark examples of how the CDBG formula is currently not as fair as it could be. It over-funds some less needy places, it under-funds some very needy places, and it allocates very different grant amounts to places with similar needs. The current formula on average will target more funds to the most needy communities but does so much less so than it did when it was developed in the 1970's.

There are several problems with the current formula including the use of housing built before 1940 as a proxy for population loss, aging infrastructure, and dilapidated housing. While this may have worked in the 1970's, since the 1970's the more distressed communities have torn down that old housing while the less distressed communities have retained it. This leads to a shift in dollars from distressed communities to less distressed communities.

Other variables like poverty are good measures but they create some anomalies such as college towns getting large grants because of the large number of students that are counted in poverty and the growth lag variable which generally targets places that are losing populations. There are some well off communities that have been static in population since 1960 that get significant grants as well.

The other problem is that this is a dual formula. A dual formula creates some anomalies in itself, funding similarly needy communities at very different amounts.

As you are well aware, changing the CDBG formula to correct its targeting problem is politically challenging. If funding is held static or declining, a change in the formula that results in increases in funding for some communities also results in decreases for others. Fiscal year 2010, however, offers a rare opportunity to change the CDBG formula without causing a funding decrease for any community relative to the fiscal year 2009 allocations. This is because for fiscal year 2010 President Obama has proposed to fully fund CDBG at $543 million more than the amount funded in 2009. This gives us an opportunity to implement a hold harmless provision.

Thank you.

[The prepared statement of Mr. Richardson follows:]

Statement

Of

Todd Richardson

Associate Deputy Assistant Secretary

Office of Policy Development and Research, U.S. Department of Housing and Urban Development

Information Policy, Census and National Archives Subcommittee

Oversight and Government Reform

"Census Data and Its Use in Federal Formula Funding"

Thursday, July 9, 2009

2247 Rayburn HOB

2:00 p.m.

Chairman Clay, Ranking Member McHenry, and members of the subcommittee, thank you for inviting me to discuss how the Department of Housing and Urban Development uses Census data, the criteria used to calculate funding for the Department's major programs, and how the Department uses the yearly Census estimates and the American Community Survey to adjust funding formulas. I will also talk abut the Department's report entitled "CDBG Formula Targeting to Community Development Need" as well as the Obama Administration's proposal to pursue formula reform in conjunction with a funding increase for the CDBG program in Fiscal Year 2010.

Allocation Formulas Using Census Data

HUD annually allocates approximately $7.8 billion directly to cities, counties, states, and Indian tribes using formulas based on Census data. An additional $2.3 billion is allocated via competitions guided by initial allocations to counties or field offices using Census data. Those formulas are:

The Community Development Block Grant Program (CDBG) that is proposed for FY 2010 to allocate $4.178 billion to more than 1,150 cities and counties directly as well as to smaller cities and counties through their states. This is a relatively complicated dual formula but fundamentally relies on five variables from the Census Bureau. From Census 2000 sample data:

- persons in poverty;
- overcrowded households; and
- housing units built prior to 1940.

From annual population estimate data, including updated data as a result of challenges:

- number of persons; and
- growth lag, which provides more money to communities with slow population growth or population decline since 1960. That is, declining population equates to more funding.

Other programs that allocate funding using the basic CDBG formula are the Emergency Shelter Grant Program ($150 million for FY 2010) and for guiding the initial pro-rata need allocation for the Continuum of Care homeless program competition ($1.643 billion proposed for FY 2010).

A separate formula that relies on Census 2000 sample data related to various dimensions of housing need is the HOME Investment Partnership program, proposed at $1.821 billion for FY 2010.

The Native American Housing Block Grant formula, proposed at $643 million for 2010, uses a special tabulation of Census 2000 data on the housing needs of Native American households in areas identified as Indian areas and places where tribes have made substantial housing investment. The $65 million Indian CDBG program is allocated to regions using Census data as part of a competition process. The $522 million proposed for new development in the Section 202 Supportive Housing for the Elderly program in FY 2010 and $114 million for the Section 811 Supportive Housing for Persons with Disabilities program also use Census data to allocate funds by HUD field office, where competitions are held. The Housing Trust Fund, created in HERA and proposed by the President to receive $1 billion for FY 2010, would also be allocated to states using special tabulation data on housing needs.

In 2010, the Census Bureau plans to publish the first 5-year data products, based on American Community Survey (ACS) data collected in 2005 through 2009. As such, HUD would expect to use these data in its FY 2011 formula allocations in place of the Census 2000 data currently in use.

Currently, the Census 2000 sample data that allocate the vast majority of the funds under these formulas are not adjusted by population estimates and will remain static at their 2000 counts until the ACS data are migrated into the formulas. The only variables updated annually are the variables that explicitly use a count of the population – in CDBG those are population and growth lag.

Our understanding is that the 5-year ACS data will be weighted to the average of the population controls over the five year period. This is a very good thing since it leads to an integration of updated population and updated counts for all of the variables for each formula on an annual basis. That said, the initial move to the ACS data in FY 2011 is very likely to cause some significant changes in allocation amounts for program grantees because most of the funds from the formula grant programs noted earlier are still being allocated based on Census 2000 sample data counts.

Fair Market Rents (FMRs) and Income Limits

HUD uses data from the Census Bureau for far more than the allocation formulas. One of the most important uses of the data for its programs is to calculate Income Limits and Fair Market Rents. These calculations have an enormous impact on who is eligible for a host of programs and the maximum rents HUD will subsidize, a critical component driving how much HUD pays out in housing subsidy each year. HUD programs affected by FMRs and/or Income Limits include the Public Housing program, Section 8 Housing Assistance Payments program, Section 202 Supportive Housing for the Elderly, and Section 811 Supportive Housing for Persons with Disabilities, Moderate Rehabilitation Single Room Occupancy Program, CDBG and HOME. Combined, funding for these programs is proposed at more than $34 billion for FY 2010 and serve more than 4.5 million households. Many other government programs are also impacted by these program parameters, including the Low-Income Housing Tax Credit program that has produced over 1.2 million low-income housing units.

Income Limits are calculated directly from HUD's annual median family income (MFI) estimates with adjustments for area housing costs and family size. Median family incomes come directly from ACS income data; relative housing costs are derived from FMRs. FMRs use ACS data that include gross rents, total utility costs and housing characteristics such as bedroom size, and whether the unit has a full kitchen and full plumbing. Additional census data used for rents include the year the structure was built, the year the tenant moved in, and total acreage on which the property resides.

While the ACS, conducted annually, is an enormous improvement in data currency, and therefore accuracy in time, over the Decennial Census snapshot taken once a decade, it will never provide the coverage or the statistical precision of the Decennial Census. This is because the annual ACS relies on approximately 1.9 million completed surveys annually, while the Decennial Census Long form had about 19 million completed surveys. Aggregated over five years of the ACS cycle, five year ACS data estimates will be based on approximately 10 million completed surveys, a little over half the number of completed surveys for the long form.

For Income Limits this means that, using five year data, the entire country will have a local estimate. However, estimate will be less accurate. Currently, HUD uses income estimates in inverse proportion to their margins of error. The larger the margin of error, the more HUD relies on state level as opposed to local level survey results. Margins of error for one and three year estimates are, on average, four times larger than the margins of error for Decennial Census estimates, ranging up to a full 25% of the estimate.

FMRs are based on a fraction of the data that can be used for income estimates. FMRs are calculated using the gross rent of market rate, two-bedroom, standard-quality, non-luxury, safe, sanitary rental units into which the occupant has moved recently. FMRs are expected to control for housing quality and housing assistance (i.e. reflect market rate units). Information on housing assistance is missing entirely from the ACS and housing quality information is limited to confirmation that the unit has a full kitchen and full plumbing. Paring the universe down to two-bedroom, standard-quality units into which the occupant has recently moved eliminates approximately 80 percent of the ACS sample.

Annual ACS data that can be used to generate ideally computed FMRs is sufficient to calculate FMRs for only 2 percent of the very large FMR areas. These areas represent 55 percent of the national population. ACS three-year rent data provides sufficient sample to cover 3 percent of the FMR areas and 60 percent of the national population.

Large confidence intervals are inevitably the result of smaller sample sizes relative to the total population being measured. The larger the margin of error, the less precisely HUD programs and other formula allocations can be administered and the less accurately the program resources can be targeted to the families that need them within the legal constraints of the program. The Census Bureau can only produce estimates with smaller margins of error with the additional resources required to increase sample sizes.

Consolidated Plan and areas of Low and Moderate Income Benefit

In addition to allocation formulas and calculation of income limits and fair market rents, Census data is used for analysis and planning by HUD and HUD grantees. To participate in the CDBG and HOME programs, grantees must prepare a Consolidated Plan that analyzes their local housing needs and comprehensively plans for the use of HUD resources. To facilitate this, HUD provides special tabulations of Census data that count the number of low-income families with housing needs in every census tract. When the ACS 5-year data is available, HUD intends to have these special tabulations updated annually, and will provide the data to grantees.

Note that the CDBG program also identifies targeting of funds to areas that have a majority of low or moderate income households as meeting the national objective of benefiting low- and moderate-income persons. These areas are currently identified using Census 2000 long-form data at the Census Block Group level. Beginning in 2011, HUD intends to use ACS 5-year data at the Census Tract level to define these areas.

Formula Targeting

HUD allocates substantial resources for affordable housing and to address community needs by formula. Some formulas, such as the public housing, Housing Choice Voucher, and Project Based Section 8 programs, are driven by unit counts, contracts, and prior per unit subsidy needs, among other factors. Others like CDBG, HOME, NAHBG, ESG, and the new Housing Trust Fund are distributed using population, demographic data, and other sources such as construction costs. Housing and community development needs are not static and it is important to regularly assess whether these formulas need updating so they remain well targeted to the intended needs and treat all grantees fairly.

In 2005, HUD published a report that identified some problems with how the CDBG formula targets funds. CDBG is intended to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The funds are used to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Entitlement communities develop their own programs and funding priorities. However, grantees must give maximum feasible priority to activities which benefit low- and moderate-income persons. A grantee may also carry out activities which aid in the prevention or elimination of slums or blight.

Each decade for the last three decades, HUD's Office of Policy Development and Research has developed a community development index to measure community development needs in America. The 2005 index uses 17 variables to measure, among other things, poverty, crime, unemployment, general economic decline, and certain housing problems. Each decade we have compared how the CDBG formula targets funds against this composite needs index. And each analysis has sharpened the picture of the opportunity we are missing. The decades-old CDBG formula increasingly allocates funding in a distorted way. The 2005 report demonstrates some stark examples of how the CDBG formula is currently not as fair as it could be.

- It over funds some less needy places.
- It under funds some very needy places.
- And it allocates very different amounts of money to places with identical needs.

The current formula, on average, still targets more funds to the most needy communities, but much less so than it did in the 1970s.

There are several problems with the current formula. The current variables were identified based on 1970 Census data to serve as a proxy for community development need. Our nation has change a lot since 1970 so some of these variables are no longer good measures. A good example of this is using housing built before 1940 as a proxy for population loss, aging infrastructure and dilapidated housing. This worked in the 1970s but over time the distressed communities have torn down their old housing while less distressed communities have renovated their old homes. This has shifted dollars from distressed communities to less distressed communities. For example, since 1980, Detroit, East Saint Louis, and Newark have demolished half of their old housing while Newton, MA; Oak Park, IL; Royal Oak, MI; and Evanston, IL have retained their older housing.

Other variables are generally good at targeting to need but create anomalies. Poverty is a good example. While poverty generally is a good variable for targeting to need, it disproportionately favors college towns because Census data show a high percentage of college students, many of which are supported by their family, as being in poverty. For example, Davis, CA, a college town, has a poverty rate of 27 percent. If college students are subtracted out, Davis' poverty rate falls to 7 percent. Growth lag, the measure of population change since 1960 that provides funding for communities growing slowly or losing population, generally targets to need, but it also funds some slow growing, well-off communities and it creates significant anomalies between similarly needy communities.

The most important problem is not as obvious. The current formula is quite complicated. At the core of the formula is that it is actually two formulas, and the grant is based on whatever formula a community gets the greater of. This dual formula creates a serious problem where communities with very similar overall need on a per capita basis get very different grant amounts. This disparity is mostly a function of this dual formula.

As you are well aware, changing the CDBG formula to correct its targeting problems is politically challenging. If funding is held static or declining, a change in the formula that results in increases in funding for some communities also results in decreases for others. In the case of CDBG, not changing the formula for over 30 years means that without a funding increase, any change to the formula that fixes the problems I've noted would result in significant increases and decreases in funding for some communities.

CDBG Reform

FY 2010, however, offers a rare opportunity to change the formula without causing a funding decrease for any community relative to their FY 2009 allocations. This is because for FY 2010, President Obama has proposed to fully fund CDBG, at $4.178 billion for the formula in 2010, representing a $543 million increase over 2009 funding. We look forward to working with the Congress to correct the problems I've highlighted. With the increase, we can fix the formula so that high need and historically underfunded communities have their grants increased while not reducing the grants below their 2009 levels for any other community. This requires a change to the authorizing language. HUD also wants to work with the Congress to establish new performance measurement and accountability standards for grantees that receive the funds. Once we have gotten the funds into the hands of communities based on their needs, HUD wants more tools to ensure that those communities are held accountable for applying those funds in a way that most effectively addresses their specific needs.

As this testimony demonstrates, the data collected by the Census Bureau is absolutely critical for HUD to run its programs. Thank you for your time, I look forward to answering any questions you might have.

Mr. CLAY. Thank you. Mr. Moulds.

STATEMENT OF DONALD MOULDS

Mr. MOULDS. Good afternoon, Chairman Clay, Ranking Member McHenry, and distinguished members of the subcommittee. Thank you for the opportunity to appear before you today to discuss the topic of how data from the U.S. Census Bureau are used by the Department of Health and Human Services in the allocation of Federal program funds through formula grants.

HHS is the U.S. Government's principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves. We administer more than 300 programs covering a wide spectrum of activities and representing almost a quarter of all Federal outlays.

HHS administers more grant dollars than all other Federal agencies combined and awards approximately 60 percent of the Federal Government's grant dollars. In fiscal year 2008, HHS awarded nearly $265 billion in grants representing 38 percent of total Departmental spending. The Centers for Medicare and Medicaid Services awarded the largest amount of grant dollars and the National Institutes of Health awarded the largest number of grants.

For most of the formula grants administered by HHS, the grant allocation formula and data elements are specified in statute. Attached to my written statement is a table listing the HHS-sponsored grants that specified the used of data from the Census Bureau in allocating grant funds.

I would like to highlight a few examples of how HHS uses specific census data elements in grant programs. They are representative of a variety of grant programs administered by HHS as well as the types of census data that are used in calculating grant award amounts in carrying out statutory intent.

The first is the Child Care and Development Fund, which is the primary Federal program specifically devoted to providing families access to child care and improving the quality of child care. Grants are awarded to States through three component funding streams, two of which rely on the use of Census Bureau data in their funding formulas. One allocates block grant funding to States using a formula that includes the State's share of the Nation's children under five. The other awards funding to eligible States based on their share of the Nation's children under age 13. Data for both children's ratios are obtained from the Census Bureau.

The Congregate Nutrition Services and Home-Delivered Nutrition Services programs provide meals and related nutritional services to older individuals to help them remain independent and in their communities. Grants for Congregate Nutrition Services and Home-Delivered Nutrition Services are allocated to States and territories by a formula based on their share of the population aged 60 and over using data issued by the Census Bureau.

The mission of the Maternal and Child Health Block Grant is to improve the health of mothers, children, and their families by improving access to health care, eliminating health disparities, and improving the quality of health care. Funding for one component of this program is allocated to States in proportion to their population of low income children relative to the Nation's. The formula uses census data.

The majority of HHS's grant allocations, however, are not driven by Census Bureau data. For example, over three quarters of mandatory grant funds awarded by HHS are received by States through the Medicaid program. Census data are used by the Bureau of Economic Analysis but not by HHS to produce State and national per capita income data, which then are used in calculating the Federal Medical Assistance Percentage [FMAP]. State spending on covered Medicaid services is matched by the Federal Government at the FMAP rate.

The authorizing statues that specify funding allocation formulas for HHS grant programs typically specify the use of either the decennial population figures or the most recent population estimates from the current Population Survey published by the Census Bureau. The statutory formulas do not direct the Department to use the census data that have been adjusted for population under-count and HHS does not make any adjustments of its own.

In summary, HHS uses a variety of data from the Census Bureau in calculating funding levels for Federal grant programs. Of the 300 programs administered and managed by the Department of Health and Human Services, 50 are grant programs. Of them, census data are used to calculate funding levels in 35. Census data are used by HHS in all cases where authorizing legislation dictates its use and the manner in which it is to be used. HHS does not exercise any discretion to adjust funding formulas.

Thank you for the opportunity to testify. I would be happy to answer any questions you might have.

[The prepared statement of Mr. Moulds follows:]

STATEMENT BY

DONALD B. MOULDS

ACTING ASSISTANT SECRETARY FOR PLANNING AND EVALUATION

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE THE

SUBCOMMITTEE ON INFORMATION POLICY, CENSUS AND NATIONAL ARCHIVES

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

U.S. HOUSE OF REPRESENTATIVES

JULY 9, 2009

Good afternoon Chairman Clay, Ranking Member McHenry, and distinguished members of the Subcommittee. I am Donald Moulds, the newly appointed Principal Deputy Assistant Secretary for Planning and Evaluation in the Department of Health and Human Services (HHS) and the Acting Assistant Secretary. Thank you for the opportunity to appear before you today to discuss the topic of how data from the United States Census Bureau (Census Bureau) are used by HHS in the allocation of federal program funds through formula grants.

The Assistant Secretary for Planning and Evaluation (ASPE) is the principal advisor to the Secretary of the Department of Health and Human Services (HHS) on policy development in health, disability, aging, human services, and science, and provides advice and analysis on economic policy. We also are the departmental focal point for policy research, analysis, evaluation and coordination of department-wide science and data policy activities and issues. Upon receipt of the Committee's request, ASPE reviewed all grant programs that HHS funds, with a specific focus on how Census data are used in calculating funding amounts for grants and whether adjustments in funding are made based on the population "undercount." ASPE does not compute (or provide data to other entities within the Department to compute) federal funding allocations for various department formulae grant programs. Each operating agency within the Department is responsible for obtaining the required data for calculating funding levels for individual grantees according to statutory definitions for its programs and for preparing the allocation tabulations for funding in a statistically accurate and apolitical manner.

HHS is the United States government's principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves. HHS administers more than 300 programs, covering a wide spectrum of activities, and representing almost a quarter of all federal outlays. The Department's Fiscal Year 2009 budget authority, excluding the Recovery Act, is $777 billion.

HHS administers more grant dollars than all other federal agencies combined and awards approximately 60 percent of the federal government's grant dollars. In order to achieve our strategic goals and objectives, HHS forms partnerships with other federal Departments; State, local, and tribal governments; tribal institutions; hospitals; the business community; nonprofit and community-based organizations; and foreign countries and international organizations. The primary vehicles used to fund these partnerships are grants. Grants are financial assistance awards that provide support or stimulation to accomplish a public purpose authorized by federal statute. HHS manages an array of grant programs in health care financing, basic and applied science, public health and public health services, income support, child development, and health and social services.

HHS awards two types of grants: formula and discretionary. Formula grants are those that a federal agency is required by statute to award if the recipient, usually a State, submits an acceptable State plan or application, and it meets the eligibility or compliance requirements of the statutory and regulatory provisions of the program. Discretionary grants are those that permit the federal government, according to specific authorizing legislation, to exercise judgment, or "discretion," in selecting the applicant or recipient organization through a competitive grant process.

In Fiscal Year 2008, HHS awarded nearly $265 billion in grants. Eighty-five percent of HHS grant funding was directed toward mandatory programs, while 94 percent of grantees received discretionary grants. The Centers for Medicare and Medicaid Services (CMS) awarded the largest amount of grant dollars - $181 billion, or 69 percent of total HHS grant funds. The National Institutes of Health awarded the largest number of grants – 52,000, or 69 percent of all grants awarded – but less than 8 percent of total HHS grant funds.

For most of the formula grants administered by HHS, the formula and data elements that are to be used in allocating grant dollars are specified in statute. Attached to my written statement is a table listing the HHS-supported grants that specify the use of data from the Census Bureau in allocating grant funds. The majority of HHS' grant allocations are not driven by Census Bureau data.

For purposes of this hearing, I will focus my testimony principally on mandatory grants. Mandatory grants can take the form of block grants and entitlements, which can be either open-ended or closed-ended. The authorizing legislation for block grants, which also may be referred to as formula grants, determines the purpose of the block grant, eligibility, the scope of the program, and the grant allocation methodology. Formula grants are typically based on factors such as population, poverty level, or other relevant data.

Following are some examples of how HHS uses specific Census data elements in several different grant programs. They are representative of the variety of grant programs administered by HHS, as well as the types of Census data that are used in calculating grant award amounts in carrying out statutory intent.

Administration for Children and Families

The Administration for Children and Families (ACF) is responsible for federal programs that promote the economic and social well-being of families, children, individuals, and communities. ACF programs finance a broad range of programs for children and families to promote stability, economic security, responsibility and self-sufficiency. ACF awarded the second highest percentage of total grants funds (17 percent, or $46 billion), representing 10 percent of the total number of grant awards.

Child Care and Development Fund

The Child Care and Development Fund (CCDF), administered by the Administration for Children, is the primary federal program specifically devoted to providing families with access to child care and improving the quality of child care. It is the largest block grant program administered by ACF that uses Census data in allocating funds. CCDF provides funds to States through three component funding streams, each of which has a separate allocation formula and uses different data elements and sources. Two of the funding streams rely on the use of Census Bureau data in their funding formulae. Shares of the Child Care and Development Block Grant are allocated to States using a formula consisting of three factors, including a State's share of the nation's children under age five. Separately, States meeting certain eligibility criteria may be awarded shares of the CCDF Matching Fund based on the number of children under age 13 in the State compared to the national total of children under 13. Data for the ratio of children under age 5 and the ratio of children under age 13 are obtained from the Census Bureau.

Social Services Block Grant

The Social Services Block Grant Program provides funding for social services directed towards achieving economic self-sufficiency, preventing or correcting neglect, abuse, or the exploitation of children and adults, preventing or reducing inappropriate institutionalization, and securing referrals for institutional care. Each grant recipient has the flexibility to determine what services will be provided and then either provides services directly or purchases them from qualified providers. Funds are allocated annually to states based solely on a State's population as a share of the national population. The source of the population data is the Census Bureau's Population Estimates Program (with the assistance of the Federal State Cooperative Program for Population Estimates).

Administration on Aging

The Administration on Aging (AoA) allocates formula grants to the States, Territories and tribal organizations to promote the development of a comprehensive and coordinated system of home and community-based services for older people and their family caregivers. Through the aging services network, it plays an important role in delivering services and supporting consumer-centered systems of care that enable older individuals to remain living in their own homes and communities for as long as possible.

Special Programs for the Aging, Title III, Part C, Nutrition

AoA's nutrition grant programs are the largest of its grants to State and community programs on aging. Nutrition services are provided under the Older Americans Act to reduce hunger and food insecurity, promote socialization of older individuals, and promote the health and well-being of older individuals and delay adverse health conditions through access to nutrition and other disease prevention and health promotion services. The Congregate Nutrition Services and Home-Delivered Nutrition Services programs provide meals and related nutrition services to older individuals in a variety of settings or by home-delivery to help them remain independent and in their communities. Grants for Congregate Nutrition Services and Home-Delivered Nutrition Services are allocated to States and Territories by a formula based on their share of the population aged 60 and over, using data issued by the Census Bureau.

Health Resources and Services Administration

The Health Resources and Services Administration (HRSA) is the principal federal agency charged with increasing access to health care for those who are medically underserved. HRSA's portfolio includes a range of programs or initiatives designed to increase access to care, improve quality, and safeguard the health and well-being of the Nation's most vulnerable populations. HRSA distributes approximately 90 percent of its funding in grants to U.S. States and Territories, public and private health care providers, health professions training programs and other organizations.

Maternal and Child Health Block Grant

The mission of the Maternal and Child Health (MCH) Block Grant is to improve the health of mothers, children and their families. As HRSA's second largest formula grant program, its goals are to improve access to health care, eliminate health disparities, and improve the quality of health care. One component of this program provides grants to the States, District of Columbia and other jurisdictions that, in part, are allotted by a legislated formula that sets aside funds for Special Projects of Regional and National Significance and Community Integrated Service Systems. A portion of the appropriated funds is allocated to States in proportion to a State's population of low-income children relative to the nation's. The formula uses Census data.

Substance Abuse and Mental Health Services Administration

The Substance Abuse and Mental Health Services Administration (SAMHSA) works to ensure that people with or at risk for mental or substance use disorders have the opportunity for recovery and to lead a fulfilling life in the community. SAMHSA funds and administers a rich portfolio of grant programs and contracts that support State and community efforts to expand and enhance prevention and early intervention programs and to improve the quality, availability and range of substance abuse treatment, mental health and recovery support services, in local communities, where people can be served most effectively.

Substance Abuse Prevention and Treatment Block Grant

The Substance Abuse Prevention and Treatment (SAPT) Block Grant is the largest block grant administered by SAMHSA. It is intended to be used by States for planning, carrying out, and evaluating activities to prevent and treat substance abuse and other substance-related HIV and tuberculosis activities as defined in statute. The Block Grant provides 34 percent of State expenditures on substance abuse treatment and 64 percent of State expenditures on prevention. The formula for allotment of funds is primarily based on the relative size of the State's at-risk population, the relative costs of providing substance abuse prevention and treatment services in a State, and its relative ability to pay for these services. The formula uses the most recent data from various sources including the U.S. Census Bureau.

Example of a Non-Formula Competitive Grant

In addition to these formula grant programs, HHS awards discretionary grants to a variety of types of organizations. The types of activities commonly supported by discretionary grants include demonstration, research, training, service, and construction projects or programs. Discretionary grant awards account for 94 percent of the total number of grant awards made in FY 2008, although they comprise only 16 percent of the grant funds.

The Centers for Disease Control and Prevention (CDC) administers several programs that use population data in the award making process. CDC works with partners throughout the nation and world to protect health and safety, by providing credible information to enhance health decisions, and promoting health through strong partnerships. One example of a CDC discretionary grant program that uses Census data is the recent funding opportunity announcement "Collaborative Chronic Disease, Health Promotion, and Surveillance Program Announcement: Healthy Communities, Tobacco Control, Diabetes Prevention and Control, and Behavioral Risk Factor Surveillance System." Both the tobacco and diabetes components of this funding announcement use state population based data as a factor in determining funding level decisions. In addition, CDC releases bridged-race population estimates of the United States based on Census counts for use in calculating vital statistics. CDC also has just launched the debut of a new web-based tool, the National Environmental Public Health Tracking Network (NEPHTN) to track health, exposure, and hazard information and data from a variety of national, state, and city sources. Census data is critical to the NEPHTN in providing information about a population's income, race, or occupation.

Data Adjustments

The authorizing statutes that specify funding allocation formulae for HHS grant programs vary in their data sources and elements. Those that identify the use of population data from the Census Bureau specify the use of either the Decennial population figures or the most recent population estimates from the Population Estimates Program or the Current Population Survey published by the Census Bureau. The statutory formulae do not direct the Department to use the Census data that have been adjusted for population undercount, and HHS does not make such adjustments either. We, therefore, accept the Census data as authoritative and apply them to the formulae. It is fair to assume that the annual Census population estimates do reflect the effects of challenges, which Census has accepted in previous years. However, HHS does not make any adjustments of its own.

Summary

HHS uses a variety of data from the Census Bureau in calculating funding levels for federal grant programs. Many of the formula grant examples I have cited use tabulations of population counts by State and by various age groups to distribute grant funds. Of the 300 programs administered and managed by the Department of Health and Human Services, 50 are grant programs, representing approximately 37 percent of HHS expenditures in FY 2008. Of the 50 grant programs, Census data are used to calculate funding levels in about 35 of them. Census data are not used, however, for some of our largest programs including, for example, Medicare, which makes direct payments to providers, and the Temporary Assistance for Needy Families (TANF) block grant program, which is allocated to States on the basis of their past welfare expenditures.

Census data are used by HHS in all cases where authorizing legislation dictates its use and the manner in which it is to be used. HHS does not exercise any discretion to adjust funding formulae because of undercounts in urban areas.

Thank you for the opportunity to testify. I would be pleased to answer any questions you may have.

HHS Formula Grant Programs Utilizing Census Data

Program	Agency/ CFDA* #	Use of Census Data	Census Data Adjusted for Undercount?
Special Programs for the Aging - Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	AoA/93.041	AoA awards funds through a statutory formula to state Agencies on Aging. The statistical factor used for fund allocation is the state population of persons 60 years of age and over and the source is the most recent data available to the Assistant Secretary for Aging. In addition, minimum allotments are established for states.	No
Special Programs for the Aging – Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	AoA/93.042	AoA awards funds through a statutory formula to state Agencies on Aging. The statistical factor used for fund allocation is the state population of persons 60 years of age and over and the source is the most recent data available to the Assistant Secretary for Aging. In addition, minimum allotments are established for smaller states and territories.	No
Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	AoA/93.043	AoA awards funds through a statutory formula to state Agencies on Aging. In general, each state shall be allotted an amount which bears the same ratio to such sums as the population of older individuals in such state bears to the population of older individuals in all states. The number of individuals aged 60 or older in any state and in all states shall be determined by the Assistant Secretary on the basis of the most recent data available from the Bureau of the Census, and other reliable demographic data satisfactory to the Assistant Secretary.	No
Special Programs for the Aging – Title III, Part B - Grants for Supportive Services and Senior Centers	AoA/93.044	AoA awards funds through a statutory formula to state Agencies on Aging. In general, each state shall be allotted an amount which bears the same ratio to such sums as the population of older individuals in such state bears to the population of older individuals in all states. The number of individuals aged 60 or older in any state and in all states shall be determined by the Assistant Secretary on the basis of the most recent data available from the Bureau of the Census, and other reliable demographic data satisfactory to the Assistant Secretary.	No

Program	Agency/ CFDA* #	Use of Census Data	Census Data Adjusted for Undercount?
Special Programs for the Aging – Title III, Part C – Nutrition Services	AoA/93.045	AoA awards funds through a statutory formula. In general, each state shall be allotted an amount which bears the same ratio to such sums as the population of older individuals in such state bears to the population of older individuals in all states. The number of individuals aged 60 or older in any state and in all states shall be determined by the Assistant Secretary on the basis of the most recent data available from the Bureau of the Census, and other reliable demographic data satisfactory to the Assistant Secretary.	No
National Family Caregiver Support, Title III, Part E	AoA/93.052	AoA awards funds through a statutory formula to state Agencies on Aging. In general, the Assistant Secretary shall allot amounts among the states proportionately based on the population of individuals 70 years of age or older in the states. The number of individuals 70 years of age or older in any state and in all states shall be determined by the Assistant Secretary on the basis of the most recent data available from the Bureau of the Census and other reliable demographic data satisfactory to the Assistant Secretary.	No
Medicare Enrollment Assistance Program	AoA/93.071	AoA awards funds through a statutory formula to state Agencies on Aging. AoA will utilize appropriate census (poverty) and Medicare coverage (enrollment) data to identify statutory target populations.	No
State Abstinence Education Program	ACF/ 93.235	Funds are allocated among the states and jurisdictions based on a formula determined by the proportion that the number of low income children in the state bears to the total number of low income children for all states.	No
Temporary Assistance for Needy Families Supplemental Grants for Population Increases in Certain States	ACF/93.558	Funds are allocated in part on the basis on the population growth rate of a state as determined by the Bureau of the Census; only states that qualified in 1998 continue to receive supplemental grants.	No
Community Services Block Grant	ACF/93.569	The official poverty line, as established by the Secretary of HHS, is used as a criterion of eligibility. Each state is allotted an amount which bears the same ratio as the amount received by the	

Program	Agency/ CFDA* #	Use of Census Data	Census Data Adjusted for Undercount?
		state for fiscal year 1981 under Section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all states for fiscal year 1981.	No
Child Care and Development Block Grant	ACF/93.575	Allocations for states are based on a formula that takes into account the number of children below the age of five, the number of children receiving assistance through the School Lunch Program in the state, and per capita income.	No
State Court Improvement Program	ACF/93.586	Each state court with an approved application is allotted $85,000 for fiscal year 2007-2011. In addition to this base amount, the remainder of the amount appropriated for all state courts ($12,080,287 for fiscal year 2008) will be divided among those courts with approved applications according to each state's proportionate share of children under the age of 21. If any state courts do not apply for their share of these funds, the unclaimed amount will be reallocated each year to all other state courts with approved applications.	No
Community-Based Child Abuse Prevention Grants	ACF/93.590	States that meet all of the eligibility requirements will be awarded funds based in part on the number of children under the age of 18 in each such state.	No
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	ACF/93.596	Eligible states are allocated matching funds based on the number of children under age 13 in a state compared with the national total of children under age 13.	No
Voting Access for Individuals with Disabilities – Grants to States	ACF/93.617	The statistical factor used for fund distribution is the population age 18 and over in each state.	No
Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems	ACF/93.618	The statistical factor used for fund distribution is the resident population in each state.	No
Runaway and Homeless Youth Act – Basic Center Funding	ACF/93.623	Basic Center funding beyond a statutorily-prescribed minimum is allotted annually to states by ACF on the basis of the states' relative populations of individuals who are less than 18 years of age.	No

Program	Agency/ CFDA* #	Use of Census Data	Census Data Adjusted for Undercount?
		See 42 USC 5711.	
Developmental Disabilities Basic Support and Advocacy Grants	ACF/93.630	Two-thirds (2/3) of the amount appropriated is allotted to each state according to the ratio the population of each state bears to the population of the United States, weighted by the relative per capita income for each state. One-third (1/3) of the amount appropriated is allotted to each state according to the ratio of beneficiaries in the state receiving benefits under Childhood Disabilities Beneficiary Program, related to the age 18 to 65 population of the state as bearing on the national total of such population, weighted by the total population of the state. The data used to compute allotments are supplied annually by the Social Security Administration and the U.S. Department of Commerce, for the three most recent consecutive years for which satisfactory data are available.	No
Children's Justice Grants to States	ACF/93.643	Each state receives a base amount with an additional amount based on the population of children under age 18 in each state.	No
Child Welfare Services – State Grants	ACF/93.645	Each state receives a base amount with additional funding allotted on a variable formula which takes into account the child population under 21 and the complement of the state per capita income compared to the U.S per capita income. The statistical factors used to fund allocations are: (1) the population of children under 21 years of age by state and the source is "Current Population Reports", P-25, Bureau of the Census; and (2) 3-year average per capita income by state and the source is the Bureau of Economic Analysis, Department of Commerce.	No
Social Services Block Grant	ACF/93.667	State allotments are proportional to each state's portion of the national population of the amount authorized for Title XX minus the amount authorized to the other jurisdictions. The statistical factors used for fund allocation are the state population and total U.S. population (ratio of population of all states and the District of Columbia to total population); source, "Current Population Reports," P- 25, Bureau of the Census.	No

Program	Agency/ CFDA* #	Use of Census Data	Census Data Adjusted for Undercount?
Child Abuse and Neglect State Grants	ACF/93.669	The statistical factor used for fund distribution is the population of children under 18 in each state. Data are provided by "Current Population Reports."	No
Family Violence Prevention and Services/Grants for Battered Women's Shelters – Grants to States	ACF/93.671	Each state grant shall be $600,000 with the remaining funds allotted to each state on the same ratio as the population of the state to the population of all states. State populations are determined on the basis of the most recent census data available to the Secretary of HHS, and the Secretary shall use for such purpose, if available, the annual current interim census data produced by the Secretary of Commerce pursuant to 13 U.S.C. 181 (42 U.S.C. 10403(b)).	No
Family Violence Prevention and Services/Grants for Battered Women's Shelters – Indian Tribes	ACF/93.671	In computing Tribal allocations, FYSB will use the latest available population figures from the Census Bureau. Where Census Bureau data are unavailable, FYSB will use figures from the Bureau of Indian Affairs' (BIA's) Indian Population and Labor Force Report. The base allocations are determined by a tribe's population and a funds allocation schedule. Tribes with populations between 1,500 to 50,000 people receive a $2,500 base allocation for the first 1,500 people. For each additional 1,000 people above the 1,500 person minimum, a tribe's base allocation is increased $1,000. Tribes with populations between 50,001 to 100,000 people receive base allocations of $125,000 and Tribes with a population of 100,001 to 150,000 receive a base allocation of $175,000. Once the minimum amounts have been distributed to the Tribes that have applied for FVPSA funding, the ratio of the Tribal population category to the total of all base allocations is then considered in allocating the remainder of the funds. Tribes are encouraged to apply for FVPSA funding as a consortium. Tribal consortia consist of groups of Tribes who agree to apply for and administer a single FVPSA grant with one Tribe or Tribal organization responsible for grant administration. In a Tribal consortium, the population of the Tribal Trust Land for all of the Tribes involved will be used to calculate the award amount. The allocations	No

Program	Agency/ CFDA* #	Use of Census Data	Census Data Adjusted for Undercount?
		for each of the Tribes included in the consortium will be combined to determine the total grant for the consortium.	
ARRA: Aging Home-delivered Nutrition Services for States	AoA/93.705	In general, each state shall be allotted an amount which bears the same ratio to such sums as the population of older individuals in such state bears to the population of older individuals in all states.	No
ARRA: Aging Congregate Nutrition Services for States	AoA/93.707	In general, each state shall be allotted an amount which bears the same ratio to such sums as the population of older individuals in such state bears to the population of older individuals in all states.	No
ARRA – Community Services Block Grant	ACF/93.710	HHS determines the amount of funds to be allocated as block grants to each state in accordance with the formula set forth in the CSBG Act. (The official poverty line, as established by the Secretary of HHS, is used as a criterion of eligibility in CSBG. Each state is allotted an amount which bears the same ratio as the amount received by the state for fiscal year 1981 under Section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all states for fiscal year 1981.)	No
ARRA – Child Care and Development Block Grant	ACF/93.713	Allotments to states are based in part on the number of children in the state under 5 years of age in relation to the number of such children in all states as provided by the most recent annual estimates of population by the Census Bureau of the Department of Commerce.	No
ARRA – Temporary Assistance for Needy Families (TANF)	ACF/93.716	Funds are allocated in part on the basis on the population growth rate of a state as determined by the Bureau of the Census; only states that qualified in 1998 are eligible to receive supplemental grants.	No
Children's Health Insurance Program (CHIP)[1]	CMS/93.767	The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) changed the funding formula for distribution of annual allotments to states and territories as follows: Funding formula for FY 09: • FY 09 (state) allotment is determined by using 110 percent of the greatest of the following three options:	No

Program	Agency/ CFDA* #	Use of Census Data	Census Data Adjusted for Undercount?
		- A state's FY 08 Federal spending based on state-submitted estimates, adjusted for growth in health care costs and child population (or "allotment increase factor"); - A state's FY 08 Federal share multiplied by the allotment increase factor for FY 2009; and - A state's FY 09 projected Federal spending based on state submitted estimates. Funding formula for FY 10 - FY 12: • FY 10 (state and territory), allotments are determined as the sum of a state's (1) FY 09 allotment and (2) any FY 09 Contingency Fund or FY 09 redistributed/shortfall payments made to a state, multiplied by the FY 10 allotment increase factor. • FY 11 (state and territory) allotments are determined as the sum of a state's FY 2010 Federal payments (including any Contingency fund payment and FY 2010 redistribution funds), multiplied by the allotment increase factor. • FY 12 (state and territory) allotments are determined as the sum of a state's (1) FY 11 allotment and (2) any FY 11 Contingency Fund payments, multiplied by the allotment increase factor. • FY 13 (state and territory) allotments are determined as two semi-annual allotments. The allotment increase factor equals the product of: Per capita health care growth factor—1 plus the percentage increase in the projected per capita amount from the Nation Health Expenditures, and Child population growth factor—1 plus the percentage increase in the population of children in the state (based on CPS data).	

Program	Agency/ CFDA* #	Use of Census Data	Census Data Adjusted for Undercount?
Medical Assistance Program (Medicaid)[2]	CMS/93.778	Personal income is the key variable in the Federal Medical Assistance Percentage (FMAP) formula. The formula is based on rolling three-year average per capita income data for each state and the United States, produced by the Department of Commerce's Bureau of Economic Analysis (BEA). The Medicaid statute sets forth how a state's share of Medicaid costs is to be calculated: the state share equals the square of a state's per capita income divided by the square of U.S. per capita income, multiplied by 0.45. It also defines the federal share as 100 percent minus the state share.	No
Ryan White HIV Care Formula Grants[3]	HRSA/93.917	Ryan White Part A funding to eligible metropolitan areas and transitional grant areas (EMAs/TGAs) includes formula and supplemental components. EMAs/TGAs range in size from one city or county to more than 26 different political entities. EMA/TGA geographic boundaries are based on the U.S. Census. Formula grants are based on reported living HIV and AIDS cases as of December 31 in the most recent calendar year for which data are available. Ryan White Part B base grants are awarded to states and Territories using a formula based on reported living cases of HIV/AIDS. Additional Part B funds are earmarked for state AIDS Drug Assistance Programs, and supplemental funds are available to states and territories through competitive grants based on demonstrated need. Part B also provides supplemental grants to states with Emerging Communities (cities with at least 500 but fewer than 1,000 reported AIDS cases in the most recent 5 years).	No
Maternal and Child Health Services Block Grant to the States[4]	HRSA/93.994	Section 502 of the Social Security Act states that of the amounts appropriated up to $600 million, 85% is for allocation to the states, and 15% is for Special Projects of Regional and National Significance (SPRANS) activities. Any amount appropriated in excess of $600 million is distributed as follows: 12.75% is for Community Integrated Service Systems (CISS) activities; of the remaining amount, 85% is for allocation to the states, and 15% is for	No

Program	Agency/ CFDA* #	Use of Census Data	Census Data Adjusted for Undercount?
		SPRANS activities. Report language sometimes earmarks funds from the appropriation for additional specific projects. Of the funds distributed to the states, the first $422 million is distributed in the same manner that it was in 1983. Funds in excess of that amount are distributed in proportion to a state's population of low-income children relative to the Nation's. Data come from the Census Bureau and are not updated between censuses.	
Projects for Assistance in Transition from Homelessness (PATH)	SAMHSA/ 93.150	SAMHSA awards funds through a statutory formula to states and territories. For states, data from the annual update of the Decennial Census use a statistical factor based on the population living in urbanized areas of the state, compared to the population living in urbanized areas of the entire United States except that no state receives less than $300,000.	No
Protection and Advocacy for Individuals with Mental Illness	SAMHSA/ 93.138	SAMHSA awards funds through a statutory formula to the state office that protects and advocates the rights of persons with developmental disabilities. Data from the annual update of the Decennial Census uses a statistical factor for each state's population and each state's population weighted by relative per capital income except that no state's allotment (including the District of Columbia and the Commonwealth of Puerto Rico) is less than $260,000.	No
Block Grants for Community Mental Health Services	SAMHSA/ 93.958	SAMHSA awards funds through a statutory formula to states applied for community based mental health services for adults with serious mental illness and children with serious emotional disturbance. The allocation is determined by a statistical factor based on certain weighted population factors and total taxable resources as well as the cost of providing services. No state may receive less than they received in 1998. The decennial census updated on a yearly basis is used to determine the population factor. The program has no matching requirements, but does have maintenance of effort (MOE) requirements.	No

Program	Agency/ CFDA* #	Use of Census Data	Census Data Adjusted for Undercount?
Block Grants for Prevention and Treatment of Substance Abuse	SAMHSA/ 93.959	SAMHSA awards funds through a statutory formula to states, the District of Columbia, territories and one Indian Tribe (Red Lake Indians of Minnesota). Using data from the annual update of the Decennial Census, the states' allocations are determined by a statistical factor based on weighted population factors and, for equity purposes, a measure reflecting the differences that exist between the State involved and other States in the cost of providing authorized services. As is true in the Community Mental Health Service Block Grant the grant has no matching requirement but does require that the State maintain its expenditures for substance abuse services through the principal agency.	No

* Catalog of Federal Domestic Assistance Programs (www.cfda.gov)

Mr. CLAY. Thank you, Mr. Moulds, for your testimony. Mr. Kerachsky, you are recognized for 5 minutes.

STATEMENT OF STUART KERACHSKY

Mr. KERACHSKY. Chairman Clay, Ranking Member McHenry, and distinguished members of the subcommittee, thank you for the opportunity to appear before you today to discuss the topic of the use of Census Bureau data in the allocation of Federal formula funding of the Department of Education's programs.

Since the mid-1960's, the National Center for Education Statistics has computed or provided data to other entities within the Department to compute Federal funding allocations of various Department formula grant programs. We prepare the allocation tabulations in a statistically accurate and apolitical manner.

Most allocations for the Department's elementary and secondary education programs are based on the latest data for some relevant subset of the population. In 2009, of more than $50 billion that the Department of Education is spending on elementary and secondary education, approximately 80 percent is being allocated based on census calculations of population subgroups. Let me provide examples.

The Elementary and Secondary Education Act of 1965 Title I grants to local education agencies is the single largest Federal elementary and secondary education program. For fiscal year 2009, Congress provided $24.5 billion for this program. From its inception, Title I's formula has been based primarily on the number of children ages 5 through 17 and families with incomes below the poverty level.

In the spring of each year, NCES renews its interagency agreement with the Small Area Income and Poverty Estimates Branch of the Census Bureau to develop and to deliver to the Department school district-level Title I poverty and population estimates. These estimates cover most of the Nation's public school districts.

Before publication, census provides the estimates to State agencies and gives States an opportunity to review the estimates and challenge them. This so-called challenge period allows States to present information regarding boundary changes that may need to be updated in the Census Bureau's geographic data base.

Second, since the mid-1970's, NCES has provided assistance for calculation of career and technical education allocations under the Perkins Act. The population groups used in the formula have remained consistent throughout the years, ages 15 to 19, 20 to 24, and 25 to 65, from the census's annual State population estimates. States' allocations are based on their shares of the count for each of the three age groups multiplied by a factor based on per capita income, which we currently obtain from the Commerce Department's Bureau of Economic Analysis.

Next, the eligible groups for Adult Education State Grants have traditionally consisted of those who are aged 16 and over, do not have a high school diploma or equivalent, and are not currently enrolled in school. Until 2006, these data were available only from the decennial census. The Census Bureau will now collect these data using the American Community Survey, the ACS.

Finally, the Individuals with Disabilities Education Act is the law authorizing funding for services to individuals with disabilities throughout the Nation. Under Part B, Section 619, services must be provided to children with disabilities between the ages of three through five. Under Part B, Section 611, services must be provided to children with disabilities between 6 and 21. Each of these formulas requires annual population and poverty data of 3-through 21-year olds. These come from the Census Bureau's annual Population Estimates and the ACS respectively.

By statute, the Department accepts the Census Bureau's data and does not question the incidents of over- or under-counts. We understand that to the extent feasible, the Census Bureau adjusts post-censal annual population estimates, small area estimates, and ACS data for known shortcomings in the prior decennial census. It is also our understanding that the annual estimates used in our formula grant allocations are informed by recent demographic changes that might affect the distribution of funds.

In summary, these examples cited illustrate how the Department of Education uses the array of Census Bureau tabulations to distribute our formula grant funds. We have a history of more than 30 years cooperating with the Census Bureau to provide the data needed for the U.S. Department of Education grants.

Thank you for the opportunity to testify and I would be pleased to answer any questions.

[The prepared statement of Mr. Kerachsky follows:]

Testimony
Of
Stuart Kerachsky

Acting Commissioner
National Center for Education Statistics
U.S. Department of Education

Information Policy, Census, and National Archives Subcommittee

Thursday, July 9, 2009
2247 Rayburn HOB
2:00 p.m.

"Census Data and Its Use in Federal Formula Funding"

Good morning Chairman Clay, Ranking Member McHenry, and distinguished members of the subcommittee. Thank you for the opportunity to appear before you today to discuss the topic of United States Census Bureau (Census Bureau) data and the use of those data in the allocation of federal formula funding of the U.S. Department of Education's (Department) programs.

Since the mid-1960s, the National Center for Education Statistics (NCES) has computed (or provided data to other entities within the Department to compute) federal funding allocations for various Department formulae grant programs. At the time, the Department determined that NCES was the most appropriate agency to obtain the required data according to statutory definitions and prepare the allocation tabulations in a statistically accurate and apolitical manner. The Center is located within the Department's Institute of Education Sciences (IES). As our mission statement reminds us, we are "the primary federal entity for collecting, analyzing, and reporting data related to education in the United States."

From the beginning of NCES' allocation work, data from the Census Bureau have been integral to the allocation process. In particular, Census Bureau data are critical for determining most allocations for the Department's elementary and secondary education programs. The majority of postsecondary education allocations are not driven by Census Bureau data. Most of our elementary and secondary education allocation formulas are based on the latest data for some relevant subset of the population, such as children ages 5-through 17. At times during the past 30 years, as much as 90 percent of formula grant funding at the elementary and secondary education level has been based in whole or in part on counts of the 5-through 17-year-old age group. In 2009, of the more than $50 billion that the Department of Education is spending on elementary and secondary education, approximately 80 percent is being allocated either directly based on Census Bureau calculations of population subgroups or on shares of allocations under Title I of the Elementary and Secondary Education Act (ESEA), which, in turn, are based on Census Bureau data.

To illustrate the nature of the Census Bureau population subgroups that we use, I will discuss several key examples, including allocations for:

- Grants to Local Educational Agencies (LEAs) under Title I, Part A of the ESEA,
- Career and Technical Education (CTE), State Grants,
- Adult Education State Grants, and
- The Individuals with Disabilities Education Act, State Grants.

These examples highlight the different age groups and demographics required for the formula allocations, as well as the specific Census Bureau datasets used by NCES.

Title I Allocations

Authorized by Title I, Part A of the ESEA of 1965, Title I Grants to LEAs is the single largest federal elementary and secondary education program. For fiscal year 2009, Congress provided $24.5 billion for this program--$14.5 billion through the regular FY 2009 appropriation and $10 billion through the American Recovery and Reinvestment Act (ARRA). From its inception, Title I's formula has been based primarily on the number of children ages 5-through 17 in families with incomes below the poverty level. Title I allocations were originally calculated at the State level, but the Commissioner of the Office of Education (in the former Department of Health, Education, and Welfare) determined in 1972 that Title I should be based on a county-level formula. The county-level algorithm was used from 1972 through 1998. States then sub-allocated the county allocations determined by the Department to LEAs within counties using best available poverty data. Since 1999, the Department has calculated school-district level Title I allocations; in each case, the number of children ages 5-through 17 from low-income families has been determined by the Census Bureau.

From 1966 to 1996, actual Decennial Census tabulations were used to produce annual estimates at the State or county level. Beginning in 1997, the Census Bureau created updated county estimates of the number of children ages 5-through 17 from low-income families and the total population of children for the same range through special modeling of variables. The Census Bureau began using these modeling techniques only after they were endorsed in 1997 by a panel convened by the National Academy of Sciences. The Census Bureau further refined its model to produce school-district level poverty and population estimates every two years beginning in 1999. Since 2005, the Census Bureau has produced district-level poverty and population estimates annually.

In the spring of each year, NCES renews its interagency agreement with the Small Area Income and Poverty Estimates program (SAIPE) of the Census Bureau, to develop and deliver to the Department school district-level Title I poverty and population estimates. The SAIPE program estimates are produced using a combination of the latest American Community Survey (ACS), administrative records, and updated population estimates. These estimates cover most of the Nation's public school districts, or LEAs. However, the estimates can only be developed for LEAs that have specific geographic boundaries and they therefore generally do not include special-purpose LEAs such as special education and charter school LEAs. These special-purpose LEAs are not excluded from Title I participation and may receive money after adjustments in the Department's allocations are made by State Educational Agencies (SEAs), depending on eligibility. During December, SAIPE delivers the poverty estimates to NCES and publishes them on the Census Bureau Website. State, county, and school district officials have an opportunity to review the estimates and challenge them. This so-called "challenge period" provides the opportunity to present information regarding boundary changes that may need to be updated in the Census Bureau's geographic database. Each year, a small number of challenges arise through this process and estimates are sometimes adjusted by the Census Bureau. The adjusted estimates are also published on the Census Bureau Website. After the challenge process is complete, these annual estimates are considered final.

Please note: Title I allocations are based on counts of children in poverty by geographic residence, not enrollment. Thus, children need not attend school in the LEA where they reside to be counted and included in the estimates that provide the basis for formula calculations. Since we do not distribute funds on the basis of enrollment, which is an LEA variable collected by NCES, we must depend on SAIPE program estimates for our formula allocation. Also, it is possible for children to live in multiple regular LEAs if, for example, their State has separate LEAs for elementary education and secondary education. In such cases, the Census Bureau determines the age limits on the count of children as appropriate for the grade limits of a specific LEA (for example, the count of children in poverty for an elementary LEA might be limited to 5-through 13-year-olds).

As the major component of the Title I funding formula, the Census Bureau poverty estimates account for 96 percent of the children included in the formula. In addition, the Title I funding formula includes counts of children in locally operated institutions for neglected and delinquent children, foster homes, and families above poverty that receive assistance under the Temporary Assistance for Needy Families program children, which States provide to the Department either directly or through the Department of Health and Human Services. In order to qualify for an allocation under the Title I Basic Grant formula an LEA must: (1) have at least 10 children counted under the formula, and (2) the number of such children must constitute more than 2 percent of the LEA's total 5-through 17-year-old population. In addition, if the number of children counted under the formula is at least 10 and equals or exceeds 5 percent of an LEA's 5-through 17-year-old population, the LEA is also eligible for funds under the Targeted Grant and Education Finance Incentive Grant formulas. If an LEA has more than 6,500 formula children, or if the number of formula children exceeds 15 percent of its 5-through 17-year-old population, then the LEA also qualifies for funds under the Concentration Grant formula.

The counts of eligible children included in the formula are multiplied by the State's expenditures per pupil, and the resulting products are adjusted to the amount of the appropriation. The amount for each LEA after completing this step is adjusted to ensure that each LEA receives a statutory percentage of the previous year's allocation, under the so-called "hold-harmless" provisions. While there are additional factors involved in the use of Census Bureau data to generate Title I allocations, these are the essential processes.

Title I formula grants computed at the LEA level are very sensitive to the precision of the estimates. One important point to bear in mind with respect to the Title I and some other allocations is that a percentage change in the number of eligible children will not necessarily result in a proportionate change in the allocation. Because of the statutory thresholds of eligibility for certain components of the allocations and because of the hold-harmless provisions, a relatively small change in the eligible population may result in a large change in the allocation. For example, an LEA would cross the threshold for receipt of Concentration Grants if its childcount increased from 13 percent to 15 percent of its population, but not if it increased from 5 percent to 13 percent.

Career and Technical Education Allocations

NCES has also provided assistance for calculation of career and technical education allocations under the Perkins Act since the mid-1970s. Although the specific allocation formula has changed over time, the population groups used in the formula has remained consistent throughout the years. Each year, NCES obtains the most recent State counts for three age groups: 15 through 19; 20 through 24; and 25 through 65 from the Census annual state population estimates. These counts generally become available in May or June of each year for the preceding year. Currently, the transmission of these data is simplified by the posting of the information on the Census Bureau Website. In the past, we obtained these data via a special tabulation purchased from the Census Bureau each spring.

States' allocations are based on their shares of the count for each of the three age groups multiplied by a factor based on per capita income, which we currently obtain from the Commerce Department's Bureau of Economic Analysis. These amounts are then adjusted to ensure that each State receives at least the share of the total it received in 1998 and also to provide each State with the minimum amount provided by the law. The product is adjusted to appropriated amounts, guaranteeing each State its statutory minimum allocation. The Department does not allocate career and technical education funds directly to LEAs. Rather, we grant them to States, which in turn distribute these funds to LEAs and postsecondary institutions under rules provided in the statute.

Adult Education Allocations

As with both Title I and career and technical allocations, adult education State Grant allocations have been calculated by NCES for decades. Since 1990, the eligible group for adult education has traditionally consisted of those who are age 16 and over, do not have a high school diploma or its equivalent, and are not currently enrolled in school. From the 1970s through 2006, these data were available only from the Census Bureau through the collection of Decennial Census long form data. Beginning in 2010, the Census Bureau's long form data will no longer be available Instead, the American Community Survey (ACS), an ongoing survey that produces key demographic, social, economic and housing characteristics annually, will be used. The ACS covers the same type of information that had been collected every 10 years from the decennial census long form. For the smallest geographic areas (small towns, most school districts, and census tracts), the Census Bureau will combine 5 years of data to release estimates; these estimates will then be updated annually rather than once every 10 years. The Department will use ACS data to calculate adult education allocations beginning this year. Prior to the ACS, no inter-decennial sample was large enough to deliver reliable State-level estimates of the demographic group of adults without high school diplomas.

The Adult Education statute mandates the use of State data on the cut-off age for compulsory school attendance to determine the appropriate age group for adult education allocations. The 1998 reauthorization revised the definition of eligible adults so as not to count adults still required to be in school under State law. NCES will apply the compulsory attendance age for each State in our annual updates of ACS-based tabulations of those individuals over age 16, over age 17, or over age 18 who do not have a high school diploma and are not currently enrolled in school.

Individuals with Disabilities Education Act Allocations

The Individuals with Disabilities Education Act (IDEA) is the law authorizing funding for services to 6.5 million eligible infants, toddlers, children, and youth with disabilities throughout the nation. Under Part B, section 619, services must be provided to children with disabilities between the ages of 3 through 5. Under Part B section 611, services must be provided to children with disabilities between the ages of 6 through 21. Infants and toddlers with disabilities (birth-2) and their families receive early intervention services under IDEA Part C.

For nearly 25 years, NCES has provided assistance to the Department's Budget Service, the office responsible for calculating the formula allocations under IDEA (previously titled the Education for All Handicapped Children Act, or EHA). IDEA mandates three formula allocations using a single Census population count for children, infants, toddlers, and youth from birth through 21, by State. In the current fiscal year, Part B, section 611, provides $11.5 billion (plus an additional $11.3 billion available through Part B, section 611 under the ARRA). Part B, section 619 provides $374 million (plus an additional $400 million available through Part B, section 619 under the ARRA). Part C provides $439 million to States (plus an additional $500 million available through Part C under the ARRA).

For Part B, section 611, each State is allocated an amount equal to the amount that it received for fiscal year 1999. If the total program appropriation increases over the prior year, 85 percent of the remaining funds are allocated based on the number of children in the general population in the age range for which the States guarantee a Free Appropriate Public Education (FAPE) to children with disabilities. The remaining 15 percent of funds are allocated based on the number of such children living in poverty. The annual population and poverty data of 3-through 21-year olds come from the Census Bureau's annual population estimates and the ACS, respectively. For Part C, the Department uses the Census Bureau's annual State estimates dataset to tabulate each State's total population of children with disabilities who are age 2 or younger, and no State may receive less than 0.5 percent of the funds available to all States, or $500,000, whichever is greater. For Part B, section 619, each State is first allocated an amount equal to its 1997 allocation. For any fiscal year in which the appropriation is greater than the prior year level, 85 percent of the funds above the fiscal year 1997 level are distributed based on each State's relative percentage of the total number of children aged 3 through 5 in the general population. The other 15 percent is distributed based on the relative percentage of children aged 3 through 5 in each State who are living in poverty.

Both Part B formulas also include several maximum and minimum allocation requirements when the amount available for distribution to States increases.

Other Significant Programs

There are a number of other formula allocations that depend to some degree on Census Bureau data. I will provide a very brief overview of a few of them:

- *The English Language Acquisition (*ESEA, Title III*)* State allocation formula is based on the number of children who are limited English proficient and on the number of recent immigrants. The Department currently develops these two population counts from ACS data. As with estimates for adult education allocations, the process of developing accurate estimates of individuals from small demographic groups for Title III is facilitated by the use of the very large ACS sample. And the fact that the ACS sample is collected monthly allows for rapid adjustment to any possible changes in these population subgroups. While Title III (with allocations of about $700 million) is not a large monetary program compared to Title I, it provides an example of an allocation formula requiring the kind of special population data that the ACS can provide.

  For this tabulation, an alternative dataset exists. The law calls on the Department to use the more accurate of the ACS or the State-reported data on counts of children with limited English proficiency. Up to this point, the Department has used the ACS data to calculate the allocations. However, because the determination of which data source is the most accurate is methodologically difficult, we have contracted with the National Academy of Sciences (NAS) to provide advice on this matter.

- *A number of other smaller monetary programs* totaling $4 to $5 billion use Census State-level population tabulations, predominantly for ages 5-through 17.

- As mentioned before, *many programs distribute funds based on Title I shares*. Thus, while Census data do not directly drive these distributions, they indirectly influence them by providing the basis for Title I allocations.
- Finally, the *Rural Education Achievement Programs* (REAP) provides funding to schools in rural communities. While the basis of funding for these programs is not Census data, the Census Bureau does determine whether a community is in a rural area. The determination of rural status is complex and involves quantifying the relationship of a community to its closest urban area. Factors considered include geographic proximity and economic dependence. This calculation, which is vital to the success of REAP allocations, can only be made by the Geographic Division of the Census Bureau.

Data Adjustments

By statute, the Department accepts Census Bureau data for use in formula funded programs and does not question the incidence of over or under counts or challenges. We understand that to the extent feasible the Census Bureau incorporates updated population estimates in its SAIPE and ACS programs. It is also our understanding that the annual SAIPE and ACS data used in our formula grant allocations take advantage of the Census Bureau's annual population estimates to best reflect the full U.S. population, and that these updates are informed by recent demographic changes that might affect the distribution of funds.

Summary

The examples cited illustrate how the Department of Education uses an array of Census Bureau tabulations to distribute our formula grant funds. Major education programs such as Title I continue to demand sophisticated statistical and computational techniques by the Census Bureau to generate accurate counts of poor and other targeted children. And, with a history of more than 30 years of cooperation between the Census Bureau and NCES, we take pride in the successful part we have played.

Thank you for the opportunity to testify. I would be pleased to answer any questions you may have.

7-9-09

List of selected Department of Education formula grants programs and data requirements: 2009

Program	Level of allocation	Variable	Source
Title I, Basic, Concentration, Targeted	School district	Number of children ages 5 through 17 in local educational agencies (LEAs) living in families below poverty income; and population ages 5 through 17	Census Bureau, Small Area Income and Poverty Estimates Branch (SAIPE); data updated annually
		Children in LEAs ages 5 through 17 living in locally operated institutions for neglected or delinquent children	State data collected annually by ED through ED Survey Form 4376
		Children ages 5 through 17 in LEAs who are in foster homes and in families above poverty that receive assistance under the Temporary Asssistance of Needy Families program	State data collected annually by the U.S. Department of Health and Human Services through Form ACF-4125 that HHS submits to ED
Title I, Education Finance Incentive Grants	School district	Same as Basic, Concentration, and Tageted, plus LEA current expenditures and enrollment	NCES, School District Finance Survey (F-33)
		State per-capita income	Bureau of Economic Analysis
		State expenditures per student enrolled	NCES, Public Education Finance Survey
Career and Technical Education, Basic Grants, Tech-Prep Grants	State	Population ages 15 through 19, 20 through 24, and 25 through 65	Census Bureau, state population estimates
Adult Education	State	Population age 16+, 17+, and 18+ without a high school diploma or equivalent, and not enrolled	Census Bureau, American Community Survey
		State per-capita income	Bureau of Economic Analysis
Individuals with Disabilities Act, Part B	State	Population and poverty age 3 through 21, by individual year of age	Census Bureau, American Community Survey and state population estimates
	State	State expenditures per student enrolled	NCES, Public Education Finance Survey
Individuals with Disabilities Act, Part C		Population birth through age 2	Census Bureau, American Community Survey
Rural Education Achievement Program (REAP)	School district	Membership and urban-centric locale code	NCES, Local Education Agency Universe Survey
		Free and reduced school lunch membership	NCES, Public Elementary/Secondary School Universe Survey

Mr. CLAY. Thank you very much, Mr. Kerachsky. Thank you all. I thank all of the witnesses for your testimony today.

We will begin the question and answer period now. Each Member will have 5 minutes to ask questions of the panel. I will begin.

This first question is a panel-wide question. I guess it would have to be the last three to answer and Mr. Goldenkoff may have to answer, too. Do your formulas account for the under-count that always occurs in certain communities? Should they account for that? If they should or shouldn't, tell me why. Mr. Richardson, we can begin with you.

Mr. RICHARDSON. The sample data that is used in most of our formulas are the published sample data. So most of our variables for our formulas are based on the census sample data. To the extent those are adjusted, and generally they aren't, our formulas are driven by those. One exception is in the CDBG formula with the population variable and the growth lag variable, which are indeed changed each year to reflect the published population estimates. If those are challenged estimates, we include those.

Mr. CLAY. Mr. Moulds.

Mr. MOULDS. We are statutorily required to use the most recent census data in the vast majority of cases. There are no instances where we adjust. It is our view that statute requires us to do that.

Mr. KERACHSKY. We are similarly statutorily required to use the census data. But in addition, we wouldn't have a firm basis to adjust the data on our own, would we have the statutory authority to do so. We are only able to use what is presented to us by the Census Bureau as the best available data.

Mr. CLAY. Thank you. On that point, and we will start with you, do the yearly census estimates adequately adjust formula funding to make up for the discrepancies that result from the under-count?

Mr. KERACHSKY. I really can't answer that. Where we are allowed to use those data, and we do in some instances, our statisticians just simply don't have the basis to make that interpretation.

Mr. CLAY. But when census sends you data, don't you adjust for that?

Mr. KERACHSKY. Yes. We have formulas that allow us to use the post-censal data and we do use them in those instances. Yes.

Mr. CLAY. All right. How about you, Mr. Moulds?

Mr. MOULDS. Again, we don't use any adjusted data. We just use census data. We similarly wouldn't be in a position to comment on the accuracy of that data because we are not in the business of counting people. That would be a question that is probably better suited for others.

Mr. CLAY. But when data are adjusted and when data are corrected, don't you have an interest in getting it correct, too?

Mr. MOULDS. Clearly we have an interest in having population figures that are as accurate as possible. But again, we are not statutorily allowed to make those adjustments ourselves.

Mr. CLAY. Common sense would say do the right thing by adjusting the data, correct?

Mr. MOULDS. It is our view that the law tells us that we are required to use the actual census data. So if there were to be changes in how that data would be collected, those would have to be statutory changes that would be done by Congress.

Mr. CLAY. Or adjusted data that come in on an annual basis.

Mr. MOULDS. The annual adjusted data that come through that is produced by the census, we do use. I am sorry for the confusion.

Mr. CLAY. Mr. Richardson.

Mr. RICHARDSON. Well, as I noted, we do use the data that are adjusted for population and growth lag in the CDBG formula. With the American Community Survey, which we will be rolling that into our formula starting in fiscal year 2011. To the extent that census updates those numbers to reflect the current population estimates and any challenges that are brought against those population estimates, we would include those in our formulas going forward as we use the American Community Survey.

Mr. CLAY. OK. Then how do we make up for the funding discrepancies once you get new data? Do you adjust your formulas for the new data and new population like in the case of Toledo?

Mr. RICHARDSON. Actually, the CDBG formula is an unusual formula in that it is one of the few formulas where if you have a declining population you actually get more money for having fewer people. It is an unusual formula in that way.

That was the case with Toledo, which successfully challenged its population estimates. By successfully challenging its population estimates, we rolled in that challenge. Because Toledo was receiving money because of how many people it had relative to 1960, when that number increased, it led to a smaller CDBG grant.

The CDBG funds are intended to serve communities in decline. Communities that have lost a lot of population get substantially more than communities that have gained population.

Mr. CLAY. That CDBG formula can be changed here in Congress or by the Agency?

Mr. RICHARDSON. It is in statute and it has to be changed by Congress. President Obama's fiscal year 2010 budget proposal is proposing that formula actually be updated and be changed. We are looking forward to working with the Congress on that.

Mr. CLAY. Mr. Goldenkoff, did you have anything?

Mr. GOLDENKOFF. I think, to the extent that these formulas compensate for the under-count, it all depends on the approach used to correct the data. As Mr. Mesenbourg said, the census data are updated throughout the decade but those updates are largely the result of administrative records. The extent to which those administrative records capture those people who tend to be historically under-counted, the better quality data. But that is an open question on how good those administrative records are.

I think it is important to keep in mind that no census has ever been actually adjusted using statistical means to compensate for the differential under-count or any under-count. So as we have been saying, the accuracy of all these post-censal estimates really starts with the quality of the decennial census. To the extent that there has always been an under-count and that under-count has never been adjusted, that affects the data going forward.

Mr. CLAY. Thank you for that response. Mr. McHenry, you are recognized.

Mr. MCHENRY. Thank you, Mr. Chairman. Thank you all for your testimony.

Mr. Mesenbourg, although the focus of this hearing is obviously with the American Community Survey and the data put out in the funding formulas in that regard, we haven't had you back since address canvassing was finished. Our staffs have been briefed from your folks at the Bureau. We thank you for that. I know you had a pretty strong assessment of how well it went. I know the GAO has a less rosy assessment. But could you touch on your view of how successful the address canvassing was?

Mr. MESENBOURG. Certainly. We view it as a very successful undertaking. As you recall, a year ago there was much angst about our ability to make the handheld computers work. We did a lot of testing in December and prior to the address canvassing.

We actually started in eight of the local census offices a week early. We also, rather than doing it in two waves as originally planned with waves of about 5 weeks each, we split that into five different waves and we started it in most of the local census offices at the same time. The result of that is we were pretty well 99 percent done with this nearly a month ahead of schedule.

The areas that we had to wrap up had to do with areas that had flooding like the Red River. We had mud slides in Puerto Rico. We had a tornado in Kentucky. In fact, our finish date is July 17th. We have three assignment areas that we are completing right now. They are in Jackson, Mississippi, which faced flooding. We will complete those. In fact, we are helicoptering canvassers into that area because, once they can get into that area, they can actually walk the streets. They will finish that operation this week.

So I see it as a very successful operation. We are doing lessons learned as a result of that.

We had great success recruiting. The goal was to recruit about 700,000 folks to fill 140,000 jobs. We had 1.2 million applicants for those 140,000 jobs. So we probably had the most highly skilled work force that we have had on a decennial census and that was huge for us.

Mr. MCHENRY. Are you on budget?

Mr. MESENBOURG. Right now we have run about 15 percent over budget. A good amount of that—we are doing a detailed analysis, as you would expect, right now—was because we went into the address operation with an assumption that we would have 10 percent of the addresses be deletes, that we would go to there and we would actually remove them from the list. We don't have the final number on that but it is more like almost double, a little less than double of that.

What that means is we are going to error in the direction of keeping an address on the address list rather than removing it. So if we have an address that we leave as delete, we are going to send an additional person out to verify that. That requires more mileage, more effort, and more enumerator time. We expect that most of that will be associated with the underestimation of the deletes.

Mr. MCHENRY. We have had a lot of discussion about the handheld computers. Do you believe they worked?

Mr. MESENBOURG. Yes. I believe they worked effectively. We had some glitches during the first startup operation. Most of those were associated with getting enumerators in touch with the help desk. But originally we were assuming something like a 30 percent volume for help desk. It turned out to be much less than that. We had about a week of shakiness there but the handhelds performed well.

Mr. MCHENRY. Mr. Goldenkoff, what is GAO's initial survey of how well address canvassing went?

Mr. GOLDENKOFF. I think it is too early at this point to make any blanket statements about the overall success of address canvassing. I think you need to parse it out to different components.

As you know, there was a lot of concern over the handheld devices. As Mr. Mesenbourg said, there were some initial glitches but the Census Bureau did an excellent job in overcoming those with workarounds. We were out in the field in about 30 different locations. I myself was out in Meridian, Mississippi and also New Orleans so I saw some of this myself. The handhelds really were very effective in helping the address canvassers figure out where they were and to not go over boundaries or into other areas. So that was a positive story.

They also finished largely ahead of schedule, which was good news. One of the things that we are looking at there, though, was whether quality was sacrificed at the cost of speed. So we are looking into that.

In terms of some other things, though, that perhaps could have gone better, Mr. Mesenbourg said they are over budget. Fingerprinting, as you know, that was an issue and is something that we have been looking at pretty closely. About 23 percent of the fingerprint cards were unreadable. My understanding is that those individuals whose cards could not be read or scanned by the FBI—so they had an initial applicant name check but they did not have their fingerprints reviewed by the FBI—were still allowed to work. So there is a security issue in that, of course. There is also cost, too, because basically the money that was spent on those fingerprints and having them reviewed by the FBI just went to waste.

There were some transmission issues with the cell phone service in rural areas. It was not a major issue but it did affect some of the efficiency of the address canvassers.

Recruiting went well. They had a very good quality work force, very conscientious. I think all of the GAO folks that were in the field were very impressed with how hard and how conscientiously the temporary workers did there jobs.

So at this point, as I said, it is just too early to make any comprehensive or overarching statements. But we will be looking at each of those different components as we move forward.

Mr. MCHENRY. Thank you.

Mr. CLAY. Thank you, Mr. McHenry. Ms. Kaptur, you are recognized for 5 minutes.

Ms. KAPTUR. Thank you. Thank you, Mr. Chairman, very much. I really appreciate being able to participate today. Thank you for your leadership.

Mr. Mesenbourg, I wanted to ask you if the Census Bureau is aware of such communities as Toledo, OH that have suffered under-counting of their populations in previous years. We have seen what has happened in the New Orleans region.

One of my concerns is the rising and extraordinary level of housing foreclosures. In these foreclosure regions like Toledo and obviously the New Orleans area and others, what is the Census Bureau doing to offer additional financial support or assistance training personnel that could help these types of communities that have been so damaged by the economy or natural circumstances to achieve a proper count of their populations? It isn't clear that these individuals who are being foreclosed on are leaving their communities?

Mr. MESENBOURG. I would be glad to talk about that. Perhaps I should just take a second to talk about the Population Estimates Program and the challenge program.

As we described before, at the national, State, and county level, basically we are starting with the census 2000 count. Then we are adding in births and subtracting deaths for that location, and then doing an adjustment for migration, both international and domestic. So for someone that immigrated into the United States from Europe or wherever, we use the American Community Survey to do that. We also look at migration within States and within counties, across counties, and we use the IRS data typically to do that. That is what we call the ADREC data and we believe that methodology is performing very well.

At the sub-county level, for example for Toledo, what we would use is the housing unit method. So we would start with the estimate of the number of housing units in Toledo in 2000. Then we take what the occupancy rate was in 2000 and what the persons per household was in 2000, and we also have an adjustment for group quarters. Right now, the Population Estimates Program for this sub-county level data is using the census 2000 average persons per household and the census 2000 occupancy rate.

I can give you an example for Flint, MI of what the impact is of this methodology. Our 2008 population estimate for Flint, MI is 112,900 individuals. In the challenge method, people come in and tell us they have additional housing units. When they do that, we use the census 2000 average per persons per household and we use the occupancy rate. So, for example in Flint, the occupancy rate in census 2000 was 81.9 percent. From our most recent American Community Survey, which is the 3-year estimate spanning 2005 through 2007, the occupancy rate is 78.5 percent. By using the existing challenge method, which uses census 2000, we would have estimated a population growth in Flint of 9.3 percent. If we actually updated that persons per household and the occupancy rate using the most current data, Flint would have had a reduction of 6.4 percent.

So what I want to clarify is the challenge process. We invite any locality to challenge. Typically, of the 39,000 jurisdictions that we publish data for, about 100 ask for a challenge proposal package and about 64 actually challenge. When they challenge, if they can come in and demonstrate to us that they have additional housing units, then we will go back and use the census 2000 persons per household and the census 2000 occupancy rate.

Given, as you are talking about Congresswoman, the decline in occupancy rate, the challenge biases the population estimates up. So if we flash forward a year or two, we probably do not want to be using the 2010 average persons per household or the 2010 occupancy rate. So this is one of the things that we have on our research agenda, to look at the housing unit estimate component, which is sub-county, and to also take another look at the challenge process itself.

Now, what are we doing to improve the count? We are going to spend over $300 million on paid advertising with a huge increase in the advertising that goes into the local areas. Probably the biggest single thing we are going to do is we are going to have nearly 2,900 partnership specialists working in our local offices. We will have nearly 500 local census offices scattered across the United States.

In census 2000 we had about 600 people reaching out to local organizations. This time it is more like 2,900. So they are the folks, they are the trusted voices that we want to be in Toledo to convince the Mayor to convince others to form a Complete Count Committee. We will work with you to improve that count. In brief, that is what we are doing.

Ms. KAPTUR. Mr. Chairman, I am sure my time has expired but in a community like Toledo, over 12 percent of our housing stock is now foreclosed and the rate is rising. I was in a neighborhood in Cleveland, OH, now declared the poorest city in America over the weekend, we were in Slavic Village, a neighborhood where they claim 75 percent of the homes have been foreclosed. I just wonder, when you go door to door and when you send out material, how you really find the people that used to live in those homes.

Mr. MESENBOURG. So what we have done through the address canvassing is identify all of the addresses. If it exists, it is on the address list. We did not attempt to make a determination whether it was occupied or vacant because obviously that could change by April 2010. We think we have done a good job in terms of identifying the addresses.

What we are doing is taking a look at our procedures for the nonresponse followup. You are 100 percent correct. If that is a vacant housing unit and we mail out a census form, we are not going to get a census form mailed back. So starting May 1, 2010, we are going to send an enumerator out to knock on that door. In some cases it is obvious that is a vacant housing unit. In other cases, it is not so obvious. In some cases, maybe someone else is living there or multiple families are living there.

We know that is going to be a challenge. That has to be part of our communication message to get trusted voices. If someone is doubling up in a housing unit, they need to actually report that accurately. If they don't, we will miss people.

Mr. CLAY. Just on that point, Ms. Kaptur, I would hope that the Bureau's research would bring to light that there may need to be different methodologies in this era of housing foreclosures and post-Katrina.

I was down in New Orleans for the address canvassing. Believe you me, the enumerators do not have an easy time. They have to go up to buildings that may look vacant but there are electric wires going into the buildings so perhaps there is someone living there. They have to keep coming back day after day to figure it out. So their task is not easy either.

Hopefully the research will bring us a new methodology.

Ms. KAPTUR. Thank you, Mr. Chairman. I know that we will have between 10 million and 20 million people in this country whose homes will be foreclosed by next year. That is a shocking figure.

Mr. CLAY. But the people are somewhere, though.

Let me go to our colleague from Georgia, Mr. Westmoreland. You are recognized for 5 minutes.

Mr. WESTMORELAND. Thank you, Mr. Chairman.

Mr. Mesenbourg, I want just to clarify that. You can't do the 2010 census based on where people are living in 2009, correct?

Mr. MESENBOURG. That is correct.

Mr. WESTMORELAND. You have to wait until you send the forms out in 2010?

Mr. MESENBOURG. That is correct. The address canvassing has been to build as complete a list of housing unit addresses as we can. Then that is the vehicle to help us deliver report forms.

Mr. WESTMORELAND. That is being done with the handheld computers, correct?

Mr. MESENBOURG. That was done with the handheld computers.

Mr. WESTMORELAND. In prior testimony that you have given in front of this committee, you stated that a lot of the data that you get does come from local city and county governments. Is that correct as far as housing starts, permits, births, and deaths?

Mr. MESENBOURG. Well, the construction information will come from the local government permit office. Information on births and deaths come from the vital record agencies, not from the local government.

Mr. WESTMORELAND. But you do get some information from local governments?

Mr. MESENBOURG. Certainly, in terms of the updates to our construction program and new construction activity. So any construction that has occurred since we finished address canvassing near the end of June and before we do the census, we will be getting building permits flowed to us from local governments. We will have an opportunity to send an enumerator out to actually collect information from those new units. That will happen in late July and August 2010.

Mr. WESTMORELAND. Mr. Mesenbourg, you say that you have been at the Census Bureau for 36 years. Is that correct?

Mr. MESENBOURG. That is correct. Maybe it is almost 37.

Mr. WESTMORELAND. So this is not your first rodeo when it comes to the census. Would you say that the process of doing the census has gotten better over the years?

Mr. MESENBOURG. I think it has become more challenging if we look at just the diversity in terms of additional languages and the recent economic problems that the Nation has faced. I think it is clear that this is going to be one of our most challenging censuses.

We feel we have the procedures in place to conduct a successful census but we believe our partnership program especially is key to deliver that message, to mobilize the communities. I think we have all been very impressed by the energy of the different constituencies and how committed they all are to making this a successful census. I think having nearly 2,900 partnership specialists in the field is going to be key for us to connect with local areas. Of course, we will hire locally also. That is a key strategy.

Mr. WESTMORELAND. Just to go back over a little bit of your Population Estimates Program, it is my understanding that you start off with the decennial number or the census.

Mr. MESENBOURG. The census count, right.

Mr. WESTMORELAND. Then you add births and subtract deaths, is that true?

Mr. MESENBOURG. That is true.

Mr. WESTMORELAND. Then I guess for the internal migration, let us say somebody moves from Patrick's district to a good congressional district in Georgia—[laughter.]

What kind of data would you use to track that?

Mr. MESENBOURG. For the population that is under 65, we use the IRS tax data to do that year to year movement. That has about 80 percent coverage of the population. For the population 65 or older, we use the Medicare information. We use that address information on that.

Mr. WESTMORELAND. OK, so that is kind of your formula for coming up with that. Now, how about the American Community Survey? Can you kind of explain how you use that?

Mr. MESENBOURG. Well, the American Community Survey is the replacement for the old long form. In 1990, 2000, and previous censuses, one in six households got a long form. And it was long. It was over 50 pages. That was the source of all the social, economic, and household information. We have replaced that once in a decade long form survey with the American Community Survey.

The American Community Survey samples about 250,000 households a month and then publishes data annually. In September, probably September 22nd, we will produce the 2008 estimates for all jurisdictions with a population of 65,000 or more. Then in December, we will produce the 3-year estimate, which will be 2006, 2007, and 2008, for all jurisdictions with a population over 20,000. Next December will be the first time we produce the 5-year estimate and that will go down to the very smallest geographic areas.

So it is really the primary source of the social, economic data like poverty statistics, income, information on disabilities, and so on.

Mr. WESTMORELAND. I have one final question, if I could, Mr. Chairman. I know that the population estimates that you have had, at least from the numbers that I have seen, that over the past three decades you have been really I guess plus or minus about 2.5 percent of the decennial number. Is that correct?

Mr. MESENBOURG. That is correct. In 1990 and 2000, it was about 2.5 or 2.4 percent under the census number.

Mr. WESTMORELAND. In 1 year it was over?

Mr. MESENBOURG. I think both years it was under but I can double check that.

Mr. WESTMORELAND. Both years were under a little bit? OK. But 2.5 percent based on the information you are getting is pretty darn close. I want to commend you and the people at the Census Bureau for the job you have done.

I yield back, Mr. Chairman.

Mr. CLAY. We will do a second round of questioning with this panel. I will start with Mr. Mesenbourg.

Tell me how does the Census Bureau notify other Federal departments of changes in population?

Mr. MESENBOURG. Well, we produce the population estimates on a regular schedule. Let me just use the 2008 population estimate. So in December 2008, we provided the national and the State population estimate for 2008. In March 2009, we produced the county-level population estimates. Then, as of July 1st, we produced the sub-county level. So we just put those statistics out in the last couple of weeks.

Mr. CLAY. You share that with Federal agencies?

Mr. MESENBOURG. It is on the Web site and I think all of the agencies that are using population estimates data in their formulas are very familiar with the release schedule.

Mr. CLAY. OK. Mr. Mesenbourg, along those same lines, is there a plan afoot to put a moratorium on the census challenge program?

Mr. MESENBOURG. Well, the sub-county data, using our schedule, would come out in July 2010, basically a year from now. So we will put a moratorium on the 2009 challenges because by the time we would evaluate and produce those data, information from the 2010 census will be produced at the State level no later than December 31, 2010.

Mr. CLAY. So we are talking 6 months? How long will the moratorium last?

Mr. MESENBOURG. Let me be clear. There will be no challenge process on the 2009 estimate because by the time we would act on it, we will have better 2010 census data. Now, when we come to calendar year 2010, then we have the estimates from the decennial census so we do not produce public estimates of the population estimates for 2010. The census counts stand as the count.

Mr. CLAY. Thank you so much for that response.

Let me go to Mr. Richardson. Mr. Richardson, I and many others have concerns about the design of formulas that correct the under-count and result in an increased number in the population count yet and yield fewer moneys to the municipalities because of the increase. This is the result of applying a mechanism called a growth lag. The growth lag is to assist areas with stagnant population growth. Low income areas normally have population growth and wealthier areas tend to have fewer children and more stagnant growth.

Can you show me where the benefit of having the growth lag applied to these under-counts counteracts the loss of funds in these poorer areas that seemingly would need the funding more?

Mr. RICHARDSON. I think that is an excellent point. The growth lag variable in the CDBG formula was developed in the 1970's to try to address the needs of a lot of communities at that time that were facing significant population loss due to a number of factors. The formula was put into statute and has not been changed.

HUD has done a number of studies looking at the different variables, including growth lag, and how well they target the need. Growth lag does have the problems you note. Communities that are relatively well-off communities that have had populations that stayed the same or gone down even because of smaller household sizes, they get substantial grants under the Community Development Block Grant Program, as do other communities that are seriously distressed. Saint Louis, Detroit, and Toledo get substantial amounts of funding because they have lost population since 1960.

In the studies we have done, there are recommendations on how that could be fixed to make the formula so that it doesn't create these anomalies and so it ensures that the money is directed to the communities that most need it. As I noted earlier, President Obama in his 2010 budget proposal has indicated a desire to work with the Congress to try to make the changes to make this formula target better.

Mr. CLAY. Yes. Let us begin by you sharing those studies with the subcommittee.

Mr. RICHARDSON. Absolutely. We will provide you a copy of that study. In fact, I have one with me. I can leave that with your staff.

Mr. CLAY. Thank you so much.

I will recognize my colleague from North Carolina, Mr. McHenry.

Mr. MCHENRY. Thank you, Mr. Chairman. Mr. Mesenbourg, there has been some discussion about Hurricane Katrina. It was devastating and still is a devastating event for the Gulf Coast. Some parts of the Gulf Coast region still haven't recovered. The chairman discussed the difficulties of the address canvassing there.

But to look at how devastating that was, it was obviously a horrible event for the people of the Gulf Coast, but to look at the data that the Census Bureau produced, I have given you two tables, Table 1 and Table 2, that come from your Bureau. One is about East Baton Rouge Parish and the other is about Orleans Parish. New Orleans and Baton Rouge, in essence. These are your population estimates for those two counties. You can see the massive loss of population in Orleans parish and the uptick in East Baton Rouge. It is obvious to deduce that some moved to East Baton Rouge. In Table 2, you actually determine where people migrated from, too.

Could you talk about a study by three people that work for you, Roger Johnson, Justin Bland, and Charles Coleman, who tracked the dislocation of people as they left the path of Katrina and the aftermath?

Mr. MESENBOURG. Certainly. Of course, Katrina posed real challenges to the population estimates. I talked about how at the county level we start with census 2000, add births, subtract deaths, and then use the tax records and the Medicare records to try to estimate migration. One of the first things that happened post-Katrina is that the IRS provided I think it was a 6-month extension in terms of filing taxes. It was clear that we had to come up with a different way of tracking that migration.

What we did is we availed ourselves of the Postal Service National Change of Address record. We identified all the housing units and the individuals pre-Katrina. Then, using this postal change of address, we found out where they moved to. They not only moved, of course, within Louisiana. They moved to Houston. They moved to Atlanta.

The study you referred to, Congressman McHenry, basically shows large maps of exactly where all of those people that we identified pre-Katrina, where they ended up.

I guess I would see that as a demonstration that when faced with real challenges, the staff can come up with a way to produce the data. We knew we needed to do something there.

Mr. McHENRY. Are there additional administrative data that you used aside from the Postal Service or was that the crux of it here?

Mr. MESENBOURG. It was primarily this National Change of Address record. Once we found out where the people had actually moved, then we could also leverage the other administrative record data. But the real challenge was to find out where they had migrated to from New Orleans.

Mr. McHENRY. OK. That is the Table 2. I am sorry we don't have it for the screens. Unfortunately, the screens are not working today.

How confident are you in these estimates?

Mr. MESENBOURG. Quite confident. I think they have been vetted by folks. Given the extraordinary challenges that the New Orleans area faced, I think this is about as good a job as an agency can do in terms of tracking those individuals.

Mr. McHENRY. OK. Has the Mayor of New Orleans quibbled with the data?

Mr. MESENBOURG. I believe the Mayor has challenged the population estimate. That is not unusual. As I say, we typically have about 65 primarily larger cities that challenge the estimate.

Mr. McHENRY. So it is a pretty regular occasion?

Mr. MESENBOURG. It is a very open procedure to challenge. If jurisdictions have the data to support an increase in their number of housing units, then typically they are going to win the challenge process.

Mr. McHENRY. Oh, I see. So you do incorporate that on a regular basis?

Mr. MESENBOURG. Yes.

Mr. McHENRY. OK. Additionally, is it more difficult to track race and ethnicity following Katrina? Is that an additional challenge because of using different administrative data? Or is it hard to say?

Mr. MESENBOURG. I don't want to give you the wrong answer. We provide the race data at a certain level. We do produce the race information at the county level. I am confident in it at that level. We do not produce the race data at the sub-county level. It is the total population that we are producing there. So for Fulton County, we would be confident in that number.

Mr. McHENRY. Thank you, Mr. Chairman.

Mr. CLAY. Thank you, Mr. McHenry.

This panel will be dismissed and we will set up for the second panel. Thank you all for your testimony today.

[Recess.]

Mr. CLAY. The meeting will come back to order. We will now hear from our second panel.

Our first witness will be Mr. Carleton Finkbeiner, who is the mayor of Toledo, OH. As Mayor of Toledo, he has helped bring new living opportunities to the downtown area. The Mayor is also active in the U.S. Conference of Mayors and was a national chairman of Rebuild America. Thank you for being here, Mr. Mayor.

Next we will hear from Mr. Robert Bowser, who is the mayor of the city of East Orange, NJ. It is good to see you again. Welcome back. Mayor Bowser is the founder of the New Jersey Conference of Black Mayors and was selected as president in 2003. He is also a member of the U.S. Conference of Mayors and is vice chair of the 2010 Census Taskforce.

Our third witness, Mr. Arturo Vargas, is the executive director of the National Association of Latino Elected and Appointed Officials, a national membership organization of Latino policymakers and their supporters. He is a nationally recognized expert in Latino demographic trends, electoral participation, voting rights, the census, and redistricting. He currently serves on the 2010 Census Advisory Committee. Welcome back to the committee, Mr. Vargas.

Our final witness is Mr. Jamie Alderslade. He is the director of external relations at Social Compact, a non-profit agency dedicated to fostering private investment in inner city communities. He works on projects that utilize asset-based information as a platform for consensus between local governments, investors, and communities to promote sustainable investment in the under-served urban neighborhoods. Welcome, Mr. Alderslade.

Welcome to all of you. Thank you for appearing today before the subcommittee. It is the policy of this committee to swear in all witnesses before they testify. I would like to ask you to stand and raise your right hands.

[Witnesses sworn.]

Mr. CLAY. Thank you. You may be seated. Let the record reflect that the witnesses answered in the affirmative.

Each of you will have 5 minutes to make an opening statement. Your complete written testimony will be included in the hearing record.

Mayor Finkbeiner, you may proceed with your opening statement.

STATEMENTS OF CARLETON FINKBEINER, MAYOR, CITY OF TOLEDO, OH; ROBERT BOWSER, MAYOR, CITY OF EAST ORANGE, NJ; ARTURO VARGAS, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF LATINO ELECTED AND APPOINTED OFFICIALS; AND JAMIE ALDERSLADE, DIRECTOR OF EXTERNAL RELATIONS, THE SOCIAL COMPACT, INC.

STATEMENT OF CARLETON FINKBEINER

Mr. FINKBEINER. Thank you, Chairman Clay. I appreciate this opportunity a great deal.

I have been mayor of Toledo for 12 years. My experiences in attempting to get an accurate count of Toledo during that 12 year period of time have been rather frustrating. That we why we hired Social Compact on the recommendation of the Mayor of Cincinnati, Mark Mallory, where Social Compact had helped them significantly.

I think I can speak today with perhaps as much knowledge as any Mayor coming before you, not because I am a Mayor but because I was a census leader in 1970 in Toledo, OH. I want to tell you what I learned from that experience.

Many of my counters were elderly females. We began the census count in affluent, upper middle and middle class neighborhoods. My elderly enumerators felt very comfortable as they walked up and knocked on the doors of rather spacious, extremely well-kept, and trendy suburban-type households. My enumerators enjoyed themselves immensely.

As the weeks progressed and my enumerators completed their tasks in these middle class neighborhoods, they methodically worked their way toward central city Toledo. As they did, their enthusiasm began to taper off. Their gusto for enumerating poor neighborhoods of significant diversity became really and readily apparent.

With multiple story apartment buildings as part of their daily agenda, I began to lose my crew. Ultimately, of the three dozen members of my staff that began, one remained to tackle central city Toledo neighborhoods. Even though others were brought onboard, they did not have the same degree of training and enthusiasm my initial crews did. I began to worry about a serious undercounting of the poor, the disadvantaged, and men and women of color.

In the 40 years that have gone by since, there are more poor people than ever living in the hearts of our cities, including Toledo. Some are homeless men and women. Some are regular visitors at the shelters that provide food on a daily basis. Others have been released from mental hospitals and seek counseling and medicines. These men and women cling to the heart of the city where assistance is available and they are able to fit in as opposed to looking extremely out of the normal in those suburban and middle class enclaves I mentioned earlier.

Fast forward to my 12 years as Mayor. I asked my Neighborhoods Department staff to help me estimate how many Jane and John Does were being left uncounted. It is the John and Jane Does who need the help of the Federal Government as well as State and local governments, 501(c)(3)'s, and non-profit agencies.

If people are not counted because U.S. census workers are tentative at best as they count the central city, marching door to door, apartment to apartment, homeless shelter to homeless shelter, how can we ensure we are identifying all of our citizens?

One thing I know for sure is that there are more men and women living in mobile housing unit conditions in bleaker environments and in growing numbers today than back in 1970 when I had my experience. These men and women desperately need the help of our Federal Government and our Federal agencies. Our responsibility is to find out how to get each and every one of these men and women counted by the U.S. census.

During the past few years, there have been numerous reports saying that the city of Toledo, as well as Lucas County, is losing population. In preparation for our 2010 census, the staff of the Toledo Planning Commission at my direction and with the help of Social Compact identified over 1,400 addresses previously not recorded on the U.S. Census Bureau's current address list. This confirmed my suspicion that there was a population under-count of housing units from 2000 to 2007 in the city of Toledo.

In fact, the adjusted estimate meant that Toledo's population in 2007 was actually higher than in 2000, far from declining as had been consistently reported over several years. To the credit of the Department of Commerce and the U.S. Census Bureau, they acknowledged that Toledo had a population of 316,851, some 21,822 more people than the U.S. Census Bureau's original 2000 population estimate. The date of that acknowledgment was January 9, 2009. I attach a copy of the letter.

To my surprise, on June 2, 2009, I was sent a letter from HUD's Office of the Assistant Secretary for Community Planning and Development. It stated that as a result of Toledo's successful challenge, the city will actually be receiving $293,585 less in Community Development Block Grant funding in fiscal year 2009. A copy of that letter is also attached.

CDBG entitlement community grants are a vital source of funding from HUD directly to Toledo. The ability to use the grants flexibly allows my administration the freedom to respond to the very specific housing and development needs of Toledo's low and moderate income communities. At a time when great efforts are being made to stimulate the economy, CDBG funding serves a vitally important role in that endeavor.

Having successfully participated in the census challenge program, we expected to receive a larger allocation in CDBG funding, particularly because there are more poor men and women now moving toward the centers of our cities, including Toledo, than ever before. If there are more people in the city of Toledo, as confirmed by Federal Government, with increasing poverty and unemployment, and ours tops at about 12 percent, why would the city of Toledo's CDBG allocation be reduced? I can only conclude that the CDBG allocation formula needs to be addressed to rectify the situation facing the city of Toledo.

In closing, the city of Toledo, regardless of current formula allocations, will continue to strive for accurate data for investment and planning purposes. We will continue to work cooperatively with our community and the U.S. Census Bureau to make sure every Toledoan is counted.

Each human being is given a name at birth. Until death, they are to remain a concern of a caring society. Without a name or an identity, they may as well be condemned to death. None of us want that. Therefore, let us make sure every person is counted.

I have one concluding comment. A death occurred in our community 48 hours ago. The man that died was 68 years of age. He had been a homeless man in Boston for about 15 to 20 years. He was born and raised in Toledo. He got some aid and assistance when he was in Boston and his family urged him to come back to the family home in Toledo. Fifteen years ago he returned. The last 15 years, that man has made such an impact on life in the neighborhood in which he lived. He still looked very skinny, very bearded, and very disheveled and he rode a bike everywhere. But that man was going to Board of Education meetings. He was going to Social Services meetings and Criminal Justice meetings. That man made such a difference.

It was about 10 days ago that he unfortunately was knocked off his bike by a youngster and hit his head on the pavement. He was in a coma for 10 days. Our community came to a stop for 10 days while Bob was in a coma in a hospital. He died 48 hours ago.

That man was once homeless. Because he was identified as a real person as a result of the Boston metropolitan area Social Services people, he came back and made a very, very significant contribution to Toledo the last 15 years of his life. He will be deeply missed. That is why every man or woman needs to be counted.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Finkbeiner follows:]

Remarks for Mayor Finkbeiner
Testimony before the House Committee
Information Policy, Census and National Archives
July 9, 2009 2:00 p.m.

I appreciate the opportunity to address you today on the importance of an accurate count of the census every year, particularly every ten years.

I have been Mayor of Toledo for 12 years. My experiences in attempting to get an accurate count of Toledo during that 12-year period have been rather frustrating. That is why we hired Social Compact on the recommendation of the Mayor of Cincinnati where Social Compact had helped them significantly.

I can speak today with perhaps as much knowledge of a census count as any Mayor coming before you, as I was a Census Leader in 1970 in Toledo, Ohio. I want to tell you what I learned from that experience. Many of my counters were elderly females. We began the census count in affluent, upper-middle and middle class neighborhoods. My elderly enumerators felt very comfortable as they walked up and knocked on the doors of rather spacious, extremely well kept, trendy suburban type households. My enumerators enjoyed themselves immensely.

As the weeks progressed and my enumerators completed their task in these middle-class neighborhoods, they methodically worked their way toward Central City Toledo. As they did, their enthusiasm began to taper off. Their gusto for enumerating poorer neighborhoods of significant diversity became really apparent. With multiple-story, apartment-tenement buildings as part of their daily agenda, I began to lose my crew. Ultimately, of the three-dozen members of my staff that began, one remained to tackle Central City Toledo neighborhoods. Even though others were brought onboard, they did not have the same degree of training and enthusiasm, my initial crews had.

I began to worry about a serious undercounting of the poor, the disadvantaged, and men and women of color.

In the 40 years that have gone by since, there are more poor people than ever living in the heart of our cities, including Toledo. Some are homeless men and women. Some are regular visitors at the shelters that provide food on a daily basis. Others have been released from mental hospitals, and seek counseling and meds. These men and women cling to the heart of the city where assistance is available and they are able to "fit in" as opposed to looking extremely out of the normal in those suburban and middle class enclaves I mentioned earlier.

Fast forward to my 12 years of mayor, I asked my Neighborhoods Department staff to help me estimate how many John and Jane Does were being left uncounted. It is the John and Jane Does who need the help of the Federal Government, as well as the State and

Local governments, 501 C 3's and non-profit agencies. If people that are not counted because the U.S Census workers are tentative at best, as they count the central city, (marching door-to-door, apartment-to-apartment, homeless shelter-to-homeless shelter), how can we ensure we are identifying all of our citizens?

One thing I know for sure - there are more men and women living in mobile housing conditions, in bleaker environments and in growing numbers. These men and women need the help of Federal agencies. Our responsibility is to find out how to get each and every one of these individuals counted by the U.S. Census.

During the past few years there have been numerous reports, saying that the City of Toledo, as well as Lucas County, is losing population. In preparation for our 2010 Census, the staff of the Toledo Plan Commission, at my direction and with the help of Social Compact, identified over 1400 addresses previously not recorded on the U.S. Census Bureau's current address list. This confirmed my suspicion that there was a population undercount of housing units from 2000 to 2007 in the City of Toledo. In fact, the adjusted estimate meant that Toledo's population in 2007 was actually higher than in 2000! Far from declining, as had been consistently reported over several years!

To the Credit of the Department of Commerce and the U.S. Census Bureau, they acknowledged Toledo had a population of 316, 851, 21,822 more people than the U.S. Census Bureau's original 2007 Population estimate. The date of that acknowledgement was January 9, 2009. A copy of the letter is attached.

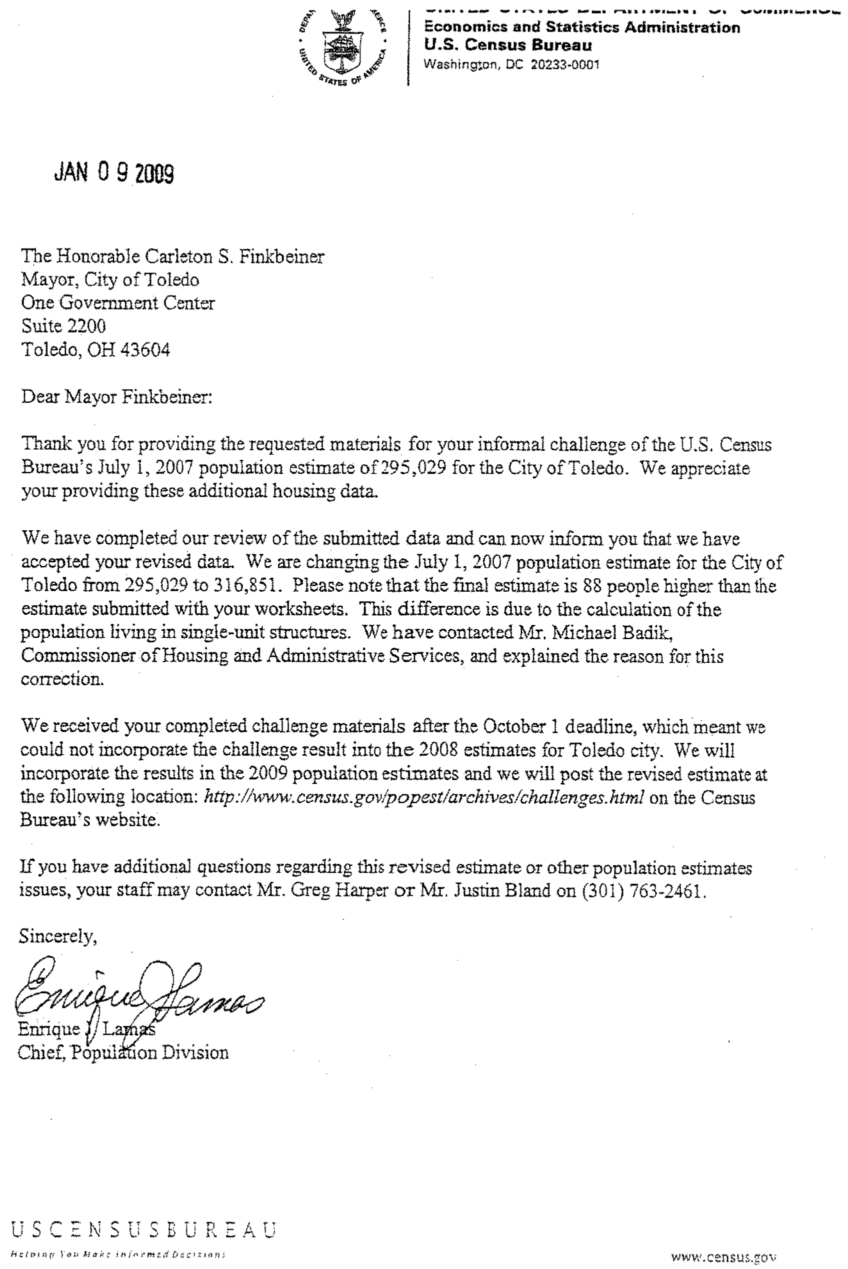
Then, to my surprise, on June 2, 2009, I was sent a letter from HUD's Office of the Assistant Secretary for Community Planning and Development, stating that as a result of Toledo's successful challenge, the city will actually be receiving $293,585 less in Community Development Block Grant (CDBG) funding in Fiscal Year 2009. A copy of that letter is also attached.

CDBG Entitlement Communities Grants are a vital source of funding from HUD directly to Toledo. The ability to use the grants flexibly allows my administration the freedom to respond to the very specific housing and development needs of Toledo's low and moderate-income communities. At a time when great efforts are being made to stimulate the economy, CDBG funding serves a vitally important role in that endeavor. Having successfully participated in the Census Challenge Program, we expected to receive a larger allocation in CDBG funding.

If there are more people in the City of Toledo as confirmed by the federal government, but increasing poverty and unemployment topping at 12 percent, why would City of Toledo's CDBG allocation be reduced? I can only conclude that the CDBG allocation formula needs to be addressed to rectify the situation facing the City of Toledo.

In closing, the City of Toledo, regardless of current formula allocations, will continue to strive for accurate data for investment and planning purposes. And we will continue to work cooperatively with our community and the U.S. Census Bureau to make sure every citizen of the City of Toledo is counted.

Each human infant is given a name at birth. Until death, they are to remain a concern of a caring society. Without a name or identity, they may as well be condemned to death. None of us want that. Therefore let's make sure every person is counted.



Economics and Statistics Administration
U.S. Census Bureau
Washington, DC 20233-0001

JAN 0 9 2009

The Honorable Carleton S. Finkbeiner
Mayor, City of Toledo
One Government Center
Suite 2200
Toledo, OH 43604

Dear Mayor Finkbeiner:

Thank you for providing the requested materials for your informal challenge of the U.S. Census Bureau's July 1, 2007 population estimate of 295,029 for the City of Toledo. We appreciate your providing these additional housing data.

We have completed our review of the submitted data and can now inform you that we have accepted your revised data. We are changing the July 1, 2007 population estimate for the City of Toledo from 295,029 to 316,851. Please note that the final estimate is 88 people higher than the estimate submitted with your worksheets. This difference is due to the calculation of the population living in single-unit structures. We have contacted Mr. Michael Badik, Commissioner of Housing and Administrative Services, and explained the reason for this correction.

We received your completed challenge materials after the October 1 deadline, which meant we could not incorporate the challenge result into the 2008 estimates for Toledo city. We will incorporate the results in the 2009 population estimates and we will post the revised estimate at the following location: *http://www.census.gov/popest/archives/challenges.html* on the Census Bureau's website.

If you have additional questions regarding this revised estimate or other population estimates issues, your staff may contact Mr. Greg Harper or Mr. Justin Bland on (301) 763-2461.

Sincerely,

Enrique Lamas
Enrique J. Lamas
Chief, Population Division

cc. K. Bonk

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

JUN - 2 2009

The Honorable Carleton S. Finkbeiner
Mayor of Toledo
One Government Center, Suite 2200
640 Jackson Street
Toledo, OH 43604

Dear Mayor Finkbeiner:

On May 1, 2009, I sent a letter informing you that Toledo's FY 2009 Community Development Block Grant (CDBG) from HUD would be $8,038,110. Of the two formulas used to calculate the CDBG grant amount for each entitled community, your community received the higher grant from the formula which benefits communities experiencing growth lag. Growth lag is essentially a factor that accounts for the fact that a community has not grown in population as quickly as the average community. New population data discussed below results in the need to reduce your FY 2009 CDBG allocation to $7,744,525.

Your community's successful population challenge last year to the Census Bureau is cause for this reduction. You appealed that your population should be 316,851 which is 21,822 higher than the number released by the Census Bureau last summer in its official population estimates. While your community's population is now recognized to be higher than the Census Bureau had estimated, unfortunately that means that your community's allocation must be reduced because your growth lag is less.

HUD has now re-run the FY 2009 CDBG allocations for all grantees, and in doing so, used the population figures for all communities which had successfully appealed to the Census Bureau for a modified population amount, including yours. Your community still received the higher CDBG grant from the formula that benefits growth lag. The new calculated FY 2009 CDBG grant for your community is the $7,744,525 mentioned above which is $293,585 less than what I had mentioned in my earlier letter.

Should you have any questions about your grant and how it was calculated, you may contact Robert Brever at (202) 402-4537.

Sincerely,

Nelson R. Bregón

Nelson R. Bregón
General Deputy Assistant Secretary

Mr. CLAY. Thank you so much, Mr. Mayor, for your testimony. Mayor Bowser, you are recognized for 5 minutes.

STATEMENT OF ROBERT BOWSER

Mr. BOWSER. Good afternoon, Chairman Clay, Ranking Member McHenry, and members of the subcommittee. I am always glad to be in Washington to see where my money is going.

On behalf of the city of East Orange, NJ, I urge all of our people to be counted in the 2010 census. Everyone's participation is vital to ensure our voices are heard in Congress. A complete count also almost guarantees our community would get its fair share of Federal dollars, which would mean money for schools, hospitals, roads, and social services. This count includes the homeless, the legal, and the undocumented. We are all entitled to the same services provided within our city. It is easy, important, and safe to participate. All of this information is confidential.

To ensure an accurate count in the city of East Orange, we plan to engage our community with a team of people, coordinators and leaders of various ethnic backgrounds, who look like and speak the same language as the people we are counting.

A complete and accurate count means a sustainable, better way of life for all people. Historically in the city of East Orange, we believe that the last two census counts were seriously flawed, resulting in an under-count in excess of 12 percent.

As a city, we rely on accurate population figures for all county, State, and Federal applications for grants and supplemental aid for many if not all programs. In this present economy, municipal government has to fight for and look for fiscal help wherever it is available. The census figures are the one common factor in all applications and the compelling argument for jurisdictions in need. We at the local level must meet our obligation to provide services and the opportunity for services for all our constituents.

At this hearing, we were asked to comment on the impact of the under-count on funding formulas and how this would affect local communities. First, let me say that it is important to distinguish between concerns about funding formulas and the concerns about allocations under the formulas. The question of whether funding formulas are designed properly and whether they take into account the conditions Congress desires to address is separate from the question of the accuracy of the data used to allocate funds under the formulas.

Without going into the details about CDBG funding, there are two formulas, A and B. Both of them rely on census data. When they are calculated, the formula, either A or B, that gives more justification for funds, that is the one that is used. Under these formulas, jurisdictions always receive more funds than the total amount available through appropriations. To bring the allocation within the appropriated amount HUD uses, they use a pro-rated reduction that may be different annually.

If East Orange's population is not correctly calculated in the most recent census, the argument could be made that neither formula A nor B can be calculated accurately to allocate to this jurisdiction because 50 percent of formula A and 20 percent of formula B rely on the accurate population count. Even if one formula is used instead of the other, an inaccurate census count could greatly impact East Orange's CDBG allocation, ensuring this jurisdiction receives less than the community needs.

Also, the U.S. Department of Housing and Urban Development's formula calculations rely on several factors that are directly impacted when the U.S. Census Bureau under-counts, especially because in East Orange we also have a high number of house rentals and apartment units.

Let me just give you a little information about the city of East Orange. We are only 3.9 square miles but 83 percent of our buildable land is residential. We were cut in half by the Garden State Parkway and then we were quartered by Interstate 280. We are 15 miles from New York and we border six other towns or cities right along the city of Newark.

The U.S. Conference of Mayors Metro Economies Committee reported that of cities within the category of 50,000 to 100,000 people, East Orange has the highest percentage of people of color in all of the United States of America. It is close to 95 percent.

One other factor that we found out is that home ownership in the city of East Orange was less than 35 percent 8 years ago. Because of the census and the fact that it was inaccurate, we went out and checked about 40 of the census tracks. We had no means to challenge that count. But because of that fact that percentage of home ownership was so low, we went into a first time home buyers program. What we did was to educate the population. We made sure we helped people get their credit better and we gave them counseling. Now, in 2009, we are at 47 percent home ownership and we have avoided a lot of the foreclosures in our city because of the fact that we were challenging some of the census numbers in our own right.

Also in our city, compounding our problem is that of homes that are one and two families, 40 percent of them are owned by senior citizens. Of that number, 43 percent of them are on fixed income, retired, and have no mortgage. Every time we look to increase taxes, this is the group that is most vulnerable.

When you look at and talk about under-counting, the historic fact is the factors that affect an under-count are people of color, low income populations, immigrants with limited English proficiency, young people, and unemployed people. The city of East Orange is in a lot of trouble because that fits our demographics right away.

What we need to do to make sure is that we count everybody. If you take a few things that you can use as parameters, because our population right now is said to be, with all of the adjustments and I have no idea how they make them, 69,824 people, but if you look at our water consumption, it should be somewhere around 77,000 people. If you look at our school population, which includes public schools, charter schools, private schools, and day care, it should be somewhere between 73,000 and 75,000. If you look at solid waste disposal, it should be somewhere around 72,000 people.

Something went awry at the first count. In this count coming up, if it is wrong in the first year, it is wrong for the next 9 years. That is a problem.

[The prepared statement for Mr. Bowser follows:]

Testimony
Of
Honorable Robert L. Bowser
Mayor
City of East Orange, New Jersey

Information Policy, Census, and National Archives Subcommittee
Oversight and Government Reform Committee

"Census Data and its use in Federal Formula Funding"

Thursday, July 9, 2009
2247Rayburn House Office Building, Room
2:00 p.m.

Good Afternoon, Chairman Clay and Ranking Member McHenry and Members of the Subcommittee. Thank you for inviting me here today; I am Robert L. Bowser, Mayor of the City of East Orange, New Jersey. As Mayor of the City of East Orange, when it comes to the Census, nothing is more important than a fair and accurate count of all people residing in our city.

On behalf of the City of East Orange, New Jersey, I urge you to be counted in the 2010 Census. Your participation is vital to insure that your voice is heard in Congress. A complete count also guarantees our community will get its fair share of federal dollars...money for schools, hospitals, roads, and social services.
This count includes the homeless, the legal, **and** the undocumented. We are all entitled to the same services provided within our city, it's easy, important and safe to participate **and** all information is confidential. To insure an accurate count in the City of East Orange we plan to engage our community with a team of people; coordinators/leaders of various ethnic backgrounds

who look like and speak the same language. A complete and accurate count means a sustainable/better… way of life **for all people**.

Historically, we, in East Orange, believe the last two Census counts were seriously flawed resulting in an undercount in excess of 12%. As a city, we rely on accurate population figures for all State, County and Federal applications for grants and supplemental aid for many, if not all, programs. In this present economy municipal government has to fight for and look for fiscal help where ever it is available. The Census figures are the one common factor in all applications and the compelling argument for justification and need. We, at the local level must meet our obligation to provide services, and the opportunity for services, to all of our constituents.

SCHEDULE A

CITY OF EAST ORANGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Funding Department	irant or State Project Numb	CFDA Number	Grant Year	Grant Award Amount	2008 Grant Receipts	Balance, June 30, 2007	Revenue Realized	Expenditures	Adjustments	Balance, June 30, 2008	Memo Cumulative Total Expenditures
U.S. Department of Housing and Urban Development											
Community Development		14.218	2008	$ 1,720,992		$ 1,491,005	$ 1,731,806	$ 1,626,698		$ 1,596,113	
HOME Program		14.239	2008	520,500		1,524,758	520,500	1,175,957		869,301	
Program Income		14.239	2008			941,975	301,343	637,680		605,638	
Shelter Plus Care	NJ39-04-04-001	14.238	2008				594,155	594,155		-	$ 594,155
Construction of Senior Center					$ 38,058		248,000	49,600		198,400	
U.S. Department of Health and Human Services (Passed through)											
WIC- Supply Food Program for Women, Infants & Children	4220-100-113/265	10.557		733,100	437,168	642,735	733,100	540,950	$ (560,227)	274,658	540,950
Lead Based Paint Poisoning Program (Passed through)	4220-100-087/156/287/315	93.197		214,225	305,499	165,291	214,225	367,332		12,184	367,332
HIV Counseling and Testing (Passed through)	4245-100-058	93.917		231,751	234,112	151,182	231,751	230,872	(126,804)	25,257	230,872
Substance Abuse Treatment		93.243			940,118	178,368		178,203	(165)	-	
Alcohol and Drug Abuse-Methadone Program											
Methadone Intensive Outpatient (Passed through)	7555-100-041-012	93.959			65,597	27,088				27,088	
U.S. Department of Justice											
Law Enforcement Block Grant						252				252	
Weed and Seed	2007-WS-Q7-0132	16.595	2007	200,000	197,591	111,066	200,000	243,690		67,376	243,690
COPS Ahead		16.00				-	22,919	22,919		-	
Edward Byrne Memorial Justice Assistance		16.579			125,704		171,886	96,477		75,409	
Department of Agriculture											
Summer Food Service Program (Passed through)	3350-100-033/034	10.559		783,507	254,772	1,003,430	783,507	508,262	(746,108)	512,567	508,262
Winter Food Service Program (Passed through) (Child and Adult Care Food Prog.)	3350-100-029/081	10.559			2,184,056	1,088,281	1,964,607	2,240,365	(552,898)	259,625	2,240,365
Economic Development Initiative					384,558	346,500	384,558	384,558		346,500	
Lead Based Hazard Control Grant Program (Passed through) Dept. of Consumer Affairs	8020-100-076	14.990			235,748	71,635	-	71,635	-	-	71,635
TOTAL FEDERAL AWARDS						$ 7,743,566	$ 8,102,357	$ 8,969,353	$ (1,986,202)	$ 4,890,368	

Mr. CLAY. Thank you, Mr. Mayor. Mr. Vargas, you are recognized for 5 minutes.

STATEMENT OF ARTURO VARGAS

Mr. VARGAS. Thank you, Mr. Chairman and Ranking Member McHenry, for the opportunity to appear before you on behalf of the NALEO Educational Fund.

You know, a successful census requires an accurate count of the estimated 47 million Latinos in the Nation. We are the second largest population group and the fastest growing population. An under-count of the Latino population means a failed census. It will skew the distribution of Federal resources to States and localities.

Many of the Federal programs allocated using census data are critical to the education and health of Latino families, such as the Department's of Education Title I grants and Department's of Health and Human Services' Head Start and SCHIP programs. These programs are just three of the Federal initiatives that have proven successful in helping children living in poverty to succeed in school and lead healthy lives. Without accurate 2010 census data, we would not be able to accurately assess the number of children in need nor allocate sufficient resources for them.

An under-count of the Latino population will also have a significant impact on the fair distribution of Federal funding to States and cities with large Latino populations. Nearly half of the Nation's Federal funding allocated using census data is distributed to nine States where nearly 80 percent of the Nation's Latinos reside. These amounts range from $3.5 billion for New Mexico to nearly $42 billion for California. In addition, $43 billion in Federal funding allocations that rely on census data, about 11 percent of the Nation's total, are distributed to the five metropolitan areas where one out of four Latinos live.

Latino elected officials at the State and local levels know the harm caused by the under-count. In my written testimony, we present four examples of elected officials around the country who are dealing with the problems caused by the under-count. These officials recommend changes to the Bureau's census challenge program to ensure that yearly population estimates are more accurate. The Latino elected officials we have surveyed recommend that the Bureau help jurisdictions to better understand the data and evidence required for a successful challenge and the criteria that the Bureau use to accept challenges.

To help avoid an under-count and the harm that it brings, we offer the following recommendations for the 2010 census: First, Congress must provide the Census Bureau with sufficient funding to conduct the census. The House has approved census funding that is $206 million below the President's request. This seems to be the result of a misunderstanding between House appropriators and the Department of Commerce over certain carryover funds. The Senate Appropriations Committee has approved census funding at a level closer to the President's request. We urge the Senate to adopt the committee recommendation and urge appropriators to restore the $206 million in conference that appears to have been inadvertently cut by the House.

Second, the U.S. Senate must expeditiously confirm the nomination of the Director of the Census Bureau. The delay on Dr. Groves's confirmation is impairing the ability of the Bureau to proceed on track.

Third, the Census Bureau must implement a communications and outreach plan that takes into account the current economic and social realities. The security measures implemented after September 11, including provisions of the Patriot Act, have raised concerns about confidentiality. Hurricane Katrina and other natural disasters have displaced thousands of residents. We are in the worst economic crisis since the Great Depression with thousands having lost their homes through foreclosures. Millions are living disengaged from our country's civic life. The paid advertising campaign needs to reach these Americans.

As a member of the Joint Advisory Advertising Review Panel, I joined with my fellow members in raising concerns about the proposed advertising campaign that was initially developed. We are heartened to see that the communications contractors have taken into consideration the views of the JAARP and have retooled the messaging of the campaign. Last week, we were presented with a plan that was much more cohesive, better promoted the confidentiality and safety of the census, and reflected the economic times.

This retooled campaign will need further testing and refinement but time is of the essence. We encourage Congress to continue its vigilance over this crucial component of the 2010 communications plan.

In addition, the lack of an English language paid media strategy directed at Latinos is problematic. The Census Bureau will fail to reach a large segment of the hard to count population if it relies exclusively on Spanish language media to reach all Latinos.

Special strategies will also be required to count immigrants because our Nation's ongoing immigration policy debate has exacerbated their fear of contact with Government agencies and have increased hate crimes. The Bureau must use strategies that overcome this distrust and all public agencies must work to promote public confidence in the census.

The Census Bureau must ensure that its 2010 work force reflects the diversity of the Nation's population from its highest managerial positions to its field enumerators. Latinos are the most under-represented segment of the Bureau's permanent work force, comprising less than 6 percent. As the Bureau continues to deploy its massive work force, it must hire a diverse group of top managers to lead its regional operations.

To effectively reach the hard to count population, the Bureau must also hire enumerators who are familiar with local communities and their residents. In many neighborhoods, these workers must be bilingual. We have heard reports from some areas that sufficient bilingual enumerators are not available to hire, particularly in areas with emerging populations.

Congress should closely monitor the implementation of the census in schools program. This was one of the success stories of census 2000. We are concerned that we are not going to have the same aggressive implementation of census in schools in 2010 that we had in 2000.

Finally, Congress must reject any proposals that would prevent the full enumeration of every U.S. resident in the census. These proposals are contrary to the fundamental precepts of our Constitution that call for a full count of every person residing in the Nation. We strongly condemn the efforts of a small group of extremists and even a Member of this legislative body calling for a census boycott. Encouraging anyone to not participate in the census is simply wrong.

The NALEO Educational Fund remains committed to being a partner with the Congress and the administration in ensuring the success of the 2010 count. We look forward to working with you on this and I look forward to any questions you may have.

[The prepared statement of Mr. Vargas follows:]

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Testimony

by

Arturo Vargas, Executive Director
National Association of Latino Elected and Appointed Officials (NALEO)
Educational Fund

before

the United States House of Representatives Oversight and Government Reform Committee
Subcommittee on Information Policy, Census, and National Archives
On Census Data and its Use in Federal Formula Funding

Washington, DC
July 9, 2009

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Chairman Clay, Ranking member Representative McHenry and members of the Subcommittee: I am Arturo Vargas, Executive Director of the National Association of Latino Elected and Appointed Officials (NALEO) Educational Fund. Thank you for the invitation to appear before you today on behalf of the NALEO Educational Fund to discuss Census data and its use in federal formula funding.

The NALEO Educational Fund is a non-profit, non-partisan organization that facilitates full Latino participation in the American political process, from citizenship to public service. Our constituency includes the more than 6,000 Latino elected and appointed officials nationwide. We are one of the nation's leading organizations in the area of Census policy development and public education, and we are deeply committed to ensuring that the Census Bureau provides our nation with the most accurate count of its population.

The NALEO Educational Fund was actively involved in outreach to the Latino community for the decennial enumerations in 1990 and 2000. In 2007, we launched the "*ya es hora*" (It's Time) campaign, a comprehensive, multi-year effort to integrate Latinos into American civic life. When we launched the campaign, our Spanish-language media partners included Univision Communications Inc., Entravision, and ImpreMedia, and our national partners were the National Council of La Raza, the Service Employees International Union on citizenship promotion and Mi Familia Vota Educational Fund on voter engagement. The first two phases of this effort involved mobilizing eligible Latino legal permanent residents to apply for U.S. citizenship, and then mobilizing Latino U.S. citizens to vote.

We have now launched the third phase of the *ya es hora* campaign, *¡HAGASE CONTAR!* (Make Yourself Count!), which focuses on promoting the importance of the Census, educating individuals about filling out their Census forms and encouraging households to mail back their responses once they complete their forms. This campaign is working to inform and motivate the nearly 50 million U.S. Latinos to fully participate in the 2010 Census. The national organizations and Spanish-language media leaders for this effort are the same as those for the previous two phases of the *ya es hora* campaign. Currently, there are also nearly 40 other national and local partners for *¡HAGASE CONTAR!*, and we anticipate that number reaching into the hundreds as the campaign proceeds.

In addition, since 2000, we have served on the Secretary of Commerce's 2010 Census Advisory Committee, or its predecessor, the Decennial Census Advisory Committee, and we have participated in the Committee's discussions surrounding the planning for the 2010 enumeration. We also serve on the Joint Advisory Advertising Review Panel (JAARP), which the Census Bureau created to review its advertising and communications efforts. In addition, through our strong relationship with our Latino leadership constituency, we have also become very familiar with the types of challenges that public officials face as a result of the undercount of the Latino population and its impact on federal formula funding. We have also learned about Latino elected officials' experiences with the Census Challenge program, which allows jurisdictions to challenge the population estimates developed by the Census Bureau.

Mr. Chairman, we need the 2010 Census to produce the most accurate count of our nation's population as possible. Census data are the fundamental building blocks of our representative democracy; Census data are the basis for reapportionment and redistricting. Policymakers at all levels of government also rely on Census data to make important decisions that affect the lives of all Americans. These data help make such determinations as the number of teachers that are needed in classrooms, the best places to build roads and highways, and the best way to provide health and public safety services to our neighborhoods and communities. The accuracy of Census data is also critical for the effective allocation of government funding for schools, hospitals and other vital social programs. In addition, Census data are used to monitor compliance with civil rights laws and to document incidents of illegal discrimination based on race or gender. The first immediate use of the 2010 Census data for this purpose will be determining whether the 2011 redistricting of Congressional, state legislative and other single-member electoral districts comply with the Voting Rights Act of 1965.

To secure an accurate count of our nation's population, it is imperative to have an accurate count of the estimated 46.9 million Latinos who are now the nation's second-largest and fastest-growing population. An undercount of such a large segment of the U.S. population means a failed Census. An accurate count of the Latino community is necessary if we are to make sound policies for the economic, social and political well-being of the entire country.

In our testimony, we will examine the impact of an undercount of the Latino community on the distribution of federal resources, with particular attention to the states and metropolitan areas with large Latino populations. We will also provide the perspectives of Latino elected officials on this issue, and their recommendations for the Census Challenge program. Finally, we will present policy recommendations to ensure a complete and accurate count of the Latino community in Census 2010.

I. The Overall Impact of an Undercount of the Latino Community on Federal Resources

An undercount of the Latino population in Census 2010 will have a serious detrimental impact on the federal resources available to states and localities with large Latino communities. According to Census Bureau estimates, in Census 2000, the enumeration may have missed as many as 1 million Latinos. According to estimates based on this undercount, Los Angeles County alone – home to 4.7 million Latinos – lost $600,000,000 in federal funding since the last Census. It is estimated that Bronx County, New York lost more than $350,000,000 due to the undercount of its Latino population[1]

Over the next 10 years, Census data will determine the allocation of more than $3 trillion in federal monies for funding essential programs such as public transportation, road construction, programs for the elderly and children, schools, and emergency food and shelter. An analysis by The Brookings Institution authored by Andrew Reamer, a Fellow in the Metropolitan Policy Program, demonstrates the broad range of federal assistance programs that rely in whole or in part on decennial Census statistics to distribute funds. Using FY 2007 population and funding data, the Brookings analysis indicates that nationally, the distribution of $376.8 billion in federal assistance program funding – or about $1,249 per capita – relies on decennial Census statistics.[2] The programs with the highest national expenditures include a wide range of public services that affect the daily lives of all of our nation's residents, including the Department of Health and Human Services' Medical Assistance Program ($197.3 billion); the Department of Transportation's Federal Aid Highway Program ($57.0 billion); and the Department of Housing and Urban Development's Section 8 Housing Choice Vouchers ($16.1 billion). Some of the foregoing programs are particularly critical for the education and health of Latino families and their children. The top 10 programs reliant on Census data with the highest expenditures include the Department of Education's Title 1 Grants to Local Educational Agencies ($7.737 billion, ranked 5th), and the Department of Health and Human Service's Head Start program ($6.181 billion, ranked 7th) and State Children's Health Insurance Program ($5.511 billion, ranked 8th).

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[1] *Effect of Census 2000 Undercount on Federal Funding to States and Selected Counties, 2002-2012*, prepared by PricewaterhouseCoopers, at the request of U.S. Census Monitoring Board: Released August 7, 2001.

The Title 1 Grants program provides financial assistance to local educational agencies and schools with high numbers or high percentages of poor children to help ensure that all children meet challenging state academic standards. A significant share of these children in poverty are Latino. Similarly, according to the Department of Health and Human Services, more than one out of three (35%) of the children enrolled in Head Start are Latino - Head Start has been demonstrated to be effective in promoting the educational success of Latinos and increasing high school completion rates. The State Children's Health Insurance Program helps states expand health care coverage to our nation's uninsured children. According to U.S. Census data, Latinos are the most uninsured population group among U.S. children, and one out of five Latino children are not insured.[3] For all of these programs, an undercount of Latino children, which has occurred historically, will diminish the resources available to address some of the most pressing challenges facing Latino families. We know that currently, many Latinos who are eligible for the foregoing programs are not enrolled in them. For example, the National Council of La Raza estimates that only 3% of eligible Latino infants and toddlers are enrolled in the Early Head Start program. Without accurate 2010 Census data, we will not be able to adequately assess the number of children who need these programs, and we will not allocate sufficient resources for them. Thus, the number of children who are not served by these programs will be even greater if the undercount of Latino children persists.

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[2] Reamer, Andrew, "Federal Assistance Programs Reliant in Whole or Part on Decennial Statistics to Distribute Funds, United States, FY 2007," The Brookings Institution, Washington, DC, preliminary analysis, June 15, 2009. The federal programs covered in this analysis include those which rely in whole or in part on data collected through the decennial census of population; Census Bureau estimates (particularly annual population estimates and the American Community Survey) derived from the decennial Census data; and data produced by other federal agencies that rely on Census Bureau statistics based on the decennial Census. All data in this testimony that presents distribution of program funds by geography is based on The Brookings Institution analyses, and the distribution is drawn from the Consolidated Federal Funds Report (CFFR) database, maintained by the Census Bureau. The dollar amounts presented for federal assistance funding in this testimony are the **total** expenditures provided by the CFFR, and not just the portion of the total that is allocated on the basis on Census data. No attempt was made to determine the portion of the total so allocated, and this should be taken into account when interpreting the data provided herein.

[3] DeNavas-Walt, Carmen, Bernadette D. Proctor, and Jessica C. Smith, U.S. Census Bureau, Current Population Reports, P60-235, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, U.S. Government Printing Office, Washington, DC, 2008.

An undercount of the Latino population will also have a significant impact on the fair distribution of federal funding in states with large Latino populations. Table 1 presents the amount of federal assistance program expenditures for nine selected states. These are the states with the highest Latino populations in the nation, which together comprise 79% of the nation's total Latino population.

Table 1

Federal Assistance Programs Reliant in Whole or In Part on Decennial Census Statistics to Distribute Funds for Selected States, FY 2007

State	Federal Assistance Expenditures	State's Share of Total U.S. Expenditures	State's Share of U.S. Latino Population
Arizona	$7,259,012,436	1.9%	4.1%
California	$41,852,815,348	11.1%	29.4%
Colorado	$4,271,972,122	1.1%	2.1%
Florida	$17,402,265,204	4.6%	8.2%
Illinois	$14,317,759,069	3.8%	4.2%
New Jersey	$10,153,603,728	2.7%	3.1%
New Mexico	$3,471,873,921	0.9%	1.9%
New York	$38,211,064,767	10.1%	7.1%
Texas	$23,148,081,490	6.1%	18.9%
Total	$160,088,448,085	42.5%	79.0%

Sources: For federal assistance expenditures, see Andrew Reamer, "Federal Domestic Assistance Allocated on the Basis of Statistics Based on the Decennial Census, U.S. and States, FY 2007," The Brookings Institution, Washington, DC, preliminary analysis, March 4, 2009.
Share of Latino population derived from the U.S. Census Bureau's 2005-2007 American Community Survey 3-Year Estimates.

As Table 1 indicates, the amount of federal funding which relies on decennial Census data distributed to states with large Latino populations ranges from about $3.5 billion in New Mexico to $41.9 billion in California. Nearly half of the nation's federal funding which relies on decennial Census data (42.5%) is distributed to the nine states where most of the nation's Latinos reside.

An undercount of the Latino population will also have a severe impact on some of the nation's largest urban areas, which have high concentrations of Latino residents. Table 2 presents the amount of federal assistance program expenditures that rely on decennial statistics to distribute funds for five metropolitan areas.

Table 2

Federal Assistance Programs Reliant in Whole or In Part on Decennial Census Statistics to Allocate Funds for Selected Metropolitan Areas, FY 2007

Metropolitan Area	Federal Assistance Expenditures	Area's Share of Total U.S. Expenditures	Area's Share of U.S. Latino Population
Cook County, Illinois	$5,971,525,525	1.6%	2.7%
Harris County, Texas	$2,133,557,254	0.6%	3.3%
Los Angeles County, California	$10,136,378,654	2.7%	10.6%
Miami-Dade County, Florida	$2,283,638,372	0.6%	3.3%
New York City, New York	$22,603,244,823	6.0%	5.1%
Total	$43,128,344,628	11.4%	25.0%

Sources: For federal assistance expenditures, see Andrew Reamer, "Federal Assistance Programs Reliant in Whole or Part on Decennial Statistics to Allocate Funds," for selected counties and New York City, FY 2007, The Brookings Institution, Washington, DC, preliminary analysis, June 30, 2009.
Share of Latino population derived from the U.S. Census Bureau's 2005-2007 American Community Survey 3-Year Estimates.

According to Table 2, $43.1 billion in federal assistance program expenditures that are reliant on Census decennial data are distributed to five metropolitan areas with large Latino communities. These metropolitan areas are home to one out of four of the nation's Latinos, and their federal program assistance expenditures reliant on Census decennial data comprise 11.4% of the nation's total.

II. Latino Elected Officials' Perspectives on Census Funding and the Census Challenge Program

Latino elected officials from throughout the country, particularly those in urban areas, are keenly aware of the need for an accurate decennial enumeration to ensure the fair and effective distribution of federal monies.[4] They generally agree that an undercount will mean that their jurisdictions will not receive adequate resources to meet their residents' needs. For example, Representative Juan Zapata, a member of the Florida State Legislature who represents a district in Miami-Dade County, notes that Community Development Block Grants are particularly important for his jurisdiction, and the amount of those grants are directly affected by the decennial Census count.

In addition, while Latino elected officials know the important role that accurate Census data play in determining the proper geographic and social allocation of services, by both the public sector and private businesses, they often realize that the undercount of Latinos leads to flawed data and potentially flawed decisions. For example, Harris County, Texas Commissioner Sylvia Garcia notes that when Harris County was hoping to place a child development center within the jurisdiction, the census data available suggested that there was no need for such a center. However, policymakers who are familiar with the population of the jurisdiction felt it was quite evident that there were a large number of children residing in the area who could use the services of the center.

Latino elected officials are also extremely concerned about the impact of an undercount on the resources required to meet the needs of "hard-to-count" populations – those Latinos who are least likely to be reached during enumeration efforts or to participate in the Census count. The officials noted that many of the "hard-to-count" Latinos are those who would best be served by the federal assistance programs whose funding relies on an accurate count. The "hard-to-count" Latinos mentioned by officials included recent immigrants, both documented and undocumented, those with limited English proficiency, and those with lower levels of education. For example, Denver City Councilmember Paul Lopez notes that approximately half of the Latino adults in

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[4] The perspectives presented herein are based on interviews with NALEO Board President and Harris County Commissioner Sylvia Garcia; NALEO Board Member and Denver City Councilmember Paul Lopez; Utah State Senator Ross Romero; and NALEO Board Member and Florida State Representative Juan Zapata.

Denver over 25 years old have less than a high school education, yet the amount of funding available for adult education and vocational training is not adequate for this population's needs.

Utah State Senator Ross Romero also understands the challenges that his state faces in reaching "hard-to-count" Latinos. Utah is a state which has not been a traditional center of Latino population concentration, and has an "emerging Latino population" with residents who are generally new to the state. Moreover, because many of the Latinos living in the state work in the construction or hospitality industries, they are highly mobile. Thus, they may not be in Utah on April 1st for the Census enumeration, but they may return frequently during the decade, and often need the education and health service resources that rely on decennial Census data.

Latino elected officials also believe that there need to be some changes to the Census Bureau's Census Challenge program to ensure that the yearly population estimates produced by the Bureau accurately reflect their jurisdictions' populations. Under the Census Challenge program, jurisdictions can submit a challenge to the Bureau contesting those estimates, and requesting an upward revision. As part of the process, local governments use local data as evidence of the actual population change in their jurisdictions.

Latino elected officials whom we have surveyed recommend that the Census Bureau formalize the Census Challenge program in a manner that would allow jurisdictions to more clearly understand the type of data and evidence required for a successful challenge, and the criteria used by the Bureau in accepting challenges. They suggested that the Bureau should be more proactive in providing technical assistance to jurisdictions in preparing challenges, and more careful and attentive in its review of the data and evidence presented. Because jurisdictions need to expend a fair amount of time and resources in contesting estimates, Latino elected officials also believe that the Bureau needs to help jurisdictions make a preliminary assessment of whether their challenge will be accepted. The officials generally agree that the Census Bureau would be better positioned to implement the foregoing recommendations if more funding was available for the Challenge program.

III. Policy Recommendations

Through our broad range of Census activities, including our work with Latino elected officials and the Latino community, our research and data analysis, and our efforts to shape public policy, we have gained a deep understanding of the serious consequences that will result from an undercount of the nation's Latino population in Census 2010. An undercount will distort the distribution of federal funds, and deprive many jurisdictions of the resources required to meet their residents' needs for a broad range of services, including education, health, housing, community development, transportation, and public safety. An undercount will also skew the effective geographic and demographic allocation of such services, and jeopardize jurisdictions' ability to ensure that resources reach the communities and neighborhoods that need them the most. Our nation's future prosperity and well-being depends on the strength of the Latino community, and an undercount of Latinos in the 2010 Census will seriously impair the nation's social and economic progress. We offer the following recommendations to ensure that Latinos are fully counted in the 2010 Census:

A. Congress must provide the Census Bureau with sufficient funding to effectively implement the 2010 enumeration. With Census 2010 fast approaching, it is critical that the Census Bureau receive the resources needed in the FY 2010 budget to carry out the decennial enumeration effectively. A decade of preparations for Census 2010 will culminate officially on Census Day, April 1, 2010, and the Census Bureau must obtain the funding required for what is the largest peacetime mobilization of America's federal personnel and resources. In 2010, the Census Bureau will:

- open and staff remaining Local Census Offices (for a total of almost 500);
- recruit 3.8 million and hire 1.4 million temporary employees to conduct the census;
- finalize data capture, data processing and telecommunications systems;
- print 140+ million census questionnaires and other materials;
- launch a national advertising campaign;
- hire additional national and regional staff to oversee field operations;

- collect census information from every residential housing unit and group quarters in the country, using the mail, telephone and door-to door visits; and
- conduct an accuracy-check survey (Census Coverage Measurement).

As of this writing, the House of Representatives has approved the FY 2010 Commerce, Justice, and Science (CJS) appropriations bill that includes funding for the U.S. Census Bureau at a level of $206 million less than requested by President Obama. This appears to have occurred as a result of a misunderstanding between House appropriators and the Department of Commerce over the availability of certain carry-over funds. During the House consideration of the CJS appropriations bill, there were several unsuccessful efforts to make more substantive reductions in the funding for the Census Bureau by diverting those funds to other uses.

The Senate Appropriations Committee has approved Census funding at a level that is much closer to the President's FY 2010 $7.375 billion request. To ensure that the Bureau can implement the 2010 Census effectively, we urge the full Senate to reject any amendments that would reduce appropriations to the Census Bureau to boost funding for other programs. We also urge Congressional appropriators during conference to restore the $206 million that appears to have been inadvertently cut by the House from the Census Bureau's FY 2010 budget.

As noted earlier, the Administration should also examine the resources needed for the Census Challenge program, to determine whether additional funding would enable the Bureau to provide more effective technical assistance to local jurisdictions, and to provide a more adequate review of challenges that are submitted.

B. The U.S. Senate must move forward expeditiously to confirm the appointment of the Director of the Census Bureau. In mid-May 2009, the Senate Homeland Security and Governmental Affairs Committee reported out the nomination of Dr. Robert M. Groves to serve as Director of the Census Bureau. As of this writing, the confirmation of Dr. Groves remains in limbo, because the Senate Republicans do not have the consent of all of their members to move forward with a vote. We believe that Dr. Groves is a skilled professional who understands the science and substance of the Census and the Census Bureau, and who is fully committed to a process that counts everyone. The delay that has resulted from the hold placed on Dr. Groves' confirmation is seriously impairing the ability of the Bureau to keep its 2010 operations on track. We urge the Senate to move forward to confirm his appointment as soon as Congress returns from its recess.

C. The Census Bureau must implement a communications and outreach plan that takes into account the current economic and social realities confronting residents of our nation. Since the last decennial Census, our nation's residents have experienced several challenges that will have a significant impact on the ability of the Census Bureau to reach them and engage them in the 2010 count. For some, the heightened government security measures implemented after the tragic events of 9-11, including provisions of The Patriot Act, have raised concerns about the confidentiality of the information provided during the enumeration. Hurricane Katrina and other natural disasters have displaced thousands of residents and have wiped whole neighborhoods off the map. Most importantly, we are now facing the greatest economic crisis since the Great Depression. Our country's residents have lost homes through foreclosures or are experiencing other housing problems. Many feel disengaged from society and participation in our country's civic life.

Thus, it is critical that the paid advertising campaign conducted by the Census Bureau connects with Americans most likely to be missed in the census and reflects their contemporary experiences. As a member of the JAARP, I joined with my fellow members in raising serious concerns about the proposed advertising campaign initially developed by the general communications contractor overseeing the entire campaign, including the advertising for the African American, Asian, Native American and Latino population segments.[5]

Our concerns about the proposed paid advertising developed by the Bureau's general communications contractor cover several areas. First, the campaign did not appear to take into account the current economic and social realities of our nation's residents, and we do not believe the message and tone of the advertising would resonate with them. We believed there was insufficient advertising that assures Americans about the confidentiality of the information provided during the enumeration.

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[5] The JAARP did note that some of the proposed paid advertising seemed to be effective, specifically the ads produced for Spanish-speaking Latinos by one of the advertising sub-contractors, and the ads developed in Asian languages and for Arab Americans.

We are heartened to see that the communications vendors have taken into consideration the views of the JAARP and have retooled the messaging of the paid advertising campaign. At the second meeting of the JAARP, the communications vendors and the Census Bureau held last week, we were presented with a plan that demonstrated much more cohesive message integration and greater attention to promoting public confidence in the confidentiality and safety of the census, as well as reflecting the troubled economic times during which the 2010 Census will be conducted. This retooled campaign will need further testing and refinement, and time is of the essence. We encourage Congress to continue its vigilance over this crucial component of the 2010 Census promotion campaign.

Despite the improvements in the campaign, for the Latino population, there continues to be no English-language paid media strategy. The majority of Latinos speak English exclusively, or very well, yet the campaign does not appear to have developed messages for Latinos who are native-English language speakers and listen to radio and watch television and other media in English. The Census Bureau will fail to reach a large segment of the "hard-to-count" population if it believes that its strategy for reaching all of the nation's Latinos can be achieved by exclusively relying on Spanish-language advertising.

D. Special strategies and preparations will be required to enumerate the nation's immigrant population. Our nation's current debate about the future of its immigration policy has created additional challenges that the Bureau must address in reaching the newcomer population. Some policymakers have adopted a divisive tone and tenor during this discussion, and several states and localities have implemented or are considering measures intended to create hostile environments for immigrants. Some of these measures require local law enforcement agencies to enforce federal immigration laws; others would require apartment owners to check the immigration status of potential renters. This has created a climate which exacerbates immigrants' distrust of contact with government agencies, including the Census Bureau.

Undocumented immigrants, legal permanent residents, and even U.S. citizens who live in households where family members have varying immigration statuses, are being discouraged from answering the Census. The anti-immigrant climate today harms confidence in the confidentiality of the Census, and raises concerns among many residents that the Bureau will use the information they provide in a detrimental manner.

Thus, it is critical that the Bureau develop messages and strategies that effectively communicate the confidentiality of information provided by Census respondents. The Bureau itself must ensure that it reinforces public trust in this confidentiality by strictly adhering to its own privacy principles and mandates, including Title 13 – the Protection of Confidential Information; the Confidential Information Protection and Statistical Efficiency Act, and the Privacy Act of 1974, on the release of data on "sensitive populations" to law enforcement agencies.

In addition, the Bureau must work with agencies at all levels of government – federal, state and local – to promote public trust in the confidentiality of the Census. It is critical that the Bureau work with these agencies and educate them about the kinds of activities which will undermine public confidence and deter hard-to-count populations from participating in the 2010 enumeration.

E. The Census Bureau must ensure that its Census 2010 workforce reflects the diversity of the nation's population. In order to accurately reach and count our nation's Latino residents in 2010, the Census Bureau must employ a diverse workforce, from its highest managerial positions to its field enumerators. First, the Bureau must strengthen its existing efforts to implement a well-designed and effective recruitment, retention and promotion plan to increase the overall number of Latinos at the Census Bureau. Latinos are the most under-represented segment of the Bureau's permanent workforce, comprising less than 6%. In addition, as the Bureau continues to open and staff its temporary regional offices, it must hire a diverse group of top managers to lead its regional operations.

To effectively reach "hard-to-count" populations, the Bureau must hire enumerators who are familiar with their local communities and their residents. For many Latino neighborhoods, these workers must be bilingual in English and Spanish. We have heard reports from some of the Bureau's regional offices that sufficient bilingual and local enumerators may not be available for hire, particularly in areas with emerging Latino populations.

It is also likely that some individuals who possess the best skills to work as enumerators in the Latino community may not be U.S. citizens. The Bureau has been able to hire some work-authorized non-citizens when Spanish-language skills are needed, but it cannot hire work-authorized non-citizens from Mexico because Mexico has not been an "allied" nation of the United States since 2004. This could hamper recruitment and employment efforts in areas where the Mexican immigrant population has grown over the past decade, such as in the South and in Texas. We urge the Census Bureau to further explore options available to address this challenge.

F. Congress should closely monitor the implementation of the Census in Schools program, which provides educators with teaching tools, resource materials, workshops, and other professional development opportunities about the importance of being counted in the decennial enumeration, and the value of Census data. As noted above, an undercount of Latino children would have a significant detrimental impact on services that are vital for the well-being of Latino families. During Census 2000, the Census in Schools program helped educators effectively reach children and their families to encourage them to participate in the Census. For the 2010 Census, the Bureau should proactively promote the use of the Census in Schools curriculum by teachers and not rely solely on school administrators to get the materials to every classroom.

G. Congress must reject any proposals which would prevent the full enumeration of every U.S. resident in the Census. As 2010 approaches, there have been legislative and policy efforts to exclude the undocumented from the Census enumeration. These proposals are contrary to one of the fundamental precepts of our Constitution, which calls for a full count of every person residing in the nation. In addition, they would result in an incomplete and inaccurate Census, which would deprive policymakers, businesses, researchers and the public of the accurate data needed to ensure our nation's future well-being and prosperity. We urge the Administration and all members of Congress to reject these flawed and dangerous proposals.

In this connection, we also note that together with our *ya es hora !HAGASE CONTAR!* partners, we strongly condemn the efforts of a small group of organizations with extremist views, and even of a member of this legislative body, calling for a boycott of the enumeration. A boycott would only exacerbate the undercount, which would hurt neighborhoods and communities. Encouraging anyone not to participate in the Census is simply wrong.

The NALEO Educational Fund remains committed to being an active and thoughtful partner to this Subcommittee, Congress, the White House and the Census Bureau, in ensuring the success of the 2010 Census, so that our nation can rely on the most accurate data possible. I thank the Chairman, the Ranking Member, and the Subcommittee once again for providing us with the opportunity to share our views today on Census data and its use in federal formula funding.

Mr. CLAY. Thank you, Mr. Vargas, for your testimony. Thank you for the work you do.

Mr. Alderslade, you are recognized for 5 minutes.

STATEMENT OF JAMIE ALDERSLADE

Mr. ALDERSLADE. Good afternoon, Chairman Clay. Good afternoon, Ranking Member McHenry. Good afternoon, Congresswoman Kaptur. Many thanks for this opportunity to discuss the important matter of how census data is used in Federal formulae.

On a personal note, I came to this country 4 years ago to Social Compact and now I am testifying on Capitol Hill. It is incredible. [Laughter.]

Today, I want to make three brief points. Accurate demographic data is critically important as a component of driving sustainable economic development in our cities, especially in our under-served neighborhoods. Close collaborative partnership between local governments and the Census Bureau is the Nation's most important driver for generating that data. Third, every conceivable effort should be made to ensure that the evolution and strengthening of this vital partnership between the Census Bureau and the cities continues.

If there is one lesson that we have learned over the course of 10 years of conducting our pioneering drill-down research in 350 under-served neighborhoods across this country, where we found under-served neighborhoods to be far larger, far safer, and with far greater buying power than previously thought, is that information matters. There is no more important source of information in this country than that produced by the Census Bureau.

As you have heard from my fellow esteemed panelists, census data defines everything from how much Federal and State funding a city may receive to its prospects for attracting investments. When demographic data is accurate, investment decisions are more informed, policy more refined, and funding allocations fairer.

To ensure accurate census information, it is imperative that there are strong partnerships between local governments and the Census Bureau. We therefore fully support the Census Bureau's development of the census challenge program, a major step in the evolution and strengthening of alliances between local governments and the Bureau.

Since 2001, 251 challenges by local governments have been recognized by the Census Bureau, resulting in population adjustments of 1.8 million people to the contesting jurisdictions. So far, Social Compact has worked with six cities, including the great city of Toledo, OH, across the country to provide the Census Bureau with better local data, resulting in an aggregate adjustment of almost 200,000 additional residents.

The very existence of the census challenge program, a program designed by the Census Bureau, and the city of Toledo's participation in that program is the clearest signal possible that both the Bureau and local governments are committed to building stronger alliances. When that alliance is weakened or compromised, no one benefits. The Census Bureau gets incomplete and irregular data from cities; cities and States don't get their appropriate share of funding from Federal Government sources; investors don't get the accurate market information that they need; and perhaps most importantly, communities get under-counted.

As you heard from my fellow panelists, suspicion or a lack of understanding over how census data is used in Federal formulae greatly compromise this crucial partnership. Indeed, the example of the reduction in CDBG funding to Toledo as the result of its participation in the census challenge program actually discourages cities and local governments from working with the Census Bureau. This must be addressed immediately.

For local governments to continue to submit accurate local data to the Census Bureau, the formulas that include population factors and are used by Federal agencies need to be transparent and trusted by cities. Specifically, I have four recommendations:

An immediate review is required of the formulas that HUD uses to determine allocations of the CDBG entitlement grants. As it stands, the current formulas used by HUD discourage cities from submitting accurate local data to the Census Bureau.

Greater research is urgently required on the impacts of census figures on all funding for local governments that is determined by formulae. The city of Toledo knows to the dollar amount the reduction in CDBG funding as a result of participating in the challenge program but has little idea of the dollar impacts on other funding it receives. Cities need to know this.

Once this research has been completed, tools should be developed for local governments so that they may plan for changes in population and corresponding changes in funding. For instance, could a funding calculator be developed that enabled local governments to plug in their population to calculate their predicted funding from Federal and State programs?

Finally, there may be more that cities and the Census Bureau could do to support the development of sound and transparent funding formulae. One suggestion is a review of the current data collected by local governments by the Census Bureau to determine annual population estimates. Are there additional local data sources that can be collected that will not only improve accuracy but perhaps inform future funding formulae developments?

In conclusion, the census is the best and most important demographic data base we have in the United States. But it can be greater still by ensuring close collaboration with local governments, especially with populations with high minority and other undercounted communities. Social Compact will continue to work diligently to foster mutually beneficial partnerships between local governments and the Census Bureau. By urgently addressing these issues outlined today, in partnership with Federal agencies, the Census Bureau and local governments will have taken a major step toward achieving our common goals.

Thank you.

[The prepared statement of Mr. Alderslade follows:]

Testimony
Of
Mr. Jamie Alderslade
The Social Compact, Inc.

Information Policy, Census and National Archives Subcommittee
Oversight and Government Reform Committee

"Census Data and its Use in Federal Formula Funding"

Thursday, July 9, 2009
2247 Rayburn HOB
2:00 p.m.

Mr. Chairman, and other esteemed members of the Subcommittee, I respectfully submit the following written testimony about how census data is used in federal funding formulas.

I wish to make three points.

1. Census estimates matter to cities. They help to determine funding allocations from the federal government; inform investors like retailers and banks about where and when to invest in our cities; they ensure that city administrations make sound policy decisions grounded in accurate census data, and; they greatly influence the perception of cities.

2. The formulas used by federal agencies need to be better understood, and supported by cities. When formula grants are perceived to not reflect the need of communities, they serve as a disincentive for cities and, local governments in general, to partner with the Census Bureau and ensure the most accurate information.

3. Significant new research is required to:
    a. Ensure that formula grants capture and reflect needs of cities;
    b. Calculate the impact of census data on funding for local governments, and;
    c. Support local governments' understanding of their population change and corresponding adjustments in funding.

1. Census Estimates Matter to Cities

Census population estimates determine a city's share of funding allocations for federal and state programs, a city's prospects for securing private sector investment, a city's administrative effectiveness and efficiency, and even the public perception of cities. In short, census population estimates matter enormously to cities.

In total, over 170 federal programs incorporate census population estimates into formulas that determine the range and level of funding available to local governments. As the U.S. Conference of Mayor's 1999 survey on the fiscal impact of the census undercount demonstrated, a modest 4% census population undercount translated to $677 million dollars of unrealized federal and state funding allocations to just 20 cities over the course of this decade.[1] America's cities stand to lose much more if funding allocations continue to be based on incomplete census information. Billions of dollars in public sector funding available to municipalities are at stake.

In addition, retailers, financial institutions and other private sector investors each year rely on census population estimates to inform their investment decisions across cities. Indeed, in the article, *The Brookings Urban Markets Initiative: Using Information to Drive Change*, author Alyssa Stewart Lee notes that "the foundation of the private-sector demographic data used for retail decisions is the U.S. Census Bureau."[2] Private sector models based on incomplete census population estimates will continue to drive private sector decision-making, putting cities impacted by undercounts at a distinct disadvantage.

Not only do census population estimates influence public funding formulae, define the market information used to support private sector investments, but these same indicators are used as the benchmark by which cities frame policy decisions or measure their own administrative effectiveness. Incomplete census population estimates contribute to inexact policy recommendations and inaccurate program assessments.

Similarly, census population estimates are routinely employed to position cities in popular rankings and classifications across a variety of social categories and economic touchstones ranging from "top ten cities to find a job" to the "top ten most dangerous cities". As such, incomplete census population estimates contribute, whether directly or indirectly, to the perception of place, signaling economic prosperity and opportunity or forecasting stagnation and decline.

Accurate population estimates are important to cities for many reasons. The numbers not only drive decisions regarding where and how federal and state funding is directed, private sector resource attraction and deployment, where people choose to live, and, most importantly, they drive public perceptions about the vitality of cities and regions.

1.1. Local Inputs Critical to Census Population Estimates

Though the decennial census is the most widely used of official population indicators, the Census Bureau's official *annual* population estimates, estimates of population change from the most recent decennial census updated annually, also factor heavily into various federal and state funding programs for cities.

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[1] http://usmayors.org/ced/census/census_introduction.htm

[2] http://www.frbsf.org/publications/community/review/062007/lee.pdf

Each year, the Census Bureau gathers data from federal agencies, state and local governments to develop a detailed understanding of national population change. Estimates for cities are derived from these higher level estimates through adjustments based on analysis of local data, primarily new construction activity as recorded in the register of municipal building permits. Census intercepts this critical information from cities via monthly Residential Construction surveys designed to measure new construction.

1.2 Cities are working with the Census Bureau to Improve Accuracy

In 2001, in recognition of the impact of possible data discrepancies in its annual local population estimates, the Census Bureau established a process allowing local governments to challenge its population estimate and the components used to derive the population estimate for its jurisdiction for the most recent year. This program is called the Census Challenge program.

The program is seemingly as straightforward in process as it is in name, allowing local governments to contest current year population estimates through local data documenting changes in the local housing stock. Typically, this is accomplished through careful inventory of local building permit data, but may also include other data sources tracking potential change to the local housing stock such as certificates of occupancy, residential utility connections; group quarters populations, voter registration records, department of motor vehicle registrations, and/or property tax assessments.

Since 2001, 251 challenges by local governments have been recognized by the Census Bureau resulting in population adjustments of 1.78 million people to the contesting jurisdictions. When Mayor Carleton Finkbeiner successfully challenged Toledo, OH's 2007 population estimate, the city's population was adjusted from 295,029 to 316,851, an increase of 7.4%.

2. Funding Formulas can Discourage Accurate Census Estimates

Social Compact is committed to ensuring that public sector officials, investors and communities have access to the best possible information when making important policy or investment decisions. For the past decade, Social Compact has conducted its market analysis, the DrillDown, in underserved neighborhoods across 20 cities finding these communities to be far larger, safer and with greater buying power than previously thought. In more recent years, our commitment to accurate information has extended to supporting cities who have participated in the Census Bureau's Census Challenge Program. So far, Social Compact has worked with six cities across the country to provide the Census Bureau with better local data, resulting in an aggregate adjustment of almost 200,000 additional residents in the official populations of those cities.

By working with cities to participate in the Challenge Program, everyone benefits; the Census Bureau gets accurate information from cities; cities ensure they get their appropriate share of funding from federal government sources; investors get more accurate market information from which to make investment decisions with, and; communities get accurately counted. In time, there will be fewer and fewer challenges as cities recognize the value of providing the Census Bureau with regular accurate information.

A critical motivation for cities to work closely with the Census Bureau is the promise of them receiving their appropriate share of federal and state funding. Over 170 federal programs use census information in formula grants to determine funding allocations. Having fully transparent formulas that reflect the real and current needs of communities are therefore critical to ensuring that cities provide the Census Bureau with the best possible local data. When there is suspicion that formula grants that use census population figures do not reflect need, or even a lack of understanding of the process, the incentives for cities to partner with the Census Bureau diminish resulting in inaccurate annual estimates, misinformed investment decisions and policy decisions that are less informed and responsive.

Although crucial to the Census Bureau's annual population estimates, cities' response to the Census' monthly survey is voluntary per congressional mandate. Indeed, the Census Bureau estimates municipal response rates to the survey average at about 75% - 80%. Variance in response rates are likely due to municipal capacity issues including miscommunication between Census and cities resulting in surveys mailed to individuals either no longer working for the city or in different capacities, lack of understanding of the impact of the survey on population estimates, municipal prioritization, and inadequate management of municipal building permit data. In addition, out of a possible 20,000 jurisdictions, just 251 challenges have been mounted since 2001.

3. New Research is Urgently Required to Better Understand the Impact of Census Data on Funding Allocations for Local Governments

In order to ensure that more local governments provide the Census Bureau with regular accurate local data, the formulas that include population factors and are used by federal governments to determine funding for local governments need to be transparent and trusted by local governments that they accurately reflect need. Specifically:

1. There needs to be a root and branch review of formulas that have not been altered for long periods of time, this includes those used to determine CDBG Entitlement Grants. The key question here is whether or not the formulas accurately capture the existing needs of communities.
2. Greater research is urgently required on the impact of census figures on grant allocations for local governments and on the market data used by investors to make investments.
3. Once this research has been completed, cities must have the tools available to plan for changes in population and corresponding changes in funding.

The census is the best demographic database we have in the United States, but faces significant challenges with respect to underserved, urban America. It has widely been acknowledged over the past several years, that the U.S. Census Bureau undercounts poor and minority neighborhoods at a higher rate than their wealthier counterparts. Social Compact will continue to work diligently to foster mutually beneficial partnerships between local governments and the Census Bureau. By urgently addressing the three measures outlined above in partnership with federal agencies, the Census Bureau and local governments, we will have taken a major step towards achieving our common goals.

Mr. CLAY. Thank you. Thank you so much for your testimony. I thank the entire panel for their testimony.

I will defer to my colleague, Ms. Kaptur, to begin questioning. You are recognized for 5 minutes.

Ms. KAPTUR. Mr. Chairman, I want to thank you so much for that. Mayor Finkbeiner of Toledo has to be leaving. His plane is on the runway. I appreciate your graciousness and that of Ranking Member McHenry. I very much appreciate it.

Mayor, thank you for your excellent testimony, which will be made a part of the permanent record, and for your experience in the area of census. I am going to ask my questions real quickly so you can get them and any other matter you think we should know regarding the census on the record.

No one has worked harder than you have to gain a full count and funding to support the count inside the city of Toledo and Lucas County, which are now suffering from double digit unemployment. Can you tell us how easy it was for you to share your discovered under-count with the Census Bureau? Did you face any challenges? If so, how did you overcome them? What recommendations do you have for this panel as we face the next census?

Mr. FINKBEINER. That is a great question, Congresswoman Kaptur. As you know, I was elected in 1993 and took office in 1994. I think for the better part of that 8 years, it bothered me that I did not feel that the consistent reporting of Toledo's population dropping, dropping, and dropping could be validated.

Our efforts to reach the regional office in Detroit and the local office in Toledo were met with respect and were met with dignity but we basically, in my judgment, got a cold shoulder. It was like, "we know what we are doing. We are the professionals and you are just like every other Mayor in America: You think you have more people than we do."

But having had that experience that I referred to in 1970 where I lost 35 out of 36 of my crew, and that was the trained crew; the people that were brought in behind them were nowhere near as well trained as that initial crew, I have had great concerns.

When I learned that Cincinnati had gained over 20,000 people in population, I called Mark Mallory, the Mayor. Mark told me that he had done that only because he had felt the same frustration and inability to reach the census people as I had. He said there is a firm, Social Compact. They are very, very modest in what they charge you and they helped me find 25,000 Cincinnatians. Then the suburban communities plugged into it and they actually found another 10,000 people in suburbia that were under-counted. So I think their total gain was 35,000. That would be, I believe, Hamilton County.

We got in touch with Social Compact and they helped us know the formula. Boy, it was very quick. It was only a matter of probably 60 to 90 days before we felt we were in a great position to claim there were approximately 22,000 or 23,000. When it all came down, this is very interesting Congresswoman, we were only off by 11. Really, the number we submitted was corrected by 11 persons by the U.S. Census Bureau.

But then we get into this. That was 2007 count. Now, just recently, they released the 2008 count and they subtracted 2,500 people from us and didn't give us credit for the 22,600 people we had gained. So it is rather confusing.

Then there was the letter saying we are going to have money subtracted. The most important thing about this is, and I did listen to the explanations, Congresswoman, that were given, that it doesn't make sense. If you think there is a recession going on in 48 States, come visit Michigan and Ohio. There is a depression in Michigan and Ohio with 25 percent unemployment in Detroit, MI and 12.5 percent in Toledo. At the very same time, we are saying there are more people in Toledo. We know a fair share of them are the socially disadvantaged and the economically disadvantaged because all of the services are in the heart of our city and our unemployment is 12.5 percent. Yet we have money pulled back from us. That just doesn't make any sense.

So to answer your question very directly, I am grateful for the recognition of the fact that there are 22,600 more Toledoans than thought but I don't think I should have had to actually go and hire an agency to get that point across to the Census Bureau.

Ms. KAPTUR. I think the testimony of our Mayor is very, very revealing, Mr. Chairman. I know that what you said will be taken into consideration. I don't know if we have representatives of the Census Bureau still in the audience. I hope we do and that they are listening as well.

Mr. CLAY. They are here.

Ms. KAPTUR. I thank the chairman for that. I thank you, Mayor Finkbeiner, for your great leadership over so many years. It is the toughest job in America to be a Mayor.

Mr. FINKBEINER. If you will allow me to make one more statement that I think it is important, Chairman Clay, Congresswoman Kaptur, and Congressmen? God bless them, but do you note today that the leadership that spoke to you was all white? The largest group of uncounted men and women in America is not, I don't believe, the white population. I believe it is the African American, Hispanic, Latino, and Asian populations.

People still fear people who are different than themselves. We are getting over it. Slowly but surely, we are getting over it. But we are not there yet. In the very hearts of the cities is a significant proportion of your African American, Latino, Hispanic, and Asian populations. We can't have them under-counted.

The best way we can get them counted is to have people that are familiar with them doing the counting who not afraid to be in those tall tenement buildings or in the poorer neighborhoods. That is something that the U.S. Census Bureau needs to make a commitment to, in my judgment.

I do have to catch that plane. [Laughter.]

The Census Bureau will not be dismayed by that. [Laughter.]

Thank you, Mr. Chairman. Thank you very much, Congress Members. This is a hugely important issue to this Nation.

Mr. CLAY. Thank you, too, Mr. Mayor, for your service to Toledo and the country. We understand. You are excused.

Mr. McHenry, you are recognized for 5 minutes.

Mr. MCHENRY. Thank you, Chairman Clay. Thank you all for your testimony. I really appreciate you being here. I know it has been a long day with the votes and everything else. Thank you.

Mr. Alderslade, can you provide just a sort of quick synopsis of what your organization does?

Mr. ALDERSLADE. Absolutely. We are a national non-profit organization, based literally 10 blocks away from here, of business leaders committed to promoting investment in low and moderate income, usually minority, communities. Through our pioneering market analytic tool, something called the drill-down, we conduct market analyses in these typically under-counted and under-served communities to essentially make the business case for the first time.

Usually these communities are defined by what is bad about them. We know to a science what is bad about these communities but we have no narrative for what is good and what their market opportunities are. Without market opportunities, you don't get private sector investments. So we make the business case.

We have done this in 350 under-served neighborhoods across 20 cities, including Washington, DC. We found 1.5 million more people, $35 million more buying power, and that these communities are far safer than previously thought.

Mr. MCHENRY. On your Web site, you mention that your organization uncovers census errors. One interviewer stated that Social Compact's researchers are like inner city bloodhounds. They sniff out people who are overlooked by the census. How do you do that? I don't want you to give away any secrets for your organization, but how is that done?

Mr. ALDERSLADE. I don't know whether to be pleased about that description or not. I don't know. There are two things we do:

The drill-down, which is using public and private sector data, is about purely making the business case and helping Mayor Finkbeiner, Mayor Mallory, and all sorts of Mayors make much more investment information oriented policy decisions in a bid to attract investments.

In terms of these cities that we have helped and are currently helping now with census challenges, that methodology is defined by the Census Bureau. It has been around since 2001. Challenge is the wrong word. It sounds combative but it is the name of the program, unfortunately. The census challenge program allows local governments to participate every year, just as New York City does and just as Toledo did last year, using defined methodology that was created by the Census Bureau. It allows local governments to contribute construction data over the course of the last 10 years.

What we found is that there have been some issues with it. In a sense, the existence of this program is fantastic. When cities are successful in their challenge, there is no better signal that the Census Bureau and local governments can work together to produce accurate results.

Mr. MCHENRY. Do you use enumerators or do you use existing data?

Mr. ALDERSLADE. We use existing data. So when we did Toledo's, we used existing construction data that they had lying around their departments, collected as a result of just being a city government.

Mr. MCHENRY. Is this an error? Is it a willful omission or is it an error on the Census Bureau's part?

Mr. ALDERSLADE. No, it just needs some improvements. The acting census director is exactly right. There are 39,000 jurisdictions that can challenge but we have only had 251 in the last 10 years.

It is not that cities are happy with their estimates. It is that essentially every month the Census Bureau sends a construction form, the C–404 form, to 39,000 jurisdictions across the country. They are meant to fill this out and send it back in. If you don't know what the value of that form is, if you don't know what the implications are for your funding, your investment prospects, or the perception of your city, it either gets send to the wrong person, the Mayor doesn't think it is important, or it just gets lost in the hundreds of thousands of things that cities have to do.

So in a sense, what we are trying to do is correct that relationship, to say to Mayors that this information, if you work in partnership on an ongoing basis and provide the data locally that the census needs, will counter the need for census challenges going forward. The census challenge is a great program because it is a partnership branch given out by the Census Bureau to say that we will work with you.

Mr. MCHENRY. Would you contend that the decennial enumeration is more accurate than the estimates?

Mr. ALDERSLADE. That is a tricky question. Our experience through the drill-down work that we do, our experience of counting the populations in central city, minority low and moderate income populations would suggest that no, it isn't. For those communities, it is still a challenge. We found in just 350 under-served communities 1.5 million more people.

Mr. MCHENRY. But that is based off of the estimates, correct?

Mr. ALDERSLADE. No, this is based off transactional data and——

Mr. MCHENRY. You found extra people than the Census Bureau estimated were there in 2007, correct?

Mr. ALDERSLADE. Exactly. That is what we found.

Mr. MCHENRY. That was based off of the population estimate of the census, not the actual enumeration?

Mr. ALDERSLADE. That is based off of the drill-down methodology which uses administrative data and private sector data to buildup a real time population number. So just from our experience on the under-count in those communities, for the enormous missed markets that we identify in low income communities, the evidence would suggest that in low and moderate minority communities, the decennial count and estimates are under-counts.

Mr. MCHENRY. Mr. Vargas, I appreciate your leadership within the Latino or Hispanic community to say participate. The Constitution is very clear about participation in the census and it is who is here on census day. I appreciate you being vocal about this.

Within your testimony, what you said during your testimony is that you have concerns about a lack of an English speaking media campaign toward the Hispanic community. Are there other recommendations specifically like that you have for the Bureau?

Mr. VARGAS. There are, sir. Thank you for that question. As a member of the Joint Advisory Advertising Review Panel, I had an opportunity to see the initial campaign that had been developed by the communications vendors. I don't know if you got word, but we issued a vote of no confidence in the contractor's ability to carry out that campaign because the messages were not messages for 2010. They were messages for 1990. They were a feel good campaign to come, join, and participate.

People right now, it is hard to feel good when you are losing your homes and you are losing your jobs. We are thinking that the Bureau really needs to bring some sense of reality about how important the census is to help this country move forward. That was the kind of messaging we think that can resonate certainly within the Latino population.

With respect to language use, obviously to reach the immigrant population, it is absolutely critical to use Spanish language media. But many of the hard to count populations have been here three or four generations. Many of them may be living in poverty and feel marginalized from society. They don't watch Spanish language media, necessarily. They are watching English language media.

The Bureau, their effort is to say well, we will cover them with the Diverse America Campaign. Our recommendation is that you have to talk to them specifically and overcome the cynicism that it doesn't matter to be counted. These are the kind of folks who also believe that "my vote doesn't count," "no one cares what I have to say," and "I am on the outs." That is the population that doesn't participate. That is the population that we need to invest money in and reach them.

Mr. MCHENRY. You said that there is some difficulty to get enumerators within emerging communities? For instance, in my district there is a significant emerging Hispanic population.

Mr. VARGAS. That is right, sir.

Mr. MCHENRY. Going to the Bureau, they have been fantastic and very open about wanting input. We have a significant Hmong population, for instance, in my district as well. Very few areas of this country actually have a Hmong population. So those types of regional issues, has the Bureau been open and collaborative with you and been a partner in trying to find those enumerators?

Mr. VARGAS. They have, but I think they are hamstrung with some policy concerns. Working for the Bureau is a Federal job and you need to be a U.S. citizen. I have no problems or concerns that the Bureau will not find enough U.S. citizens who speak Spanish in Los Angeles, San Antonio, Chicago, or New York. I am more concerned about the communities like the ones you represent where it is an emerging population, more immigrant than established communities, and so you have less of a U.S. citizen population that is bilingual that the Bureau could tap into to hire.

In addition, foreign nationals from Mexico who are work authorized cannot be hired by the Federal Government today. So in those communities where you have growing Mexican immigrant populations, that is a double hamstrung that the Bureau has.

Those are some policy concerns that we think the Congress should look into.

Mr. MCHENRY. Thank you. Mayor Bowser, just in conclusion before I hand it back over to Chairman Clay before he gives me the hook, you mentioned some discrepancies between your number for sewer users versus water users and these different numbers that you have. What are your recommendations for the Bureau to get a better count of your residents?

Mr. BOWSER. I think, unlike putting it all on the Census Bureau, I think it incumbent upon Mayors and leaders in the communities to make sure we get the proper representation. In my city, we historically have talked at least for the last 15 years about having an over 20 percent Haitian population. We haven't counted them yet.

So what we are doing is making sure that we have representatives in the enumerators. It should be insisted upon by the Census Bureau that we cover all of these. We have a large South African population, a Caribbean population. Our Latino population is growing. It is somewhere, and this is an estimate, around 3 to 6 percent. But we are making sure that we have people that can go to those places and speak to them, speak their same language, and dress like some of the other folks. So we do that.

But we can't put that all on the Census Bureau. This is our one opportunity to make this thing work. What the Census Bureau needs to do is insist to their regional coordinators that they get the proper people that can go out there and count folks. Don't put it all on them.

All you have to do is make sure they have the money to do it. So if you are talking about cutting some money from the Census Bureau, don't do it. Please.

Mr. MCHENRY. Thank you. Thank you all. Thank you, Mr. Chairman.

Mr. CLAY. Mr. McHenry, you asked almost all of my questions, too.

Let me start with Mayor Bowser. In your testimony, you mentioned HUD's HOME program and how the under-counting of rental units by the U.S. Census Bureau has negatively impacted funding for your city of East Orange. Please elaborate on your specific frustrations with the Census Bureau and HUD. How do you believe either Federal department can improve their programs?

Mr. BOWSER. As I said early on, we have a large population that is pretty much of fixed income. We have a waiting list to rehabilitate homes based on access to HOME dollars. Somebody might be out there for 3 years waiting to just bring the houses up to basic code. That is all the money is really for. But in addition, some of the HOME money can be used for affordable housing and in startups and things like that.

The problem that we have is that if you look at the numbers based on the census, we think that we are shortchanged. So we don't have the dollars to really help our total population that is asking for and looking for some of that help. It has been a problem. I just hope that this time going around we are able to fix those numbers.

Mr. CLAY. To get it right. But have you as the Mayor or as the city of East Orange, have you challenged the census estimates through the challenge program?

Mr. BOWSER. We didn't do it this past time for 2000 like we did in 1990 because it was such a large number that we felt was wrong. Basically, there are areas in your city that do not change. They are very stable families and homes. So what you need to do is put your effort into the areas that have the most problems that are very difficult to get into.

Mr. CLAY. I hope you make acquaintance with Mr. Alderslade today when we end this.

Mr. BOWSER. I got his card, sir.

Mr. CLAY. Let me move on to Mr. Vargas. Given that there is a historical under-count, do the yearly census estimates, appeals, and adjustments adequately rectify the discrepancies in funding to local Latino communities that result from that under-count initially?

Mr. VARGAS. No, I don't believe so, sir. I think the point has been made earlier that if the baseline data are inaccurate to begin with from the decennial census, then all subsequent data throughout the next 9 years continue to be inaccurate.

I would like to point out, however, that we are going to be following very closely the use of the American Community Survey data. When Congress reauthorized the Voting Rights Act of 1965, for example, it indicated that the ACS data could be used every 5 years to update the jurisdictions that would be required to be covered under Section 203 of the Voting Rights Act, which requires language assistance in voting to our citizens who are limited English proficient. So we will be following that very closely to see if in fact the ACS has a sufficient sample size every year to accurately determine whether or not we are targeting implementation of our voting rights laws accurately.

Mr. CLAY. So for your community, it is like a moving target. We have estimates that there are 47 million Latinos within our population but it is hard to get a gauge of it. You are coming in at 28 million, 29 million?

Mr. VARGAS. Well, the last census put us at some 30 million. But I think one of the most interesting statistics the Census Bureau has recently indicated is that this country grows by a person every 15 seconds. Every 30 seconds, that person is a Latino or Latina.

Mr. CLAY. I have read that somewhere. Thank you for your response.

Mr. Alderslade, if GAO is able to determine a new and accurate per year value of dollars lost for each under-counted person in local communities, what would this number mean for your work with Social Compact and your interest to secure private investments in inner city neighborhoods?

Mr. ALDERSLADE. That is a great question. There are two sides to this. On that assumption, you would assume that the cities, counties, and State governments would get more Federal funding dollars to spend on CDBG economic development programs and the programs that support Mayors in creating jobs and attracting investments.

On the other side of things, a report done by the Brookings Institute estimated that 80 percent of all retail investment decisions use data derived from the census. Now, conservatively, even within the economic downturn that we are in, there are estimates that there will be $250 billion of commercial investment over the course of the next 4 years.

So if you have accurate counts, just as we found in New Orleans 50,000 more people, and had 48,000 more added to Detroit's population, those are new markets for investors. Those are new markets for retailers, new markets for banks. That changes the way Mayors make decisions about economic developments.

Mr. CLAY. Thank you so much for your response. Let me thank this panel for their responses.

I thank my colleagues as well as the staff for their indulgence on this hearing. As you heard, the bells are ringing so that will conclude this hearing. I am sure there will be subsequent hearings. Thank you.

[Whereupon, at 5:42 p.m., the subcommittee was adjourned.]

[The prepared statement of Hon. Carolyn B. Maloney and additional information submitted for the hearing record follow:]

Statement of Rep. Carolyn Maloney

Census Subcommittee hearing 7/9/09

Good afternoon. Mr. Chairman, thank you for holding this hearing. It is an opportunity for members of the subcommittee to learn about the over 200 surveys conducted by the Census Bureau and how Bureau officials are working with state and local officials to improve the accuracy of the surveys.

While it is not the subject of today' hearing I do want to regretfully point out that we still do not have a Census Director in place. As today's Roll Call states, there seems to be two US

Senators who think it is a good idea to not have a Census Director in place with less than six months before the decennial year starts, at a time when the Bureau is in the middle of their ramp up to fulfill the constitutional duty to have a Census. It is a shame that some members of the Senate think that this is a good idea.

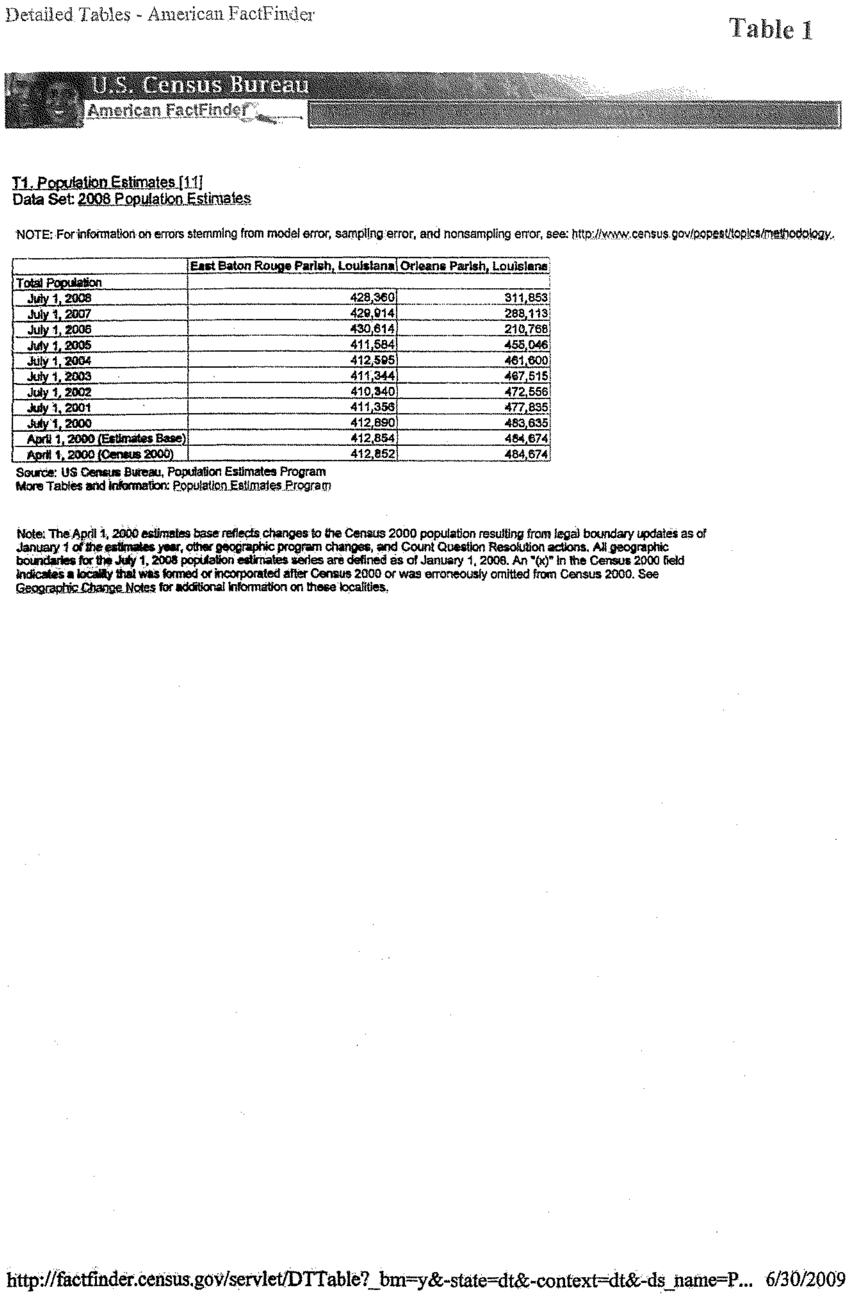
Well, today's hearing title, "*Census Data and Its Use in Federal Funding Formula,*" indicates that we will not only discuss how the Census Bureau collects data, but also how other agencies use the data. However, there is a third element that should be discussed here today: the role that Congress plays in the construction of federal formulas used to distribute over $400 billion in federal funds. It is my hope that in the near future this subcommittee will hear from experts on that subject. This discussion will be incomplete without it.

We will hear a lot today about methodology, specifically with respect to the Population Estimates Program. Bureau officials have assured me that they are working diligently to improve the methodology to increase the accuracy of the program. I look forward to hearing more about their progress from Mr. Mesenbourg.

Finally, I would like to hear from a number of public and private sector organizations that are working to help cities to understand the Census Challenge program. Are the services they provide being offered by the Census Bureau free-of-charge? What specific assistance do they provide to jurisdictions in challenges that are not offered by the Census Bureau? In this tight economy, it is our obligation as stewards of the people's purse to make sure that taxpayers' dollars are spent wisely and not on services the government already provides.

Thank you Mr. Chairman, I look forward to hearing from our witnesses.

Table 1



Detailed Tables - American FactFinder

U.S. Census Bureau
American FactFinder

T1. Population Estimates [11]
Data Set: 2008 Population Estimates

NOTE: For information on errors stemming from model error, sampling error, and nonsampling error, see: http://www.census.gov/popest/topics/methodology.

	East Baton Rouge Parish, Louisiana	Orleans Parish, Louisiana
Total Population		
July 1, 2008	428,360	311,853
July 1, 2007	429,914	288,113
July 1, 2006	430,614	210,768
July 1, 2005	411,584	455,046
July 1, 2004	412,595	461,600
July 1, 2003	411,344	467,515
July 1, 2002	410,340	472,556
July 1, 2001	411,356	477,835
July 1, 2000	412,890	483,635
April 1, 2000 (Estimates Base)	412,854	484,674
April 1, 2000 (Census 2000)	412,852	484,674

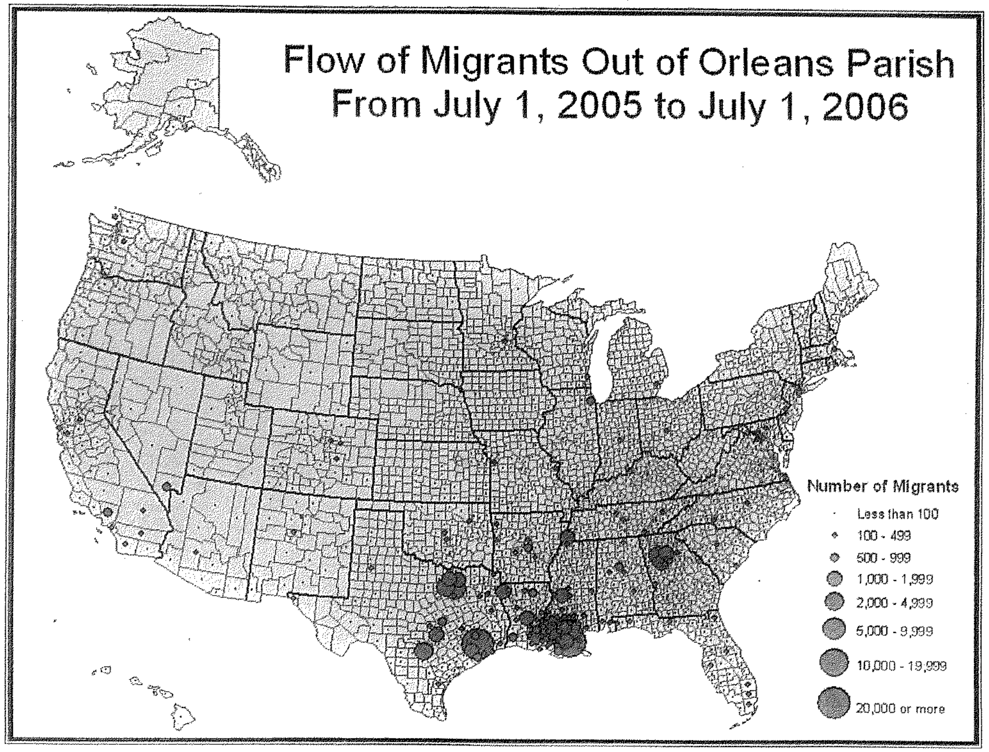
Source: US Census Bureau, Population Estimates Program
More Tables and Information: Population Estimates Program

Note: The April 1, 2000 estimates base reflects changes to the Census 2000 population resulting from legal boundary updates as of January 1 of the estimates year, other geographic program changes, and Count Question Resolution actions. All geographic boundaries for the July 1, 2008 population estimates series are defined as of January 1, 2008. An "(x)" in the Census 2000 field indicates a locality that was formed or incorporated after Census 2000 or was erroneously omitted from Census 2000. See Geographic Change Notes for additional information on these localities.

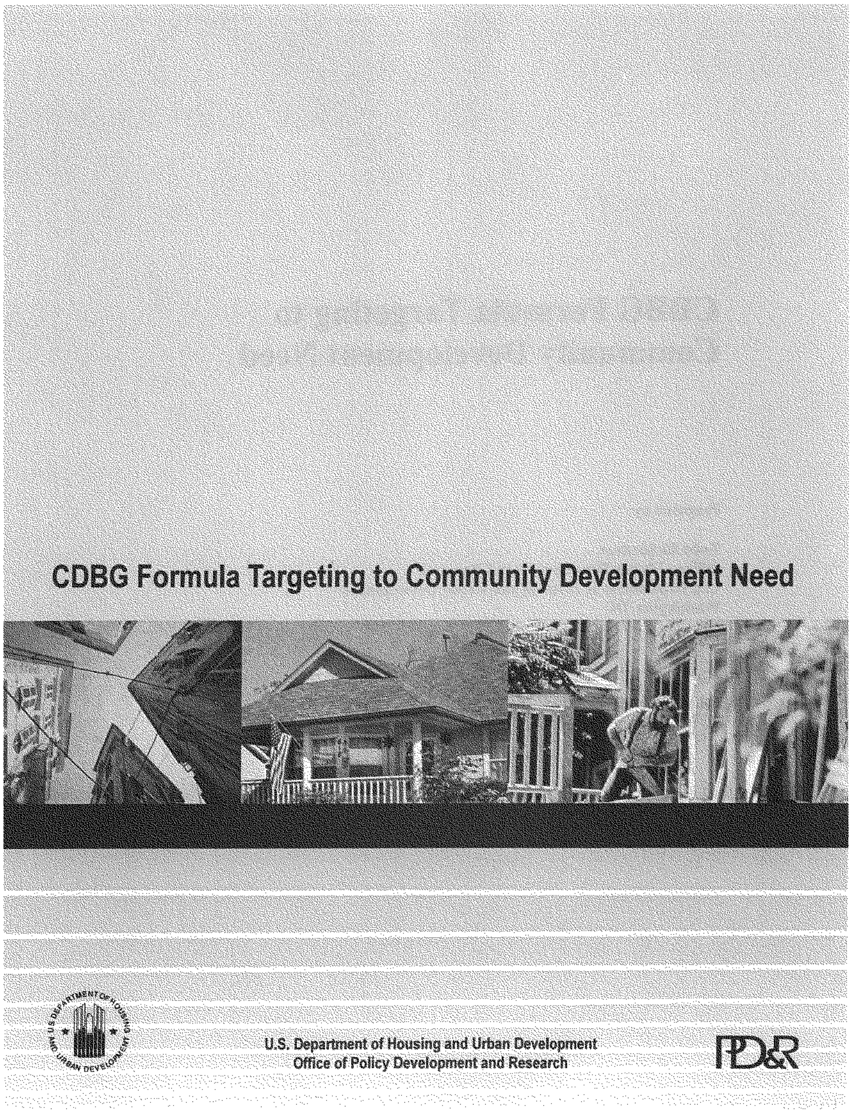
http://factfinder.census.gov/servlet/DTTable?_bm=y&-state=dt&-context=dt&-ds_name=P... 6/30/2009

Table 2

Figure 8: Flow of Migrants Out of Orleans Parish: July 1, 2005 - July 1, 2006


Flow of Migrants Out of Orleans Parish
From July 1, 2005 to July 1, 2006
Number of Migrants
Less than 100
100 - 499
500 - 999
1,000 - 1,999
2,000 - 4,999
5,000 - 9,999
10,000 - 19,999
20,000 or more

Source: U.S. Census Bureau



CDBG Formula Targeting to Community Development Need

U.S. Department of Housing and Urban Development
Office of Policy Development and Research

CDBG Formula Targeting to Community Development Need

Prepared by:

Todd Richardson
Office of Policy Development and Research
U.S. Department of Housing and Urban Development
Washington, DC

February 2005

Foreword

Last year marked the 30th Anniversary of the Community Development Block Grant (CDBG) program. The primary objective of the CDBG program is the development of viable urban communities, by providing decent housing, suitable living environments, and expanded economic opportunities, principally for low- and moderate-income persons. To divide the annual appropriation of CDBG funds among jurisdictions, the Congress designed a formula that is intended to provide larger grants to communities with relatively high community development need and smaller grants to communities with relatively low community development need.

The CDBG statute identifies poverty, neighborhood blight, deteriorated housing, physical and economic distress, decline, suitability of one's living environment, and isolation of income groups, among others, as important components of community development need. The CDBG formula uses variables identified in the 1970s that proxy these dimensions of community development need. The core variables in the formula that allocates the CDBG funds to local jurisdictions have not been changed since 1978.

This report provides the latest assessment of how well the variables being used in the CDBG formula continue to target funds toward community development need. It shows that the formula does generally continue to target to need. Among the entitlement communities, on a per capita basis, the 10 percent of communities with the greatest community development need receive four times as much as the 10 percent of jurisdictions with the lowest level of community development need. However, targeting toward community development need has declined substantially over the past 26 years. Over time, an increasing number of jurisdictions with similar need have come to receive substantially different grants. Furthermore, the amount of funds going to the most needy grantees on a per capita basis has decreased, while the amount of funds going to the least needy grantees on a per capita basis has increased.

This report offers four alternative formulas that would substantially improve targeting to community development need. Each alternative provides trade-offs in terms of the following:

- formula simplicity;
- amount of funds reallocated; and
- the type of community development need provided highest priority.

It is important to recognize that any change to the existing formula that improves targeting to need will result in a significant redistribution of funds. Nonetheless, the Department hopes that serious attention be given to the alternatives presented in this report. We look forward to working with Congress, CDBG grantees, and other stakeholders to discuss alternatives to the current formula.

Dennis C. Shea
Assistant Secretary for
Policy Development and Research

Acknowledgements

The author thanks Nelson Bregón, Richard Kennedy, Robert Duncan, Sue Miller, and Steve Johnson of the U.S. Department of Housing and Urban Development's Office of Community Planning and Development (CPD) and Darlene Williams, Jennifer Stoloff, and Mark Shroder of the Office of Policy Development and Research (PD&R) for their comments and suggestions on earlier draft versions of this report. I am most indebted to both Robert Meehan of CPD, who provided invaluable institutional memory, data sets, and the core elements of Chapter 7 of this report, and Kevin Neary of PD&R, who taught me all that I know about formula allocations and provided the core elements of Chapter 8. F. Stevens Redburn and Dustin Brown of the U.S. Office of Management and Budget also provided helpful comments that greatly improved this report. I am extremely grateful to Giles Roblyer, Patricia Dumrose, and Linda Wolfe Keister of HR Communications, Ltd. for their careful editing.

Despite the generous contributions from these individuals, any errors and omissions that remain in the report are, of course, my own.

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Executive Summary

Purpose of the Report

This report assesses how well the Community Development Block Grant (CDBG) formula, after introduction of 2000 Census data into the formula, allocates funds toward the community development needs identified in the Housing and Community Development Act of 1974. The U.S. Department of Housing and Urban Development (HUD) indicated in its Fiscal Year (FY) 2004 budget that it would undertake this study.

The National Research Council's Panel on Statistical Issues in Allocating Funds by Formula (Louis, Jabine, and Gerstein 2003) recommends that policymakers periodically review formula allocation programs to assess whether they perform as intended. The CDBG formula has undergone the following five major assessments since 1974:

1. The first of the reports, prepared at the request of Congress in 1976, pioneered the thinking on how to target funds to community development need (Bunce 1976). The major conclusions of that report led to the current CDBG allocation formula, which first allocated funds in 1978.
2. A follow-up report in 1979 discussed the targeting of the newly created formula (Bunce and Goldberg 1979).

3. & 4. With the introduction of new census data into the formula in 1980 and 1990, HUD performed follow-up studies to determine whether the CDBG formula continued to target well to community development need (Bunce, Neal, and Gardner 1983; Neary and Richardson 1995). Those studies showed that targeting to need has declined as new census data have been introduced into the formula, and significant funding anomalies still exist, but in general, the formula still provides considerably more dollars per capita to needier communities than it does to less needy communities.

5. This report continues in the tradition of those reports, assessing how well the formula allocates toward community development need following the full introduction of 2000 census data into the formula. This report also provides several alternative formulas for improving targeting to community development need.

How the CDBG Formula Works

After setting aside funds for special purposes such as technical assistance, projects specified by Congress, and the Indian CDBG program, the annual appropriation for CDBG formula funding is split so that 70 percent is allocated among eligible metropolitan cities and counties (referred to as entitlement communities), and 30 percent among the states to serve nonentitled communities.

HUD uses two basic formulas, known as Formula A and Formula B, to allocate CDBG funds to entitlement communities. A similar "dual formula" system allocates funds to states. For entitlements, Formula A allocates funds to a community based on its metropolitan shares of: (1) population, weighted at 25 percent; (2) poverty, weighted at 50 percent; and (3) overcrowding, weighted at 25 percent, times appropriations. Formula B allocates funds to a community based on: (1) its share of growth lag[1], weighted at 20 percent; and its metropolitan shares of (2) poverty, weighted at 30 percent and (3) pre-1940 housing weighted at 50 percent times appropriation.

HUD calculates the amounts for each entitlement jurisdiction under each formula. Jurisdictions are then assigned the larger of the two grants. That is, if a jurisdiction gets more funds under Formula A than Formula B, its grant is based on Formula A. With this dual formula system, the total amount assigned to CDBG grantees has always exceeded the total amount available through appropriation. To bring the total grant amount allocated to entitlement communities within the appropriated amount, HUD uses a pro rata reduction. In FY 2002, for example, the pro rata reduction was 11.43 percent.

Current Formula, 2004

Entitlement Communities		**States (Nonentitlements)**	
Formula A	Formula B	Formula A	Formula B
25% * population	20% * growth lag	25% * population	20% * population
50% * poverty	30% * poverty	50% * poverty	30% * poverty
25% * overcrowding	50% * pre-1940 housing	25% * overcrowding	50% * pre-1940 housing
Metropolitan denominators except for growth lag. Grant is larger of two formulas less a pro rata reduction.		State nonentitlement total denominators. Grant is larger of two formulas less a pro rata reduction.	

The formula for the nonentitled areas of states generally operates like the entitlement formula. Two key differences exist, however: (1) Formula B uses population instead of growth lag and (2) jurisdiction share is based on the state nonentitlement total rather than the metropolitan or nonmetropolitan total. As with entitlement communities, HUD calculates the amounts for each state under each formula, then assigns the larger of the two grants. To bring the total grant amount to states within the appropriated amount, HUD uses a pro rata reduction. In FY 2002, the pro rata reduction for states was 16.85 percent.

Creating a Needs Index

To assess how well the current formula targets to the community development need of 2000, HUD staff created two needs indexes: one capturing a range of community development needs among entitlement grantees and another capturing the community development needs of nonentitled areas served by states.

In previous CDBG studies, HUD used a methodology to develop standard measures of needs across entitlement cities. This study uses the same basic methods, except it includes urban counties in addition to cities. The report also creates a separate needs index for state nonentitlement areas.

---

[1] Growth lag is the shortfall in population that a city or county has experienced when comparing its current population to the population it would have had if it grew like all metropolitan cities since 1960. For the FY 2002 formula allocation, the growth rate for all entitlement communities between 1960 and 2000 was 37.4 percent. If a city or county grew at a rate greater than 37.4 percent between 1960 and 2000, it receives a growth lag value of zero. Cities receive growth lag funding based on their share of total growth lag for all cities while urban counties receive growth lag funding based on their share of total growth lag for all entitlements (urban counties and cities).

Community development need encompasses many different elements—housing quality, infrastructure, economic development, poverty, tax base, and others. To account for these dimensions of need, the needs index serves as our best estimate of the actual level of community development need. For entitlements, the needs index comprises 17 variables identified as indicators of one or more dimensions of community development need. The state needs index comprises 10 variables. Factor analysis condenses these multiple variables into only a few variables. Factor analysis groups variables that appear to relate to one another and creates a factor score for the patterns of variance common among variables. In past studies of the CDBG formula, three distinct patterns of variance have emerged, resulting in three factors: one relating to problems associated with poverty, another relating to problems associated with aging communities, and a third relating to communities in decline (Bunce 1976; Bunce, Neal, and Gardner 1983; Neary and Richardson 1995). These different patterns of need between communities with high poverty and communities with age and decline drove the creation of the dual formula.

The factor analysis for this study likewise creates three factors, but they represent different patterns of variance than the factor analysis in the previous studies. For entitlement communities, a single factor now captures most of the variance associated with the variables of poverty, age of housing, and decline, suggesting that a single formula could now capture those three elements, reducing the justification for the current dual formula. Two new patterns of variance arise in 2000, however, that were not evident in 1970, 1980, or 1990: (1) a factor representing fiscal stress associated with immigrant growth, and (2) a factor reflecting low-density places with high poverty concentrations but declining poverty rates.

To create a single needs score for every jurisdiction, the three factors are weighted and summed. The factor that represents poverty, age of housing, and decline was weighted at 80 percent because it explains most of the variance among the 17 needs variables and represents the dimensions of need most emphasized in the CDBG statute. A 15-percent weight was applied for the factor measuring the fiscal stress associated with immigrant growth, recognizing this new dimension of community development need. Finally, a 5-percent weight was provided for the poverty concentration/declining poverty factor. This factor represents one dimension of need, but it also represents improving communities.

The factor analysis for states also creates three factors: one related to poverty and economic distress, a second related to age of housing, and a third related to a weak proxy for infrastructure. These factors are also weighted and summed to create a single needs score. To create a single needs score for each state, the poverty and economic distress factor is weighted at 70 percent, age of housing is weighted at 25 percent, and infrastructure is weighted at 5 percent. Chapter 3 provides a more thorough justification for the weighting to create the entitlement and nonentitlement composite needs scores.

Current Formula Targeting to Need

When this report discusses targeting to need, it uses per capita grants to compare the relative funding of communities. This approach assumes that population is not a measure of need. This assumption enables us to compare the relative level of grant of New York City (population

8,084,316) to East Orange, New Jersey (population 69,750). Though their total grants are dramatically different ($219 million versus $2 million in FY 2004, respectively), their per capita grants are comparable ($27.07 versus $28.66). Targeting operates on the premise that a community with high need should get a larger per capita grant than a community with low need.

Performance of the Entitlement Formula

Prior CDBG studies have shown that the current CDBG formula has, relative to a community development needs index, worsened in its ability to appropriately target funds to entitlement communities (Bunce, Neal, and Gardner 1983; Neary and Richardson 1995). The changing demographic makeup of jurisdictions throughout the 1990s has led the CDBG formula to generally target worse in 2000 than it did in 1990. That said, the current entitlement formula does continue to target to need. On average, the 10 percent of communities with the most need get four times larger per capita grants than the 10 percent of communities with the least need.

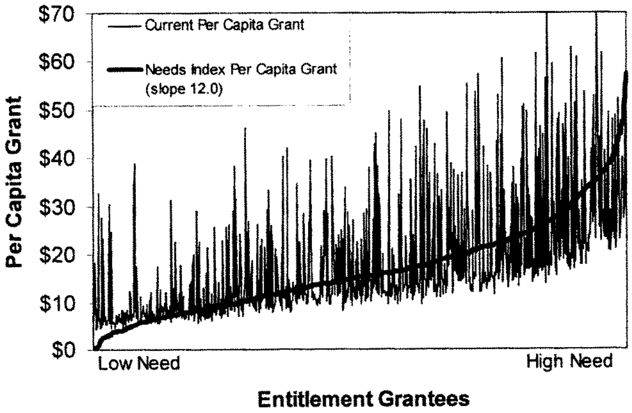

Chart ES-1. Current Entitlement Formula. Targeting to the Needs Index

An increasing number of troubling inequities exist, however. Chart ES-1 provides a graphical presentation of this problem, ordering entitlement grantees left to right from least needy to most needy based on the needs index. The solid line represents how many dollars a jurisdiction would get on a per capita basis if the grant funds were allocated using the needs index. The "bouncing" line represents how many dollars jurisdictions get on a per capita basis with the current formula. A number of very low need grantees on the left side of the chart get high per capita grants relative to their need under the current formula. Some very needy grantees on the right side of the chart receive relatively low per capita grants.

On the left side of the chart, relatively low need communities receiving very high per capita grants include Newton, Massachusetts, Royal Oak, Michigan, and Wauwatosa, Wisconsin. These older suburbs benefit from the pre-1940 and growth lag variables of Formula B. These communities are relatively low need, however, enjoying poverty rates of 2 to 3 percent and per capita incomes substantially above the national average. They receive per capita grants of $28 to $33 while communities with similar need scores receive grants in the range of $4 to $7 per capita.

On the right side of the chart, some high need communities get low per capita grants relative to their need score. These communities include Miami, Florida, Paterson, New Jersey, Pharr, Texas, and Compton, California, which suffer poverty rates ranging from 20 to 35 percent and per capita incomes well below the national average. Under the current formula, they receive grants of $23 to $26 per capita while communities with similar need scores receive $40 to $50 per capita.

Problems in the current entitlement formula can be traced to the following three elements:

1. The relative flatness of Formula A. The most needy grantees funded under Formula A do not get substantially more on a per capita basis than the least needy grantees. This flatness is due primarily to the 25 percent weight on population in Formula A.

2. Formula B grantees of similar need often get very different per capita grant allocations. This relative inequity primarily results from the pre-1940 housing variable allocating substantial amounts of funds to some communities that have old housing but otherwise do not have any community development need. The growth lag variable also contributes to the inequity because many slow growing communities, and even some that have lost population, do not suffer economically.

3. On average, Formula A grantees get substantially less than similarly needy Formula B grantees. This inequity results from the share of the need represented by the variables in Formula A being spread across both Formula A and Formula B grantees while the share of the need represented by growth lag and pre-1940 housing in Formula B is largely concentrated among Formula B grantees.

In addition, the poverty variable results in overfunding of "college towns" relative to their per capita need. In some communities a large number of full-time college students live in off-campus housing. When the Census Bureau collects income information from those students, it does not count income support from family, thus counting a large number of students as in poverty. For example, in State College, Pennsylvania, home to Penn State University, 74 percent of college students live in poverty while 12 percent of the remaining population is in poverty. The college student poverty rate inflates State College's total poverty rate to 47 percent, greater than the very distressed communities of Benton Harbor, Michigan (43 percent poverty rate) and Hidalgo County, Texas (42 percent poverty rate).

The growth lag variable also creates some inequities among high-need communities. Chart ES-1 shows a number of relatively high-need communities on the right side of the chart with per capita grants nearly double what their community development needs index score suggests is fair relative to the need of other jurisdictions. The relative overfunding largely results from the growth lag variable, which moves more than 18 percent of the total appropriation for CDBG entitlements to the relatively few communities with growth lag, particularly to the even fewer communities with very high levels of population loss. For example, Saint Louis, Missouri has a per capita grant of $73, $41 from growth lag alone. Detroit, Michigan, a more needy Formula B city as measured by the community development needs index, receives $49 per capita, $29 from growth lag. Both cities are distressed and have community development needs related to decline, but the analysis of community development need suggests that Detroit's grant at $49 per capita is consistent with its level of community development need and Saint Louis's grant of $73 per capita is significantly higher than is appropriate for its relative level of need.

Performance of the State Formula

The state formula also tends to target poorly to need. Chart ES-2 shows that with the exception of one grantee (Puerto Rico), the appropriate per capita grants (the solid line) are approximately $5 for the least needy grantees and approximately $15 to $20 for the most needy. The current per capita grants for all of the grantees except Puerto Rico show almost no relationship to the community development needs index line. While little relationship exists between the needs index and the current per capita grants, the magnitude of the anomalous targeting is not as large as it is in the entitlement formula.

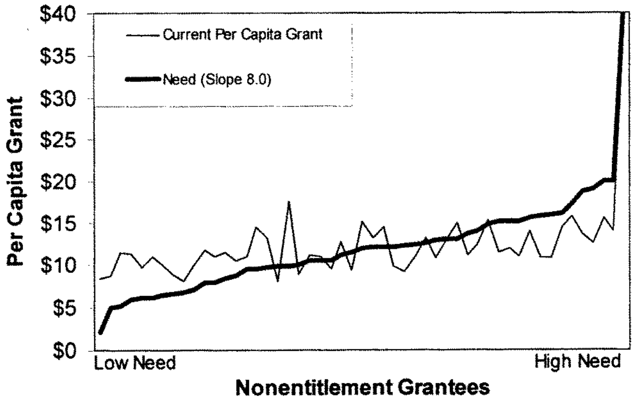

Chart ES-2. Current Nonentitlement Formula. Targeting to the Needs Index

Two primary reasons drive the poor targeting of the nonentitlement formula:

1. The relative flatness of both Formula A and Formula B. The most needy grantees do not get substantially more on a per capita basis than the least needy grantees. This flatness results primarily from the 25 percent weight on population in Formula A and the 20-percent weight on population in Formula B.

2. The unfairness of Formula A, due to overcrowding, and Formula B, due to pre-1940 housing. Our analysis shows overcrowding and poverty to be closely correlated in nonentitlement areas. Overcrowding, however, is concentrated in a few states, thus the formula essentially gives those states added dollars for their poverty population. The pre-1940 housing variable simply rewards states with old housing without determining if they are needy.

Unlike the entitlement formula, a large inequity in funding between Formula A and Formula B does not appear to exist. With the exception of Puerto Rico, to which Formula A does target well, both formulas are relatively weak in their targeting to need.

Four Alternative Formulas

A number of items must be considered when creating an alternative to the current formula. Clearly any change to the current formula will be motivated by a desire to improve targeting to need. Specifically, we seek to (1) improve equity, so similarly needy grantees get similar grant amounts, and (2) improve the relative targeting of the formula so the most needy grantees get substantially higher per capita grants than the least needy grantees.

We also seek a simple formula that causes the least disruption to the current CDBG funding levels. A simple formula can be easily explained so grantees and policymakers understand the mechanics that determine the grant amounts. Regarding the disruption of funds, any change to the current formula will cause some grantees to gain funding while others lose.

We offer four alternative formulas with different degrees of improving targeting to need, different levels of simplicity, and different patterns of redistributing funds.

Alternative 1

Entitlement Alternative 1 tweaks the existing formula by fixing the problems in Formula A and B that lead to large inequities in funding among grantees within each individual formula by taking the following actions:

- Formula A
  - Reduce the weight on population from 25 percent to 10 percent and increase the weight on poverty to 60 percent and the weight on overcrowding to 30 percent. This action increases the grants for the more needy Formula A grantees that are currently significantly underfunded relative to the needs index.

  - Change the definition of poverty to "persons living in family households or elderly headed households living in poverty" to correct for the relative overfunding of college towns relative to their community development need.

- Formula B
  - Replace the pre-1940 variable with "housing 50 years or older occupied by a poverty household" to better target to needy communities with older infrastructure and dilapidated housing.
  - Change the definition of poverty to "persons living in family households or elderly headed households living in poverty" to correct for the relative overfunding of college towns relative to their community development need.
  - Lower the weight on growth lag to 10% and increase the weight on poverty to 40%. Also adjust growth lag to reduce funding for communities with relatively high per capita incomes and low poverty rates. These changes reduce some of the overfunding relative to community development need caused by growth lag.

Generally, these changes improve the targeting within each formula but do not correct for the funding inequities between Formula A and Formula B. Alternative 1 causes the least redistribution of funds but makes the formula even more complicated. This option is similar to the alternative presented in 1995 by Neary and Richardson.

Alternative 1

Entitlement Communities		**States (Nonentitlements)**	
Formula A	Formula B	Formula A	Formula B
10% * population 60% * family & elderly poverty 30% * overcrowding	10% * adjusted growth lag 40% * family & elderly poverty 50% * housing 50 years or older occupied by a poverty household	10% * population 65% * family & elderly poverty 25% * overcrowding	10% * population 40% * family & elderly poverty 50% * housing 50 years or older occupied by a poverty household
Metropolitan denominators except for growth lag. Grant is larger of two formulas less a pro rata reduction.		State nonentitlement total denominators. Grant is larger of two formulas less a pro rata reduction.	

Chart ES-3 shows that entitlement alternative 1 does improve targeting relative to the current formula (Chart ES-1), most notably decreasing grants for low need grantees that are currently relatively overfunded. For example, it reduces the grants for Newton, Royal Oak, and Wauwatosa from around $30 per capita to approximately $5 per capita, an allocation more consistent with the grants of communities with similar need. It also reduces the high growth lag grants somewhat, but not enough to bring them in line with the needs index. The Saint Louis per capita grant, for example, is reduced from $73 to $63 per capita. It also provides small increases to some high-need underfunded communities. For example, Miami, Paterson, Pharr, and Compton, with current grants of $23 to $26 per capita, have their grants increase to $30 to $34 per capita, a bit closer to the $40 to $50 per capita of similarly needy grantees.

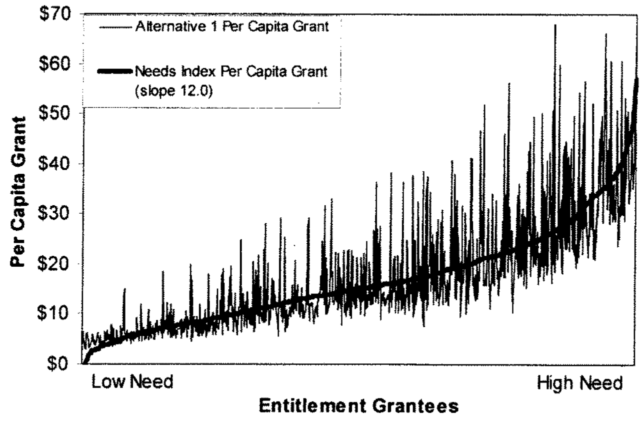

Chart ES-3. Alternative 1. Targeting to Need

Nonentitlement Alternative 1 likewise tweaks the existing formula by fixing the problems in Formulas A and B that lead to large inequities in funding among grantees within each individual formula. This alternative undertakes the following changes:

- Formula A
    - Reduce the weight on population from 25 percent to 10 percent and increase the weight on poverty to 65 percent. This change increases the funding for the more needy Formula A grantees while decreasing funding for the less needy as measured by the needs index.
    - Change the definition of poverty to "persons living in family households or elderly headed households living in poverty" to correct for the relative overfunding of states with significant college student populations in the nonentitlement areas.
- Formula B
    - Replace the pre-1940 variable with "housing 50 years or older occupied by a poverty household" to better target to states with older infrastructure and dilapidated housing.
    - Change the definition of poverty to "persons living in family households or elderly headed households living in poverty" to correct for the relative overfunding of states with large college student populations in the nonentitlement areas.
    - Reduce the weight on population from 20 percent to 10 percent and increase the weight on poverty to 40 percent. As with Formula A, this change increases the funding for the more needy Formula B grantees while decreasing funding for the less needy as measured by the needs index.

Chart ES-4 shows that these changes move the per capita allocations much closer to the needs line than the current formula.

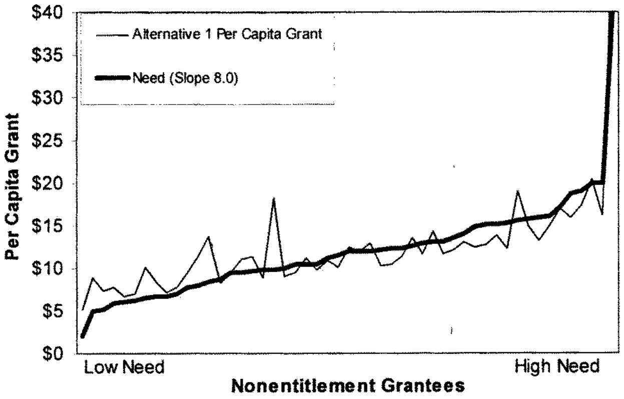

Chart ES-4. Nonentitlement Alternative 1. Targeting to Need

Alternative 2

Entitlement Alternative 2 was designed to be a very simple single formula that closely matches the allocation suggested by the needs index. The formula uses four easy-to-understand variables to allocate the funds: poverty, female-headed households with children under 18, housing older than 50 years occupied by a household in poverty, and overcrowding. These variables bear a high correlation to the individual needs factors and relatively low correlation with one another. A regression model seeking to best target to the needs index forms the basis for the weighting of the variables. Unlike the other alternatives proposed, this formula has no adjustments or pro rata reductions. This option dramatically improves the fairness of the formula (Chart ES-5), in part by eliminating funding inequities between Formula A and B.

Alternative 2

Entitlement Communities—70%	States (Nonentitlements)—30%
50% * family & elderly poverty 10% * female-headed household with children under 18 20% * overcrowding 20% * housing 50 years or older occupied by a poverty household	60% * family & elderly poverty 10% * female-headed household with children under 18 30% * housing 50 years or older occupied by a poverty household
Entitlement total denominators.	State nonentitlement total denominators.

The formula, however, only modestly increases funding to the more needy jurisdictions. By improving fairness in the funding allocation without increasing the average funding level to the relatively more needy grantees, some very needy Formula B communities experience significant funding decreases. For example, Detroit's grant is reduced from $49 per capita to $38 per capita to put it in line with similarly needy Miami, whose grant increases from $28 per capita to $41 per capita. High-need grantees that are relatively overfunded by the formula as compared to the needs index suffer even larger decreases. Saint Louis experiences a funding decrease of 50 percent under this alternative, bringing its grant to $37 per capita. Buffalo, New York, has a funding decrease of 39 percent, bringing its grant to $41 per capita, and Cleveland, Ohio has a decrease of 36 percent, bringing its grant to $39 per capita.

By correcting for the inequities of the current formula, funding levels increase for high-need communities currently receiving small per capita grants relative to their need. Paterson has its grant increase from $23 to $32 per capita, Pharr increases from $26 to $36 per capita, and Compton increases from $26 to $38 per capita.

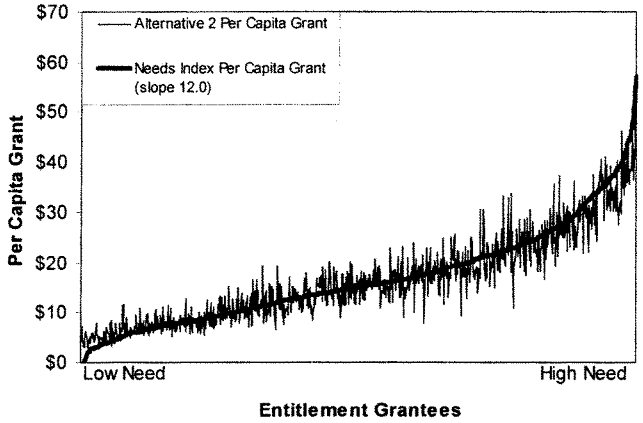

Chart ES-5. Entitlement Alternative 2. Targeting to Need

Nonentitlement Alternative 2 was designed to be simple and closely match the recommended funding pattern of the nonentitlement needs index. The formula uses three widely available and easily understandable variables to allocate the funds: poverty, female-headed households with children, and housing older than 50 years occupied by a person in poverty. This formula does not use overcrowding as a factor due to its high correlation with poverty in the nonentitled areas. Unlike in the entitlement formula, overcrowding does not capture a dimension of community development need not already captured by poverty. This alternative dramatically improves the targeting to need as shown by Chart ES-6.

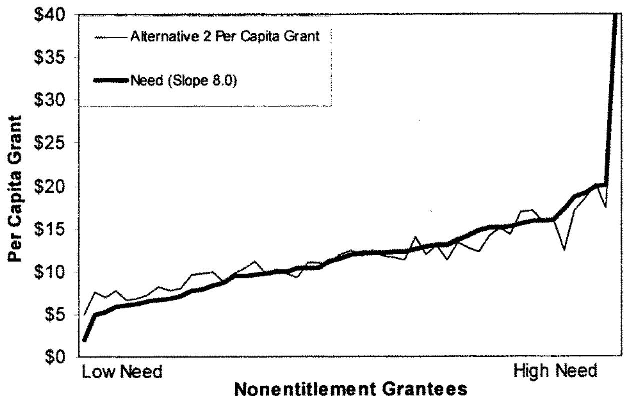

Chart ES-6. Nonentitlement Alternative 2. Targeting to Need

Alternative 3

Entitlement Alternative 3 builds from entitlement alternative 2 but moderates the sharp drop in funding for the very needy Formula B communities and generally shifts funding from low-need communities to high-need communities. The formula uses the same variables as entitlement alternative 2 but places more weight on older housing occupied by a poverty household and less on overcrowding than alternative 2. Compared to the original needs index justifying the current formula, the needs index in this study does not contain as many variables capturing community decline. To account for this deficiency, the shift in weight for alternative 3 is intended to put more emphasis on places with the problems of age and decline versus places with growing immigrant populations. The nonentitlement formula is the same as in alternative 2.

Alternative 3

Entitlement Communities—70%	States (Nonentitlements)—30%
50% * family & elderly poverty 10% * female-headed household with children under 18 10% * overcrowding 30% * housing 50 years or older occupied by a poverty household	60% * family & elderly poverty 10% * female-headed household with children under 18 30% * housing 50 years or older occupied by a poverty household
Entitlement total denominators. Adjusted by the ratio of metropolitan area per capita income divided by local per capita income with an adjustment cap of +/- 25 percent. Pro rata reduction of adjusted grant to match grant allocation to appropriations.	State nonentitlement total denominators.

In addition, to account for fiscal disparities within metropolitan areas, this alternative adjusts grants up for jurisdictions with a low per capita income relative to their metropolitan per capita income and adjusts grants down for jurisdictions that have a high per capita income relative to their metropolitan per capita income. This adjustment results in an average increase in grants greater than the number of decreases. The application of a pro rata reduction ensures the total grant amount does not exceed appropriations.

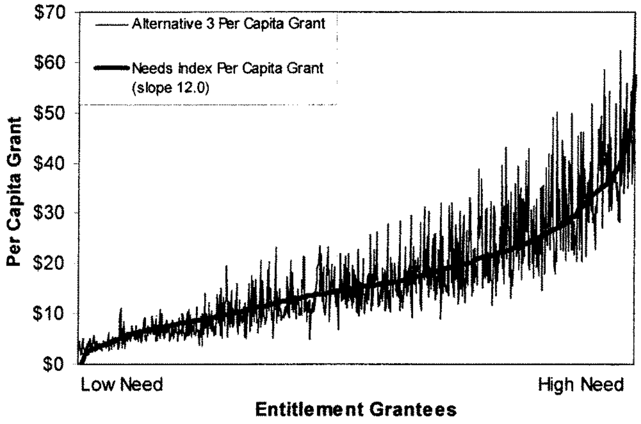

Chart ES-7. Entitlement Alternative 3. Targeting to Need

Chart ES-7 shows that alternative 3 targets well to need, but differently than alternative 2. Alternative 3 has a higher slope than alternative 2, allocating more funds per capita to the higher need grantees and less funds per capita to the lower need grantees. Alternative 3, however, has more variation in grant amounts among grantees with similar need than alternative 2.

Associated with its higher slope, alternative 3 increases the funding for the more needy grantees at the expense of the less needy grantees and also benefits some of the older declining cities. Instead of declining, as it does under alternative 2, Detroit's grant increases under alternative 3 to $51 per capita. Miami's grant increases a lesser amount to $44 per capita. This separation in per capita grant amounts between the similarly needy Miami and Detroit represents the greater differentiation in grant amounts for similarly needy jurisdictions under alternative 3 versus alternative 2. These fluctuations largely result from the higher weight given to decline in alternative 3. Nonetheless, relatively overfunded high-need jurisdictions with substantial decline, like Saint Louis, Buffalo, and Cleveland, still suffer decreases in funding relative to their current grants (32 percent, 14 percent, and 12 percent, respectively), but not as significant as under alternative 2.

Low-need jurisdictions largely have significant reductions under alternative 3. For example, the relatively low-need jurisdiction of Newport Beach, California, has its per capita grant fall to $3 per capita (its current grant is $6 per capita and its alternative 2 grant is $4 per capita).

Alternative 4

Alternative 4 is a single formula allocating all funds to both entitlements and states without a 70/30 split. Currently, entitlement grantees are allocated 70 percent of the funds and states are allocated 30 percent of the funds. Since FY 1982 when the 70/30 split was first put into effect, the number of entitlement grantees has grown from 732 to 1,105 in FY 2004. While the split between entitlements and nonentitlements has remained static, the relative share of the U.S. population served by the 70 percent share of entitlement funds has grown while the relative share of the population served by the nonentitlement side of the formula has decreased. The nonentitlement share of the population, however, is still greater than 30 percent, having fallen from 45 percent in FY 1982 to 36 percent in FY 2002.

Alternative 4

Entitlement Communities and State (Nonentitlements)—100%
50% * family & elderly poverty 10% * female-headed household with children under 18 10% * overcrowding 30% * housing 50 years or older occupied by a poverty household
Adjusted by the ratio of metropolitan area per capita income divided by local per capita income (states not adjusted) with an adjustment cap of +/- 25 percent. Pro rata reduction of adjusted grant to match grant allocation to appropriations.

This 70/30 split could be maintained in its current state, the split could be changed using some different approaches, or the split could be eliminated altogether with a single formula. If a single formula were used, and that formula used the factors and weighting of entitlement alternative 3,[2] the de facto split would be 69 percent to entitlements and 31 percent to nonentitlements in FY 2004. As shown on Chart ES-8, that targeting would be almost exactly the same as shown in Chart ES-7 for alternative 3.

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[2] By including states in the formula, unlike nonentitlement alternative 3, states do get some funding due to overcrowding (10 percent). Consequently, a moderate shift of funds occurs from high poverty states with no overcrowding to high poverty states with overcrowding.

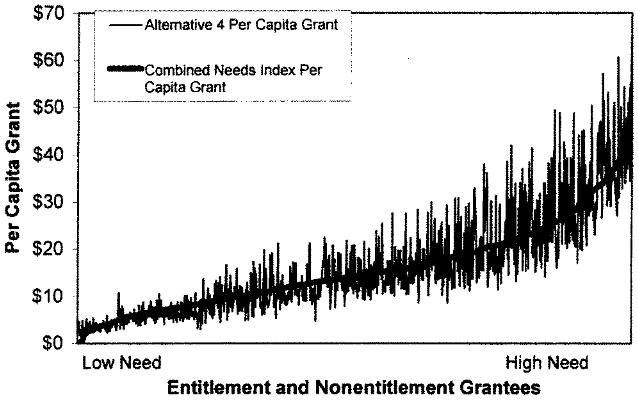

Chart ES-8. Alternative 4. Targeting to Need

Impact

All of the alternatives we discuss in this report result in a significant redistribution of funds. Table ES-1 shows the impact on entitlements and Table ES-2 shows the impact on nonentitlements. Alternative 1, which simply tweaks the formula, results in fewer very large losses and gains than alternatives 2 and 3. For entitlements, alternative 4 causes the largest redistribution of funds. Alternatives 1, 3, and 4 for entitlements largely redistribute funds from the least needy to the most needy. Alternative 2, by fixing the anomaly in funding between Formula A and Formula B grantees, also leads to funding reductions for some very needy grantees, a problem that alternative 3 seeks to fix. Alternative 4 has the same impact as alternative 3, except slightly more losers than winners for entitlements occur because the pot of funds for entitlements is effectively reduced to 69 percent from its current 70 percent. For states, however, slightly more winners occur under alternative 4 than alternatives 2 and 3 because the pot of funds effectively has increased to 31 percent from 30 percent.

Table ES-1
Percent of Entitlement Grantees Gaining/Losing Funds by Formula Alternative

	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Loss greater than 40%	5%	12%	15%	15%
Loss 20 to 40%	16%	15%	18%	19%
Loss 10 to 20%	15%	9%	11%	10%
Loss 0 to 10%	20%	12%	11%	12%
Gain 0 to 10%	18%	12%	12%	11%
Gain 10 to 20%	13%	11%	10%	11%
Gain 20 to 40%	11%	17%	14%	13%
Gain greater than 40%	1%	12%	11%	9%
Total	100%	100%	100%	100%

N=1,105 (As compared to FY 2004 allocation)

Table ES-2
Percent of Nonentitlement Grantees Gaining/Losing Funds by Nonentitlement Formula Alternatives

	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Loss greater than 40%	0%	4%	4%	0%
Loss 20 to 40%	14%	18%	18%	18%
Loss 10 to 20%	20%	22%	22%	20%
Loss 0 to 10%	16%	16%	16%	18%
Gain 0 to 10%	26%	6%	6%	6%
Gain 10 to 20%	20%	12%	12%	16%
Gain 20 to 40%	6%	20%	20%	20%
Gain greater than 40%	0%	4%	4%	4%
Total	100%	100%	100%	100%

N=51 (using FY 2004 geography)

Table ES-3 shows the total redistribution of funds by region caused by the different alternatives. As expected, alternative 1 has the smallest redistribution of funds. Even so, the New England region suffers a very large loss of funding of 22 percent, primarily resulting from the replacement of the variable of pre-1940 housing with pre-1950 housing occupied by a household in poverty in Formula B. Alternative 2 causes the largest regional redistribution of funding because of its correction for the A and B formula anomalies without substantially raising the slope of the allocation. Alternatives 3 and 4 have regional redistributions similar to alternative 1, but less than alternative 2 because of the increase in slope and an increased weight on communities in decline.

Table ES-3
Total Regional Shifts for Both Entitlements and States for Each Alternative

Region	Alternative 1	Alternative 2	Alternative 3	Alternative 4
New England	-22%	-31%	-21%	-21%
New York/New Jersey	-2%	-5%	3%	2%
Mid-Atlantic	-7%	-18%	-11%	-12%
Southeast	8%	20%	16%	16%
Midwest	-11%	-19%	-11%	-11%
Southwest	13%	21%	15%	16%
Great Plains	-9%	-12%	-8%	-8%
Rocky Mountain	-5%	-2%	-4%	-3%
Pacific/Hawaii	9%	14%	0%	1%
Northwest/Alaska	-6%	-3%	-7%	-5%
Puerto Rico	33%	35%	23%	24%

N=1,156

Recommendation

Serious consideration should be given to changing the CDBG allocation formula so that it better targets to community development need. Any of the alternatives proposed in this report would accomplish this goal. HUD looks forward to working with Congress, CDBG grantees, and other stakeholders to discuss these alternatives.

Chapter 1. Introduction

Purpose of the Report

The purpose of this report is to assess how well the Community Development Block Grant (CDBG) formula, after introduction of Census 2000 data into the formula, allocates funds toward the community development needs identified in the Housing and Community Development Act of 1974. HUD indicated in its Fiscal Year (FY) 2004 budget that it would be undertaking this study.

The National Research Council's Panel on Statistical Issues in Allocating Funds by Formula (Louis, Jabine, and Gerstein 2003) recommends that policymakers periodically review formula allocation programs to assess whether they are performing as intended. For the CDBG formula, the following four major assessments of the formula have preceded this one:

1. The first report, prepared at the request of Congress in 1976, pioneered the thinking on how to target funds to "community development need" (Bunce 1976). The current CDBG allocation formula, which first allocated funds in 1978, is built around the major conclusions of that report.

2. A follow-up report in 1979 addressed the targeting of the newly created formula (Bunce and Goldberg 1979).

3 & 4. As new census data were introduced into the formula in 1980 and 1990, HUD did follow-up studies to determine whether the CDBG formula continued to target well to community development need (Bunce, Neal, and Gardner 1983; Neary and Richardson 1995). Those studies show that while targeting to need has declined as new census data have been introduced into the formula, and that there are significant funding anomalies, in general, the formula still provides considerably more dollars per capita to needier communities than it does to less needy communities.

In FY 2003, 2000 Census data were fully introduced into the CDBG allocation formula. Continuing HUD's tradition of reexamining the formula when new decennial census data are available, this report evaluates how the introduction of 2000 Census data affects the formula's targeting to community development need. An already published report, "Redistribution Effect of Introducing Census 2000 Data Into the CDBG Formula" (Richardson, Meehan, and Kelly 2003), provides basic information about which formula variables are responsible for shifts in funding. This report does not repeat that analysis; rather, it focuses on targeting to community development need. In addition to the needs analysis, this report does the following:

- Describes the impact of introducing the Office of Management and Budget's (OMB's) new definitions for metropolitan areas.

- Explains the 70/30 funding split between entitlement and nonentitlement CDBG grantees.

- Provides four alternative formulas[3] that would improve targeting to need.

Report Overview

This report is structured into nine chapters.

Chapter 1. Introduction. This chapter explains the purpose of the report.

Chapter 2. Current Formula Mechanics. This chapter explains how the current dual formula works and provides direct examples.

Chapter 3. Developing a Community Development Needs Index. This chapter describes the selection of variables for inclusion in a community development needs index, the statistical techniques used to isolate different patterns of community development need, and the process used to create a single score for each community to proxy its level of community development need relative to the national average.

Chapter 4. CDBG Targeting to Need—Entitlement Communities. This chapter shows how, after the introduction of 2000 Census data, the CDBG entitlement formula targets to the community development needs index. It also describes which components of the existing formula are responsible for its increasingly poor targeting to need.

Chapter 5. CDBG Targeting to Need—States (Nonentitlements). This chapter shows how the CDBG nonentitlement formula targets to the community development needs index. It also describes the components of the formula that contribute to its generally poor targeting.

Chapter 6. CDBG Alternative Formulas. This chapter shows three possible alternatives for improving the targeting to need of the CDBG entitlement formula and two possible alternatives for improving the targeting to need of the nonentitlement formula.

Chapter 7. Impact of New Metropolitan Area Definitions. OMB's new metropolitan area definitions could potentially result in the addition of 78 entitlement cities and 12 urban counties. The new definitions also change the metropolitan denominator for the entitlement program for each of the formula variables. This chapter describes the potential implication of adding all of the eligible communities as well as the reality of how many jurisdictions actually decided to participate in FY 2004.

Chapter 8. The 70/30 Split. Since 1981, nonentitled portions of states have received 30 percent of the CDBG formula allocation while entitlement areas have received 70 percent. Since that time, numerous new communities and urban counties have been added to the entitlement share of the formula from the nonentitlement share. This chapter offers some options ranging from continuing the current split, to annually adjusting the split, to creating a single formula that funds both entitlements and nonentitlements.

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[3] The report provides three alternatives for the entitlement formula, two alternatives for the nonentitlement formula, and one single formula alternative. For simplicity in the Executive Summary and concluding chapter, the entitlement and nonentitlement formulas are linked to create individual alternatives resulting in a total of four complete alternatives.

Chapter 9. Conclusion. This chapter summarizes the report findings and recommends that serious consideration be given to changing the formula.

Chapter 2. Current Formula Mechanics

The Community Development Block Grant (CDBG) program provides annual "entitlement" allocations to eligible cities and counties and nonentitlement allocations to states for areas that do not qualify or choose not to participate as entitlements. As specified in sections 102 and 106 of the Housing and Community Development Act of 1974, the program allocates funds based on demographic data provided by the U.S. Census Bureau.

After setting aside funds for special purposes, such as technical assistance, congressionally specified projects, and 1 percent for the Indian CDBG program, the annual appropriation for CDBG formula funding is split so that 70 percent is allocated among entitlement cities and counties and 30 percent among the states. The communities and states must submit annual plans that show how they expect to use these funds and other Community Planning and Development formula funds and report on their prior year accomplishments. Program regulations govern the eligible use of the funds (24 CFR Part 570).

For the most part, CDBG funding levels allocated by formula have remained constant in recent years at some amount between $4.2 and $4.4 billion. In Fiscal Year (FY) 2002, the total appropriation level for the CDBG formula was $4.341 billion, $3.039 billion allocated to entitlement communities and $1.302 billion for nonentitlement communities.[4]

Entitlement Communities and States

To qualify as an entitlement community, cities and counties must meet criteria established in section 102 of the Housing and Community Development Act. The statute makes the following areas eligible for the entitlement program.

Metropolitan Cities

- Central cities of metropolitan areas (MAs).[5]
- Other cities with a current population of 50,000 or more that are also in MAs.
- Cities that retain metropolitan city status as a result of previously meeting the criteria for metropolitan cities.

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[4] For comparison to the previously published "Redistribution Effect of Introducing Census 2000 Data Into the CDBG Formula," the discussion in chapters 2 through 6 uses the FY 2002 appropriation level and universe of grantees. Chapters 7 and 8, Executive Summary tables, and Appendix B reflect the FY 2004 universe of CDBG grantees.

[5] The Office of Management and Budget defines metropolitan areas and designates central cities. This office establishes the criteria and updates the MA list when decennial census data are issued and as the Census Bureau updates population estimates throughout the decade. Beginning in FY 2004, due to revisions to the OMB definitions of MAs, "principal city" is used instead of "central city" as a means of determining eligibility for the entitlement program.

Urban Counties

- Counties that are in MAs and have a population of 200,000 or more after excluding metropolitan cities and eligible Indian tribes.
- Counties that retain qualification status as a result of previously meeting criteria for urban counties.

The nonentitled portion of a state receives funding based on the balance of need characteristics that remain after subtracting data for metropolitan cities and urban counties that choose to participate in the entitlement program. Data for Native Americans living in federally recognized Indian tribal areas are also subtracted because they are eligible for funding under separate grant programs.

Qualification process. The Department of Housing and Urban Development (HUD) designates metropolitan cities based on population estimates available from the Census Bureau and central cities designated by the Office of Management and Budget (OMB). HUD uses the data that are available for all units of government 90 days before the start of the federal fiscal year.

HUD also identifies urban counties annually when the data show that a county could potentially have a population of more than 200,000 or meet other legislative tests. The county includes unincorporated areas along with local units of government where the county has authority or a legal agreement with local governments to undertake community development activities. Urban counties go through a process of establishing legal agreements for participation with local governments when they are first qualified and every 3 years thereafter.

States are automatically funded under the CDBG program[6]. They are funded based on the nonentitled portion in the state; that is, the balance of the state after excluding metropolitan cities, urban counties with their included units of government and all Native Americans living in eligible tribal areas. Only units of general local government (small cities, small towns, and rural counties) in the nonentitled area may apply to the state for funding. The Housing and Community Development Act defines the District of Columbia as a metropolitan city. It includes Puerto Rico as a state. Other territories, outlying areas, and Native Americans living in tribal areas are excluded from the formula and funded under set-asides from the annual appropriation.

The number of metropolitan cities and urban counties participating as entitlement communities in CDBG has increased steadily since the creation of the program in 1974. Since 1981, when Congress established that entitlements would receive 70 percent of the funds and nonentitlements 30 percent (the 70/30 split), the number of entitlement grantees has ballooned from 666 to 1,105 in FY 2004, a 66 percent increase. Generally, when new metropolitan cities are added to the formula, individually they have a small impact because they have small populations, usually around 50,000. Because the population threshold for urban county participation—200,000—is higher than that of cities, however, their entry into the program has a larger impact on the entitlement allocation. Since 1981, roughly a quarter of all new entitlement communities have been urban counties. Chapter 8 explains the implications of the increasing number of entitlement communities and the fixed split of 70 percent to entitlements and 30 percent to states.

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[6] Since 1981, when Congress gave states the ability to assume responsibility for administering the CDBG program, there has been a gradual transition from HUD administration of the nonentitled funds for individual states to state administration of the CDBG nonentitlement program. Only Hawaii's nonentitled grant continues to be administered by HUD.

CDBG Formulas

The CDBG "formula" consists of two basic formulas, known as Formulas A and B, to allocate CDBG funds. In practice, five formulas are used in this annual process, all variations on Formulas A and B. Three formulas allocate 70 percent of funds to entitlement communities, and two formulas allocate funds to the states (for nonentitlement communities). This system of five formulas has been in place since FY 1981 (Neary and Richardson 1995).

Formula A for entitlement communities is as follows:

$$\left(0.25\,\frac{\text{Pop (a)}}{\text{Pop (MA)}} + 0.5\,\frac{\text{Pov (a)}}{\text{Pov (MA)}} + 0.25\,\frac{\text{Ocrowd (a)}}{\text{Ocrowd (MA)}}\right) \text{ x } \$3.039 \text{ billion}$$

Formula B for cities is as follows:

$$\left(0.2\,\frac{\text{GLag (a)}}{\text{GLag (MC)}} + 0.3\,\frac{\text{Pov (a)}}{\text{Pov (MA)}} + 0.5\,\frac{\text{Age (a)}}{\text{Age (MA)}}\right) \text{ x } \$3.039 \text{ billion}$$

Formula B for urban counties is as follows:

$$\left(0.2\,\frac{\text{GLag (a)}}{\text{GLag (ENT)}} + 0.3\,\frac{\text{Pov (a)}}{\text{Pov (MA)}} + 0.5\,\frac{\text{Age (a)}}{\text{Age (MA)}}\right) \text{ x } \$3.039 \text{ billion}$$

where:

- *(a)* is the value for the jurisdiction.
- *(MA)* is the value for all MAs.
- *(MC)* is the value for all entitlement cities.
- *(ENT)* is the value for all entitlement jurisdictions (cities and urban counties).

- $3.039 billion is the amount available for allocation to entitlement jurisdictions in FY 2002.

- *Pop* is the total resident population.
- *Pov* is the number of persons below the poverty level.
- *Ocrowd* is the number of overcrowded housing units. A housing unit is overcrowded when more than 1.01 persons per room are living in the unit.
- *Age* is the number of housing units built before 1940.
- *Glag* is population growth lag. Growth lag is the shortfall in population that a city or county has experienced when comparing its current population to the population it would have had if it grew like all metropolitan cities since 1960. For the FY 2002 formula allocation, the growth rate for all entitlement communities between 1960 and 2000 was

37.4 percent. If a city or county grew at a rate greater than or equal to 37.4 percent between 1960 and 2000, it receives a growth lag value of zero.[7]

HUD calculates the amounts for each entitlement jurisdiction under both Formulas A and B. Jurisdictions are then assigned the larger of the two grant amounts. That is, if a jurisdiction gets more funds under Formula A than Formula B, its grant is based on Formula A. With this dual formula system, it is not surprising that the total amount assigned to CDBG grantees has always exceeded the total amount available through appropriation. To bring the total grant amount allocated to entitlement communities within the appropriated amount, HUD uses a pro rata reduction. In FY 2002, for example, the pro rata reduction was 11.43 percent. That is, the amount assigned to a community under the dual formula is multiplied by 0.8857 (1 – 0.1143) to generate the actual grant amount.[8]

The formula for the nonentitled areas of states generally operates like the entitlement formula. Two key differences, however, are present: (1) Formula B uses population instead of growth lag, and (2) the denominator for all of the variables is the sum of the nonentitled total (NEnt) instead of the sum of non-MAs. The formulas for the nonentitlement allocation are as follows:

Formula A is as follows:

$$\left(0.25\,\frac{\text{Pop (a)}}{\text{Pop (NEnt)}} + 0.5\,\frac{\text{Pov (a)}}{\text{Pov (NEnt)}} + 0.25\,\frac{\text{Ocrowd (a)}}{\text{Ocrowd (NEnt)}}\right) \times \$1.302 \text{ billion}$$

Formula B is as follows:

$$\left(0.2\,\frac{\text{Pop (a)}}{\text{Pop (NEnt)}} + 0.3\,\frac{\text{Pov (a)}}{\text{Pov (NEnt)}} + 0.5\,\frac{\text{Age (a)}}{\text{Age (NEnt)}}\right) \times \$1.302 \text{ billion}$$

As with entitlement communities, HUD calculates the amounts for each state under each formula. States are then assigned the grant that is the larger of the two. To bring the total grant amount to states within the appropriated amount, HUD uses a pro rata reduction. In FY 2002, for example, the pro rata reduction for states was 16.85 percent.

Sources of Data for the Formulas

To ensure objectivity and consistency, the decennial census is the primary source of the data in the CDBG formula. In years following the release of the decennial data, the Census Bureau provides updated population estimates, identifies new incorporations, and reports major boundary changes (usually due to annexation). As required by statute, HUD uses the latest data consistently available for all areas as of 90 days before the start of the fiscal year. Since HUD allocates funds to Indian tribes separately, HUD excludes data for Native Americans living in tribal areas from the formula data for all states and entitlement communities.

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[7] HUD does not have a 1960 population figure for some communities. Those communities are not included when calculating the 1960 to 2000 growth rate. In addition, while the latest population used to compute growth lag reflects recent boundary changes, HUD cannot make changes to the 1960 population for individual communities based on boundary changes that result from annexations because the 1960 data are not available. HUD does make changes to the 1960 population data for communities that result from mergers, since the data are available.

[8] There could conceivably be a pro rata increase, since the sum of the values in each numerator (entitlement jurisdictions) is less than the denominator (all MAs, portions of which are not entitled). In the more than 20 years of the CDBG dual formula, there has never been a need for a pro rata increase.

Formula Allocation Example

Below is an example of how the formulas work. The estimated CDBG grant for this city[9] would be based on 350,000 persons; 50,000 persons in poverty; 7,500 overcrowded housing units; 65,000 housing units that were built before 1940; and a growth lag of 40,000 persons between 1960 and 2000. It would receive the larger of the amounts generated by the two formulas.

Formula A:

$$\left(0.25\,\overset{\textit{Population}}{\frac{350{,}000}{229{,}192{,}836}} + 0.5\,\overset{\textit{Poverty}}{\frac{50{,}000}{27{,}561{,}898}} + 0.25\,\overset{\textit{Overcrowding}}{\frac{7{,}500}{5{,}551{,}631}}\right) \times \$3.039 \text{ billion}$$

$$= \$4{,}942{,}675$$

Formula B:

$$\left(0.2\,\overset{\textit{Growth Lag}}{\frac{40{,}000}{25{,}564{,}131}} + 0.3\,\overset{\textit{Poverty}}{\frac{50{,}000}{27{,}561{,}898}} + 0.5\,\overset{\textit{Age of Housing}}{\frac{65{,}000}{12{,}974{,}750}}\right) \times \$3.039 \text{ billion}$$

$$= \$10{,}216{,}211$$

This grantee gets substantially more money using Formula B than with Formula A. As a result, its grant would be the total of the larger, Formula B, multiplied by a pro rata reduction of 12.37 percent, making the total grant after pro rata reduction $8,952,466.

It is useful to know that FY 2002 used Census 2000 data for population and growth lag, but still used Census 1990 data for the poverty, overcrowding, and pre-1940 housing. The FY 2003 allocation used Census 2000 data for all the variables, and the FY 2004 allocation uses the Census 2002 population estimates for the population and growth lag variables and the new OMB metropolitan area definitions for determining the denominator on most of the variables. Appropriation amounts allocated by formula have remained fairly similar over the 3 years: $4.341 billion in FY 2002, $4.340 billion in FY 2003, and $4.331 billion in FY 2004. Richardson, Meehan, and Kelly (2003) showed the impact on redistributing funds as a result of Census 2000 data being fully introduced into the formula in FY 2003.

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[9] This calculation is based on the FY 2002 universe of grantees and appropriation amount. All the data used are from Census 2000.

Chapter 3. Developing a Community Development Needs Index

The report "Redistribution Effect of Introducing Census 2000 Data into the CDBG Formula" (Richardson, Meehan, and Kelly 2003) showed how funds are redistributed among communities when the Census 2000 data are introduced. This chapter describes the establishment of the measurement tool—a needs index—used to assess whether the redistribution of funds resulting from the new Census 2000 data improves or aggravates the formula's ability to target toward community development need.

In previous Community Development Block Grant (CDBG) studies, the Department of Housing and Urban Development (HUD) used a methodology that created standard measures of "community development need" across entitlement cities (Bunce 1976; Bunce and Goldberg 1979; Bunce, Neal, and Gardner 1983; Neary and Richardson 1995). This study used the same basic methods. Advancing the work of previous studies, however, this study develops a needs index that includes urban counties in addition to cities. It develops a separate needs index for the nonentitlement balance of states.

Community development need encompasses many different things—housing quality, infrastructure, economic development, poverty, tax base, and others. To account for these many dimensions of need, this study assembled data on 17 community-need-related variables for each entitlement jurisdiction.[10] Factor analysis is used to group variables that correlate highly with one another. For variables that correlate highly with each other, factor analysis creates a factor score to represent the common variance among these variables. To the extent there are different patterns of variance, factor analysis creates multiple factor scores. The factor score for each jurisdiction represents the number of standard deviations it is from the mean. For example, if poverty and overcrowding have a high level of correlation, a place with a poverty rate near the national mean and an overcrowding rate near the national mean would have a factor score of zero. A place with a rate of poverty and overcrowding one standard deviation less than the national average would receive a factor score of −1.0; a place with a rate one standard deviation greater than the national average would receive a factor score of 1.0.

CDBG Formula History

The formula originally established for allocating CDBG funds in the 1974 authorizing legislation (Housing and Community Development Act of 1974) was relatively simple and easy to understand. It had only three variables—population weighted at 25 percent, poverty weighted at 50 percent, and overcrowding weighted at 25 percent. The formula gave the largest weight to poverty, which reflects the emphasis on communities with low-income persons that CDBG was intended to serve. HUD conducted an analysis after enactment of the law that used the same approach used in this report. A community development needs index was created, and the new formula's allocation was compared against the needs index. The report from this analysis, published in 1976, showed that the formula in the original 1974 legislation targeted very well to communities with large poverty populations but did not target well to older and declining communities (Bunce 1976). It also showed that poverty and decline were not closely related, suggesting the need for a dual formula system.

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[10] Data are available on all 17 variables for only 899 of the 1,024 Fiscal Year 2002 entitlement jurisdictions. Analyses that use the needs index refer to these 899 jurisdictions only.

As a result of HUD's 1976 analysis, and the realization that many of the older and declining communities had been large recipients of the categorical grants CDBG was intended to replace, Congress enacted legislation in 1977 (Housing and Community Development Act of 1977) that created a dual formula that would target funds to both places with large poverty populations and older and declining communities. The dual formula has been in use since the Fiscal Year (FY) 1978 appropriation.

Identifying the Variables

Four studies have preceded this one in developing a community development needs indicator: Bunce 1976; Bunce and Goldberg 1979; Bunce, et al. 1983; and Neary and Richardson 1995. As with these four studies, this study started the process of identifying the variables for the community development needs index by looking at the Congressional intent of the CDBG program.

The Housing and Community Development Act of 1974, as amended, established as the primary objective of the CDBG program "the development of viable urban communities, by providing decent housing and suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." The statute goes on to specify that at least 70 percent of the funds should be used to benefit persons of low and moderate income. The statute directs that the funds be directed at the following specific objectives:

1. The elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities of importance to the welfare of the community, principally persons of low and moderate income.

2. The elimination of conditions which are detrimental to health, safety, and public welfare through code enforcement, demolition, interim rehabilitation assistance, and related activities.

3. The conservation and expansion of the Nation's housing stock in order to provide a decent home and a suitable living environment for all persons, but principally for those of low and moderate income.

4. The expansion and improvement of the quantity and quality of community services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities.

5. A more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers.

6. The reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods

through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods.

7. The restoration and preservation of properties of special value for historic, architectural, or esthetic reasons.

8. The alleviation of physical and economic distress through the stimulation of private investment and community revitalization in areas with population out-migration or a stagnating or declining tax base.

9. The conservation of the Nation's scarce energy resources, improvement of energy efficiency, and the provision of alternative and renewable energy sources of supply. (Housing and Community Development Act of 1974)

Community Development need clearly encompasses many different elements, and the CDBG statute is specifically designed to give jurisdictions a great deal of flexibility to address the community development needs specific to their community. Any community development needs indicator must encompass a wide variety of measures reflecting different types of community development need.

Variables Used To Construct the Community Development Needs Indicator

This study identified the variables to be used in the needs index for the entitlement communities based on the CDBG objectives noted above. Table 3-1 shows the variables used in previous studies, as well as those used for this study. Many of the variables selected for this study have been used in one form or another in all of the studies. Data availability and continuing research on the changing dynamics of community need have led to variable modifications and the addition or subtraction of variables over time.

Table 3-1. Community Development Needs Variables, 1976–2003

Variable Description	**Bunce (1976)**	**Bunce and Goldberg (1979)**	**Bunce, Neal, and Gardner(1983)**	**Neary and Richardson (1995)**	**Richardson (This Report)**
Income variables					
Percent of poor persons (census)	X	X	X		
Percent of persons under the age of 18 in poverty (census)	X	X			
Percent of persons living in poor families or poor households headed by a elderly person (census)				X	X
Percent of households that are female-headed with children in poverty	X				
Change in percentage of poor persons over 10 years (census)			X	X	X
Real per capita income (census)			X	X	

Variable Description	**Bunce (1976)**	**Bunce and Goldberg (1979)**	**Bunce, Neal, and Gardner(1983)**	**Neary and Richardson (1995)**	**Richardson (This Report)**
Ratio of per capita income to metropolitan per capita income (census)					X
Net change in real per capita income over 20 years (census)			X (10 years)	X	X (10 years)
Percent of poverty persons in 40 percent or higher poverty census tracts (census)					X
Social and demographic variables					
Percent of families with a female head and children under 18 (census)		X	X	X	X
Percent of population older than 65 (census)	X	X	X	X	
Percent of households minority (census)	X	X	X	X	
Percent of population black (census)			X		
Change in percent of population black over 10 years (census)		X	X		
Percent of population of Spanish origin (census)			X		
Percent of population age 25–65 without a high school education (census)	X	X		X	X
Minority dissimilarity index (segregation)multiplied by percent minority					X
Economic Variables					
Percent of population age 16–64 that is employed (census)			X	X	X
Percent of persons age 16 or older in the labor force that are unemployed (census)	X (Bureau of Labor Statistics [BLS])	X	X (BLS)	X	X
Percent change in the volume of retail sales over 5 years (economic census)		X (9 years)	X (10 years)	X	
Percent change in retail sales establishments over 9 years (economic census)		X			
Percent change in retail, wholesale, and service employment over 10 years (economic census)		X (5 years)	X		
Percent change in manufacturing employment over 10 years (economic census)			X		
Net change in unemployment rate over 10 years (census)			X		
New housing permits in past 2 years		X			
Housing variables					
Percent of occupied housing units that are pre-1940 and occupied by poverty household (census)				X	X (pre-1950)
Percent of occupied housing units that are pre-1960 occupied by a poverty renter (census)				X	X (pre-1970)

Variable Description	Bunce (1976)	Bunce and Goldberg (1979)	Bunce, Neal, and Gardner(1983)	Neary and Richardson (1995)	Richardson (This Report)
Percent of housing units pre-1940 (census)	X	X	X		
Percent of rental units pre-1940 (census)			X		
Percent of housing units owner-occupied (census)	X	X (renter)			
Percent of owner units pre-1940 (census)			X		
Percent of occupied housing that is rental with one of four housing problems (census)[11]			X	X	
Percent of housing units lacking complete plumbing (census)	X	X			
Percent of housing units overcrowded	X	X	X		X
Population trends					
Percent change in population since 1960 (census)		X	X	X	X (loss only)
Percent change in population over 10 years (census)		X (5 years)	X	X	X (loss only)
Percent change in households over 10 years			X		
Other indicators					
Number of murders, assaults with weapons, incidents of nonnegligent manslaughter, and robberies per 1,000 persons (UCR)	X	X	X	X	X
Change in violent crime over 4 years			X		
Number of persons per square mile (census)	X	X		X	X

The variables selected for creating a community development needs index are best explained in the context of the CDBG objectives. For simplicity, in this report, the CDBG objectives are summarized in four categories; each variable is explained in the specific CDBG category. Each variable's description is supported by an historic rationale and any relevant recent research supporting the variable's use. Not all the variables identified are available for all 1,024 CDBG entitlement jurisdictions; needs scores are created for 899 jurisdictions only.[12]

1. Low and Moderate Income Persons. The overall objective of CDBG is to serve "persons of low and moderate income." Thus, indicators that target low- and moderate-income persons are essential. The specific objectives provide a special emphasis on targeting communities with high neighborhood concentrations of low- and moderate-income persons. The objectives also indicate that CDBG funds should be used to fund community services for low- and moderate-income persons; this report identifies subgroups of persons that are particularly high consumers of community services.

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[11] Overcrowding, without complete kitchen, without complete plumbing, and/or with housing cost burden greater than 30 percent.

[12] There is some bias in the jurisdictions that are excluded due to missing data. Specifically, 38 grantees in Illinois are excluded because the crime data for most Illinois communities, except Chicago, are missing; all 21 Puerto Rico jurisdictions are excluded for lack of crime data; and a disproportionate number of urban counties, 32 of the 159 urban counties, are excluded due to incomplete crime data. Crime rate is an excellent measure of community distress not captured by any of the other factors used in this analysis, which justifies its inclusion even though its use reduces the number of grantees used in this analysis from 1,024 to 899.

Income Variables

a. **Persons in poverty living in families or elderly households.** The first CDBG formula study identified the importance of poverty as a measure of community development need because poor persons have a high reliance on city government for basic necessities. In addition, poverty is associated with "substandard housing, urban blight, neighborhood instability, and housing abandonment" (Bunce 1976). This study uses persons in poverty living in families or elderly households instead of simply persons in poverty because the persons in poverty variable from the census includes off-campus college students, who often receive support from their families that is not recorded by the census. The persons in poverty variable, therefore, tends to distort the level of need in areas where large colleges or universities are located. By focusing on just persons in poverty that live in families (two or more related persons) or elderly households, this anomaly is largely resolved (Neary and Richardson 1995).[13]

b. **Percentage point change in poverty rate between 1990 and 2000.** Jurisdictions with growing numbers of persons in poverty have special community development needs associated with their capacity to address a growing impoverished population. Research has demonstrated, for example, that every 1 percent increase in a city's poverty rate reflects a 5.5 percent increase in per capita expenditure on police services. Similar effects exist for fire protection costs (Ladd and Yinger 1989). The change in poverty rate among CDBG entitlements between 1990 and 2000 ranges from a drop of 18 percentage points (Toa Alta Municipio, PR) to an increase of 8 percentage points (North Miami, FL).

c. **Jurisdiction per capita income relative to metropolitan per capita income.** This is a new variable for this study. Rather than use per capita income alone, this measure takes into account the metropolitan context of that per capita income. It extends research conducted by David Rusk (1993) showing that "the city-suburb per capita income ratio is the single most important indicator of an urban area's social health." Conceptually, it takes into account the relationship between the cost of providing services, which is driven by metropolitan area incomes (the employment/services market), and the tax base to pay for those services, which is driven by local incomes. The lower this ratio, the more difficult it is for a community to provide a level of service that can compete with the level of service provided in other communities in the Metropolitan Statistical Area (MSA). This measure is at the heart of Rusk's concept of inelastic and elastic cities, where elastic cities can annex their growing suburbs and inelastic cities are landlocked. Inelastic cities experience declining tax bases and increased need for services.

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[13] Because this variable excludes single, nonelderly persons in poverty (the proxy for college students in this analysis), there is a sense that it may misrepresent the needs of communities with particularly high portions of their population made up of noncollege students who are single, nonelderly, and in poverty. To test this, HUD requested a special tabulation of census data that specifically excluded full-time college students from the poverty count. Comparing the noncollege student poverty rate to the poverty rate for persons living in families and elderly households in poverty across the CDBG universe finds a correlation of 0.989. A few noncollege town communities have a 10 percent reduction in the share of the national poverty total when the elderly and families in poverty are used instead of special Census tabulation data on noncollege students in poverty. Those communities include Bangor, Maine; Clearfield, Utah; Myrtle Beach, South Carolina; Portland, Maine; Asheville, North Carolina; Lewiston, Maine; Portland, Oregon; Miami Beach, Florida; Glens Falls, New York; Charleston, West Virginia; Wheeling, West Virginia; Superior, Wisconsin; Sarasota, Florida; Clearwater, Florida; Palm Springs, California; and Atlantic City, New Jersey.

d. **Net change in per capita income from 1989 to 1999.** This variable measures the economic growth of a community. Rising per capita income reflects a growing economy and a stronger tax base. Declining per capita income growth suggests a struggling economy and a waning tax base relative to rising costs for a jurisdiction.

e. **Concentrated poverty.** This is a new variable for this study. The exact variable is the percent of persons in poverty living in neighborhoods with more than 40 percent poverty.[14] This measure uses Jargowsky's (1996) definition of a ghetto neighborhood as 40 percent poverty or more.

   The sixth objective of the CDBG statute calls for the "reduction of the isolation of income groups within communities." A number of recent studies have documented the extent of poverty concentrations in the United States (Jargowsky 1996; Rusk 1999) and the consequences of ghetto poverty (Wilson 1987; Blank 1997; Brooks-Gunn, Duncan, and Aber 1997). Recent research on the impact of moving poor families from high-poverty to lower poverty neighborhoods demonstrates significant effects for women and girls in terms of increased safety, reduced incidence of psychological disorders, and less obesity. However, there appears to be a negative impact on boy's behavior. (Orr, et al 2003). Generally, the social cost of poor people living in high-poverty neighborhoods appears to be higher than the cost of just having poor people, in terms of public safety and health care costs.

High Consumers of Community Services[15]

a. **Female-headed households with children.** This is a group seen to have day care needs. In addition, communities with large segments of single parent households are often correlated with neighborhood instability and substandard housing (Bunce 1976). This is also a good supplement to the poverty measure because it captures a high number of households that are just above the poverty threshold. According to Census 2000 data, 49 percent of female-headed households with children in the US have incomes less than $20,000 compared to just 8 percent of married families with children. Very few female-headed households with children have higher incomes, only 4 percent nationwide have incomes greater than $60,000.

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[14] To address the issue of college towns, this variable uses persons in poverty living in families and elderly households rather than all persons in poverty.

[15] In all previous studies, the percentage of persons over age 65 was used as a factor. This study initially included elderly persons based on the premise that they often have special needs for transportation, housing, recreation, and health care (Bunce 1976). This study determined, however, that elderly persons did not correlate well with any other factors. Further exploration suggests that a large elderly population can mean higher service costs but it also is very indicative of communities with a significant population of well-off retirees. Because the meaning of this variable has changed, it is not included in this analysis.

b. **Persons with lower education levels.** Lack of high school education is correlated with high crime rates, unemployment, and social problems. Individuals without a high school education also often live in declining neighborhoods. Not having a high school education increases the likelihood a person is dependent on public support (Bunce 1976).

2. Decent Housing. This study interprets the statute's focus on "decent housing principally for persons of low and moderate income" to encourage targeting of CDBG funds to areas with large amounts of substandard housing, as well as places with a lack of decent affordable housing. Variable selection also takes into account the historic preservation and energy conservation objectives.

a. **Occupied housing units that are pre-1950 and occupied by a poverty household and occupied housing units that are pre-1970 and occupied by a poverty renter.** Earlier studies found that housing built before 1940 was an indicator of substandard housing and a good proxy for "government repair and maintenance costs of older sanitation facilities and sewage lines." Older housing was also associated with housing abandonment. (Bunce 1976). As needier jurisdictions have demolished their pre-1940 housing stock over time and less needy jurisdictions have renovated their pre-1940 housing stock, pre-1940 housing has steadily lost this targeting ability (Bunce, Neal, and Gardner 1983; Neary and Richardson 1995). Age of housing remains a good proxy for an older infrastructure, the costs of maintaining that infrastructure, and a need for historic preservation. Ladd and Yinger (1991) found that cities with older housing had higher operating costs than cities with newer housing. It is highly desirable to capture the concept of age without overly rewarding communities that have aged gracefully.

Census 2000 does not have a perfect proxy for inadequate housing. Historically, pre-1940 housing has been used; its targeting ability has declined over time, however, as dilapidated older units were demolished in declining communities and renovated in improving communities. Neary and Richardson (1995) modified the older housing variable to include occupancy by a poor person to improve the targeting of the age of housing variable toward inadequate housing. Table 3-2 shows results from analysis of 2001 American Housing Survey data on the relationship between inadequate housing and older housing. Nationally, 6.3 percent of the nation's housing stock is inadequate.[16] Older housing is indeed more likely to be substandard, with housing built before 1940 nearly twice as likely (11.1 percent) to be substandard than on average nationally. Poor people are also more likely to live in inadequate housing (12.1 percent). Combining poverty with old housing substantially improves targeting toward inadequate housing: Approximately 18 percent of pre-1950 housing units occupied by a person in poverty have housing quality problems. Tenure is also a good measure of housing inadequacy. Renters are more likely to live in inadequate housing, particularly renters in older housing (16.5 percent for renters of pre-1950 housing).

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[16] Using the definition of "Physical problems - moderate and severe" in the *American Housing Survey for the United States: 2001* (U.S. Census Bureau 2002).

Table 3-2. Age of Housing, Income, and Tenure as Indicators of Housing and Neighborhood Distress

	National Total	**Poverty**	**Pre-1940 Housing**	**Pre-1950 Poverty**	**Pre-1950 Renter**	**Pre-1970 Poverty Renter**
Housing need indicators						
Percent of units inadequate	6.3	12.1	11.1	17.9	16.5	18.7
Percent of units severely inadequate	2.0	4.0	3.7	5.9	5.4	6.4
Percent rating house quality 6 or less on 10 point scale (1 is low, 10 is high)	14.2	21.3	21.0	26.7	30.4	30.6
Neighborhood need indicators						
Percent living near abandoned buildings	4.8	8.2	10.2	12.9	12.0	13.8
Percent living near roads in need of repair	35.2	40.4	41.5	44.6	46.5	45.6
Percent rating neighborhood quality 6 or less on 10 point scale (1 is low, 10 is high)	17.2	23.8	23.9	29.9	30.7	33.2
Percent deeming crime to be so bothersome that resident wishes to move	3.7	6.4	5.2	8.9	9.3	11.8

Source: Analysis of 2001 American Housing Survey Data

To capture communities with somewhat newer housing stock (pre-1970) but with housing inadequacy problems, the pre-1970 poverty renter variable has targeting advantages similar to pre-1950 poverty.

b. **Percent of housing units with more than 1.01 persons per room.** Bunce's 1976 report identified overcrowding as an important indicator of (1) disposal and sanitation problems, (2) a high demand for recreational facilities, (3) density of the population, and (4) excess demand for housing. In 1995, the CDBG needs indicator included renter units with one of four housing problems as an indicator of need. This factor included overcrowding, renter cost burden of 30 percent or more, and units without complete kitchen and/or plumbing. This study returned to using overcrowding alone.[17] Overcrowding has increased between 1990 and 2000 and is closely associated with growing immigrant population, which puts a unique strain on local government resources. Studies commissioned by the National Academy of Sciences of the states of California and New Jersey found that immigrants, particularly the low-skilled immigrants with larger families that reflect overcrowding, contribute less to local and state revenues than they consume (Smith and Edmonston 1997).

3. **Suitable Living Environment.** The variables in this category address the CDBG objectives of eliminating slums and blight, neighborhood revitalization, and land use planning.

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[17] Analysis of the cost burden variable shows that it is generally a good indicator of high housing costs. For CDBG targeting purposes, however, it has the side effect of especially targeting college towns. College towns often have high housing costs because they are desirable places to live, with few community development need, and apparently large numbers of persons with low incomes resulting in cost burden. The low incomes are deceptive, however, because many college students have low earned incomes but are supported by their parents.

a. **Number of murders, assaults with weapons, incidents of nonnegligent manslaughter, and robberies per 1,000 persons in 2001.**[18] Communities with higher crime rates are confronted not only by the need for greater police enforcement but also the social cost associated with higher crime, including substantial health costs (Orr, et al. 2003). Crime also is a "push" factor that provides a strong incentive for people with a choice, generally the people contributing most to a jurisdiction's tax base, to leave the community (Skogan 1990).

b. **Number of persons per square mile in 2000.** Research by Ladd and Yinger (1989) demonstrated that higher general service costs are associated with both high- and low-density communities. According to Ladd and Yinger, "Cities with low densities face high transportation and coordination costs, whereas cities with high densities face severe congestion."

c. **Level of minority segregation in metropolitan area multiplied by the percent of the minority population.** For this variable, this study uses a metropolitan level dissimilarity index. This index measures the proportion of the population in the metropolitan area that would need to move for the minority population to be evenly represented in all census tracts.[19] Zero represents complete integration and 1 is complete segregation. The index is then multiplied by the percent minority in a particular jurisdiction. In previous studies, percent minority has been used as a separate indicator because urban blight and abandonment were found to be concentrated in minority neighborhoods. Areas with high minority concentrations were associated with overcrowded housing, a higher infant mortality rate, greater welfare dependency, substandard housing, and high rates of unemployment (Bunce 1976). Minorities are also more likely to have extended stays in poverty (Blank 1997). More recent research indicates that these problems are much more concentrated in metropolitan areas with high degrees of segregation (Rusk 1999).

   Furthermore, racial segregation has been found to have a high correlation with fiscal inequality and urban sprawl, defined as decreases in population density in the urbanized area (Orfield 2002).[20] This could be driven partly by the substantial wealth gap between minorities and whites (Oliver and Shapiro 1995). From this evidence, this study concludes that jurisdictions with the highest percent minority population in a racially segregated metropolitan area are likely to have relatively high levels of distress in terms of fiscal revenue capacity and loss of population density in favor of urban sprawl.

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[18] All data are from Department of Justice Uniform Crime Reports (UCR). If city data are available from 2001 UCR, that is used; otherwise, 1999 UCR data are used. For urban counties, 2000 UCR data is used less the entitlement city UCR counts above. If no data are available for one or more entitlement city in a county but are available for that county, data are not used for either. If the UCR population count for a county is greater than 1.20 or less than 0.5 of the actual population count for an urban county, UCR data are not used for that county. For the 123 urban counties for which data was available, 103 have ratios between 0.90 and 1.10.

[19] Minority is defined as all persons except non-Hispanic whites.

[20] Orfield found the correlation between tax base inequality in the 25 largest metropolitan areas correlates with the dissimilarity index for racial segregation at 0.57. He also determined the correlation between decline in urbanized land area density and the dissimilarity index for racial segregation to be –0.52.

4. **Economic Opportunities.** The statute clearly states that CDBG should be targeted at communities with population out-migration or a stagnating or declining tax base.

Population Trends

a. **Population loss between 1960 and 2000.** The Census of 1960 marked the population height for many older, industrial central cities. The growth of interstate highway systems and housing finance systems that favored suburban development over central city housing, along with the decline in the number of manufacturing jobs located in central cities, contributed a great deal to this population loss (Oliver and Shapiro 1995). Cities with significant population loss are often confronted by the costs associated with managing abandoned housing, an aging infrastructure that is larger than needed or that it can support, and usually an older and larger poverty population than cities that are growing. As a result, these cities have higher than average numbers of municipal employees per 10,000 residents and tend to levy a higher combined state and local tax burden (Moore and Stansel 1993). Even those jurisdictions that stabilized their population between 1990 and 2000 still retain the higher costs noted above[21].

b. **Population loss between 1990 and 2000.** Some jurisdictions that continued to grow in population between 1960 and 1990 have begun to experience population loss. These "newer" declining cities and urban counties, many of them inner-ring suburbs, are beginning to experience population decline and some of the stresses noted in the previous section for the older cities with population loss.

Economic Variables

a. **Percent of population age 16 to 64 that was employed in 2000.** The smaller the segment of working age population that is employed, the greater social distress for a community. This is a measure of the extent that the primary generators of income for a community are idle, unemployed, or dependent on services. High rates of idleness are often related to higher crime and dependence on community services without contributing to the tax base.

b. **Percent of persons age 16 years or older in the labor force that was unemployed in 2000.** This is a direct measure of economic distress for a community. High numbers of unemployed persons who are looking for work is reflective of a troubled regional economy or a mismatch between the skills of the persons and the jobs available in the region.

In prior years, changes in retail sales over 5 years, in manufacturing employment over 10 years, and service employment over 10 years have been included in the needs index. These data have come from the U.S. Census Bureau's Economic Census, which is conducted every 5 years. The most recent data available are from 1997. Unfortunately for this study, which depends on changes between two time periods, the Census Bureau began using North American Industry Classification System (NAICS) codes in 1997 for defining types of industry in place of the Standard Industrial Classification (SIC) codes that were used for previous economic census. For many types of jobs, there is no direct one-to-one link between SIC code jobs and NAICS codes. For time series analysis, it is very important to have data defined the same for both time periods. Because the economic census data are not defined the same for both time periods, they could not be used in this study. The consequence for this analysis is to have relatively few measures of economic growth and decline as part of the needs index.

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[21] One caveat on the population loss estimates relates to falling household size. Some communities with population loss, generally well-off suburbs that were almost fully built out in 1960, lost population in the form of falling household size but actually are relatively well off.

Factor Analysis

After identifying the variables that indicate community development need, for this study, those data were translated into a single "needs indicator" using a statistical technique called "factor analysis." Factor analysis identifies underlying factors that capture the variance among multiple variables. In this way, a single variable can be created that represents the common variance of multiple variables. Generally, with a large number of variables, factor analysis will create more than one factor to represent the different patterns of variance among the variables (Kim and Mueller 1978).

Over the past three decades, there has been remarkable consistency in terms of the number and type of factors created using this technique. Those factors have generally been (1) problems associated with poverty, (2) density, and (3) age/decline (Bunce and Goldberg 1979; Bunce, Neal, and Gardner 1983; Neary and Richardson 1995). The first CDBG study that used this technique to create a measure of community development need (Bunce 1976) identified these three factors as well as factors for (4) crime and unemployment and (5) lack of economic opportunity.

This study determined that over the past decade, the factors that previously had different patterns of variance—problems associated with poverty, unemployment, older infrastructure, and decline—have largely converged into a single factor that accounts for 46 percent of the variance among the 17 variables identified above. Two new needs variables, however, have emerged: one that appears to be closely associated with high rates of immigration growth, and another that is closely associated with a trend, documented by Jargowsky (2003), where many places with concentrated poverty had substantial poverty rate declines during the 1990s.

For purposes of the formula alternatives described in Chapter 6, it is useful to note that the factor analysis from the previous studies indicated that a dual formula system—one that targets toward poverty and another toward age and decline—was appropriate. In the 1970s, 1980s, and 1990s, poverty was clearly a dimension of need that did not relate well to age and decline. The analysis from this study, however, indicates that this finding is no longer true. For the entitlement communities, places with high rates of older housing and population loss are now accounted for in the same factor that picks up poverty (factor 1). If policy makers choose, those dimensions of community development need can now be captured through a single formula.

Factor 1. Poverty/Age/Economic Distress/Decline

Factor 1 is an excellent factor for showing community development need. It reflects 46 percent of the variance among the variables used in the factor analysis. Furthermore, 11 of the 17 needs variables used in this analysis correlate with factor 1 at 60 percent or higher (shown in bold in Table 3-3) while 5 of the remaining 6 variables have correlations of greater than 40 percent (shown in italics in Table 3-3). Only the change in the poverty rate between 1990 and 2000 has a weak correlation with this factor. That is, communities that score high on this factor, score high regardless of their poverty rate change between 1990 and 2000. Table 3-3 shows the correlation between factor 1 and each of the community need variables used in this study.

Table 3-3. Correlation of Individual Need Variables to Underlying Factor 1

	Correlation[22]
Percent of persons in poor families or poor elderly households, 2000	**0.913**
Point change in poverty rate, 1990–2000	0.018
Per capita income/per capita income of MSA, 2000 (negative equates with good targeting to need)	**–0.668**
Net per capita income change, 1989–1999 (negative equates with good targeting to need)	**–0.676**
Percent of poor persons in census tracts with greater than 40 percent poverty, 2000	*0.489*
Percent of families with female head with children under age 18, 2000	**0.740**
Percent of population age 25–64 without high school education, 2000	**0.781**
Percent of occupied housing units built pre-1950, occupied by a poverty household, 2000	**0.734**
Percent of occupied housing units built pre-1970, occupied by a poverty renter household, 2000	**0.855**
Percent of housing units overcrowded, 2000	*0.479*
Number of homicides, assaults, and robberies per 1000 persons, 1999/2000/2001	**0.711**
Persons per square mile, 2000	*0.430*
MSA dissimilarity index multiplied by percent minority	**0.715**
Percent population loss, 1960– 2000	*0.516*
Percent population loss, 1990–2000	*0.429*
Percent of population age 16–64 employed, 2000 (negative equates with good targeting to need)	**–0.835**
Percent of persons age 16 or older in labor force and unemployed, 2000	**0.864**

N=899

Table 3-4 shows a select group of communities that have high need and low need on factor 1.[23] This table shows that factor 1, which is strongly correlated with poverty, the old housing variables, and unemployment, targets strongly to older cities such as Detroit and Baltimore while it targets away from large urban counties such as Fairfax County, Virginia, and Oakland County, Michigan.

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[22] Correlations at or above 0.600 are in bold while correlations from 0.400 to 0.600 are italicized.

[23] The select communities are cities with population greater than 250,000 and urban counties with population greater than 500,000. Tables 3-4, 3-6, 3-8, and 3-9 show the 10 most needy and 10 least needy of these communities on each factor.

Communities that have a high value on factor 1 are generally recognized to have considerable community development need.

Table 3-4. Examples of High- and Low-Need Communities on Factor 1

	Higher Need	**Score**	**Lower Need**	**Score**
Factor 1: Poverty/age of infrastructure/ economic distress/ inadequate tax base/crime	Newark, NJ	3.22	Orange County, CA	–0.97
	Detroit, MI	2.98	Contra Costa County, CA	–1.00
	Buffalo, NY	2.59	Montgomery County, MD	–1.02
	St. Louis, MO	2.54	Cobb County, GA	–1.03
	Cleveland, OH	2.53	King County, WA	–1.05
	Baltimore, MD	2.37	Montgomery County, PA	–1.22
	Miami, FL	2.29	Fairfax County, VA	–1.25
	Philadelphia, PA	2.09	Oakland County, MI	–1.31
	New Orleans, LA	2.00	Hennepin County, MN	–1.41
	New York, NY	1.81	Westchester County, NY	–1.42

Factor 2. Low-Skilled Immigrants/Overcrowding

As noted earlier, factor 2 is a new dimension of community distress that has surfaced as a result of the rapid growth in the immigrant population in the 1980s and 1990s, particularly low-skilled immigrants with larger families. The communities reflected in factor 2 are growing, often in very high cost areas of the country. The immigrant population it targets generally is not in

Table 3-5. Correlation of Individual Need Variables to Underlying Factor 2

	Correlation
Percent of persons in poor families or headed by elderly poor person, 2000	0.049
Point change in poverty rate, 1990–2000	0.315
Per capita income/per capita income of MSA, 2000	–0.142
Net per capita income change, 1989–1999	–0.238
Percent of poor persons in census tracts with greater than 40 percent poverty, 2000	–0.058
Percent of families with female head with children under age 18, 2000	–0.454
Percent of population age 25–64 without high school education, 2000	0.464
Percent of occupied housing units built pre-1950, occupied by a poverty household, 2000	–0.491
Percent of occupied housing units built pre-1970, occupied by a poverty renter household, 2000	–0.305
Percent of housing units overcrowded, 2000	**0.780**
Number of homicides, assaults, and robberies per 1000 persons, 1999/2000/2001	–0.110
Persons per square mile, 2000	0.326
MSA dissimilarity index multiplied by percent minority	0.401
Percent population loss, 1960–2000	**–0.643**
Percent population loss, 1990–2000	**–0.616**
Percent of population age 16–64 employed, 2000	–0.206
Percent of persons 16 or older in labor force and unemployed, 2000	0.022

poverty, but does tend to contain low-wage workers with limited education. As Table 3-5 shows, this factor is most strongly correlated with overcrowding. This factor accounts for 16 percent of the variance among the variables used in this analysis.

Not surprisingly, communities with the least need on this factor are communities that have limited economic opportunity and are losing population, another dimension of community development need that is largely captured in factor 1. Table 3-6 shows, for example, that the very distressed cities on factor 1, such as Buffalo, New York, and St. Louis, Missouri have very low need on factor 2. This leads to an important policy tradeoff question for the CDBG formula: to what extent should CDBG funds be targeted to communities experiencing fiscal stress due to immigration growth? Doing so comes at the expense of communities experiencing fiscal stress due to poverty, age, and decline, as measured by factor 1.

Table 3-6. Examples of High- and Low-Need Communities on Factor 2

	Higher Need	Score	Lower Need	Score
Factor 2: Overcrowding/ population growth	Santa Ana, CA	4.07	Toledo, OH	–1.17
	Anaheim, CA	2.25	New Orleans, LA	–1.35
	Los Angeles, CA	1.70	Baltimore, MD	–1.78
	Long Beach, CA	1.55	Louisville, KY	–1.93
	Miami, FL	1.46	Detroit, MI	–1.94
	Los Angeles County, CA	1.37	Cleveland, OH	–2.26
	New York, NY	1.25	Cincinnati, OH	–2.58
	San Jose, CA	1.20	Pittsburgh, PA	–2.70
	Riverside, CA	1.17	St Louis, MO	–2.88
	Houston, TX	1.10	Buffalo, NY	–2.98

Factor 3. Concentrated Poverty, Low Density With Declining Poverty Rates

Factor 3 is difficult to interpret as a measure of community development need. As Table 3-7 shows, it correlates most strongly with places that have concentrated poverty and low-density population, and declining poverty rates. It captures an interesting trend of the 1990s: the overall decline of concentrated poverty (Jargowsky 2003). Clearly, locations with concentrated poverty are distressed, but to what extent should CDBG funds be targeted to these places if they are experiencing a general decline in poverty?

Table 3-7. Correlation of Individual Need Variables to Underlying Factor 3

	Correlation
Percent of persons in poor families or headed by elderly poor person, 2000	0.284
Point change in poverty rate, 1990–2000	*–0.644*
Per capita income/per capita income of MSA, 2000	0.223
Net per capita income change, 1989–1999	0.108
Percent of poor persons in census tracts with greater than 40 percent poverty, 2000	*0.602*
Percent of families with female heads with children under age 18, 2000	0.032
Percent of population age 25–64 without high school education, 2000	0.077
Percent of occupied housing units built pre-1950, occupied by a poverty household, 2000	–0.250
Percent of occupied housing units built pre-1970, occupied by a poverty renter household, 2000	–0.173
Percent of housing units overcrowded, 2000	–0.026
Number of homicides, assaults, and robberies per 1000 persons, 1999/2000/2001	0.170
Persons per square mile, 2000	*–0.557*
MSA dissimilarity index multiplied by percent minority	0.004
Percent population loss, 1960–2000	–0.242
Percent population loss, 1990–2000	–0.178
Percent of population age 16–64 employed, 2000	–0.172
Percent of persons age 16 and older in labor force and unemployed, 2000	0.130

Table 3-8 shows the conflict associated with this measure of need. Needy communities that have shown some improvement in the 1990s, such as Atlanta, Fresno, and El Paso, rank very high on this measure, but distressed places with increasing poverty rate and high density, like Buffalo and New York, New York, rank very low on this factor.

Table 3-8. Examples of High- and Low-Need Communities on Factor 3

	Higher Need	**Score**	**Lower Need**	**Score**
Factor 3: Declining poverty/ poverty concentration/ low density	Atlanta, GA	2.33	Baltimore, MD	–0.78
	Fresno, CA	2.16	Newark, NJ	–0.81
	El Paso, TX	2.05	St. Louis, MO	–0.84
	New Orleans, LA	1.59	Philadelphia, PA	–0.91
	Memphis, TN	1.55	Anaheim, CA	–0.95
	Tampa, FL	1.51	Santa Ana, CA	–1.06
	San Antonio, TX	1.43	San Francisco, CA	–1.19
	Baton Rouge, LA	1.40	Boston, MA	–1.40
	Corpus Christi, TX	1.34	Buffalo, NY	–1.73
	Miami, FL	1.14	New York, NY	–1.94

Creating a Composite Needs Index

Creating a single measure of community development need requires evaluating the CDBG objectives to determine the relative importance of each needs factor identified above. From that assessment, the weight of the individual dimensions of need can be determined.

By definition, factors 1, 2, and 3 are independent of each other as dimensions of the variance explained by the variables used in this analysis. Factor 1 clearly targets to communities with problems identified in the CDBG statute, specifically places with large segments of their population including persons with low and moderate income, communities with substantial neighborhood blight, places with deteriorated housing and physical and economic distress, and decline (41 USC 5301[c]). Factor 1 accounts for 45 percent of the total variance and correlates well with nearly all the variables identified in this analysis as measures of community need.

Factor 2 represents a new dimension of community need, growing immigrant communities. The CDBG statute states as one of its purposes the development of new centers of population growth and economic activity (41 USC 5301[b][1]). For the communities targeted by factor 2, population growth and economic activity come at the cost of increased fiscal stress associated with providing community services for the growing population of low-wage workers. In addition, the CDBG statute calls for the expansion of the nation's housing stock to provide a decent home and a suitable living environment for all persons (41 USC 5301[c][3]). Because much of the growing immigrant population is moving into expensive housing markets for work, the consequence is a shortage of housing that leads to overcrowding. Factor 2 accounts for 16 percent of the variance between the variables used in this analysis. Factor 2, however, targets away from many of the high-need communities identified in factor 1.

Finally, factor 3 captures a dimension of need—poverty concentration—but also some dimensions of positive economic growth in the form of declining poverty rates. One objective of the CDBG program is to reduce the isolation of income groups (41 USC 5301[c][6]). Factor 3 targets toward the subset of communities with poverty concentration that are also experiencing declining poverty rates. Like factor 2, it targets away from other communities with high need that have increasing poverty rates. Factor 3 represents about 9 percent of the variance of the 17 variables used in this analysis.

Using the CDBG program's statutory objectives as a guide, the weight assigned to each factor to create a composite needs index score is as follows:

- Factor 1 is assessed a weight of 80 percent. Factor 1 receives the largest share of the weight because (1) it targets toward multiple components of the CDBG objectives, (2) reflects a very high proportion of the variance in need between communities, and (3) communities that rank as less needy on this factor do not rank as particularly needy on either factor 2 or 3, thus decreasing the risk of anomalous targeting.
- Factor 2 is assessed a weight of 15 percent. Factor 2 is modestly weighted to reflect that, although it targets well toward the fiscal stress associated with growing low-wage

immigrant populations, it also targets away from many of the high-need communities of factor 1.

- Factor 3 is assessed a weight of 5 percent. Factor 3 gets a very low weight. While it does account for a select group of communities with high rates of concentrated poverty, factor 3 also targets away from needy communities with increasing poverty rates. The author also suspects that factor 3 may reflect a pattern of variance unique to the 1990s.

Table 3-9 shows the individual scores for some of the larger CDBG jurisdictions with relatively high composite scores, meaning that they have high community development need, and others that have relatively low scores. Not surprisingly, the high-need communities of factor 1 are most frequently represented in the higher need category. Especially needy communities on factor 2, such as Santa Ana, CA, however, move up on this list as well.

Table 3-9. Examples of High- and Low-Need Communities on Composite Needs Index

	Higher Need	**Score**	**Lower Need**	**Score**
Composite needs index: **0.80*Factor 1 +** **0.15*Factor 2 +** **0.05*Factor 3**	Newark, NJ	2.55	Virginia Beach, VA	–0.72
	Detroit, MI	2.12	Contra Costa County, CA	–0.76
	Miami, FL	2.11	Montgomery County, MD	–0.78
	Santa Ana, CA	1.88	Cobb County, GA	–0.80
	Cleveland, OH	1.68	King County, WA	–0.85
	Baltimore, MD	1.60	Fairfax County, VA	–0.97
	St. Louis, MO	1.56	Montgomery County, PA	–1.00
	Buffalo, NY	1.54	Oakland County, MI	–1.07
	New York, NY	1.54	Westchester County, NY	–1.15
	Philadelphia, PA	1.50	Hennepin County, MN	–1.17

The composite needs index for entitlement communities will be used as the "measuring stick" in Chapter 4 to assess how well the current entitlement formula targets toward community development need. This needs index is used in that chapter to answer the following two basic questions:

1. Do communities with similar needs index scores receive similar per capita grant amounts?
2. Do communities with very high needs index scores get much larger grants on a per capita basis than communities with very low needs index scores?

Nonentitlement Targeting to Need

Nonentitlements are statewide aggregates of all the communities not covered by the entitlement side of the formula. They reflect urban and rural areas, small towns, new growing suburbs, and declining agricultural communities. This diversity of communities, often in a single state, makes creating a needs index for nonentitlement areas difficult.

A review of the data available that are comparable across grantees for the geographic areas that make up nonentitlements indicates that decennial census data are the only reliable and comparable source of data. This is due to the odd geography of nonentitlement areas, which are balances of states remaining after subtracting entitlement areas. It cannot be assumed, for example, that rural areas are a good proxy for nonentitlement areas because in some states a high percentage of the nonentitlement areas are urban.

The variables used to create the nonentitlement needs index include nine variables previously used in the analysis of need for entitled areas that make practical sense for nonentitlement areas. We don't use, for example, the measure of local per capita income relative to metropolitan per capita income in the nonentitlement needs index because the balance of a state consists of multiple MA and non-MA areas.

The nine variables used for the nonentitlement needs index that are the same as for the entitlement needs index are selected for the same reasons as for the entitlement jurisdictions. One additional variable is added: a proxy for infrastructure need due to the high percentage of nonentitlement funds that are spent on infrastructure. The variables as they related to the summary objectives of the CDBG statute are described below.[24]

1. **Low- and Moderate-Income Persons.**

Income Variables

a. **Persons in poverty living in families or elderly households.**
b. **Concentrated poverty.**

High Consumers of Community Services

a. **Female-headed households with children.**
b. **Persons with lower education levels.**

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[24] The CDBG statute calls for subtracting Native Americans who live in Native American areas, such as reservations, trust land, and Oklahoma Tribal Statistical Areas, from the data used in the CDBG formula. This impacts a few urban counties and states with large Native American populations living in Native American areas. For this analysis, Native Americans are subtracted from the overcrowding variable only. This impacts the scores for a few states with large Native American populations, such as Oklahoma, Alaska, and New Mexico. The allocation amounts provided in Appendix B do reflect subtracting Native Americans for all of the selected variables.

2. **Decent Housing.**

   a. **Occupied housing units built pre-1970 and occupied by a poverty renter.**
   b. **Occupied housing units built pre-1950 and occupied by poverty household.**
   c. **Overcrowding.**

3. **Suitable Living Environment.**

   - **Housing units with wood or bottled gas as the main source of heating fuel.** This variable is not used in the entitlement needs index. It was added for the nonentitlement needs analysis to obtain a proxy for infrastructure need. Analysis of 2001 American Housing Survey data show that this is a reasonable proxy for water and sewer infrastructure. Housing units using wood or bottled gas as the main source of heating fuel are also likely not to have public water or sewer connections.[25]

4. **Economic Opportunities.**

   a. **Population age 16 to 64 that was employed in 2000.**
   b. **Persons age 16 years or older in the labor force that were unemployed in 2000.**

These 10 variables show similar patterns of variance that create three factors: (1) poverty, economic distress, and overcrowding; (2) older housing; and (3) some elements of water and sewer need.

Factor 1—Poverty/Economic Distress/Overcrowding

Nonentitlement factor 1 captures 55 percent of the variance explained by the 10 variables. As Table 3-10 shows, it most closely represents poverty need, but also very closely captures the need associated with unemployment, low education, and concentrated poverty. It also has a very high correlation with overcrowded housing.

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[25] According to data analyzed from the 2001 American Housing Survey (AHS), 77 percent of households that use wood or bottled gas as their main source of heat also do not have public sewers; 22 percent of households without sewers also use wood or bottled gas as their main source of heat. The correlation between no sewer and no piped gas is 0.35. The AHS data show that 26 million households have no sewers. Similarly, this survey indicates that 54 percent of households that use wood or bottled gas as their main source of heat also do not have public or private piped water. Of households without piped water, 26 percent also use bottled gas or wood as their main source of heat. The correlation between no piped water and no piped gas is 0.31. This same survey shows that 17 million households have no piped water. In total, 8.8 million households use bottled gas or wood as their main source of heating. The lack of coverage on this variable may make this proxy regionally biased toward rural places where bottled gas is used and away from rural places where other heating fuels, such as oil or electricity, are used.

Table 3-10. Correlation of Individual Need Variables to Nonentitlement Underlying Factor 1

	Correlation
Percent of persons in poor families or headed by elderly poor person, 2000	**0.980**
Percent of poor persons in census tracts with greater than 40 percent poverty, 2000	**0.864**
Percent of families with female head with children under 18, 2000	*0.564*
Percent of population age 25– 64 without high school education, 2000	**0.846**
Percent of occupied housing units built pre-1950 occupied by poverty household, 2000	0.098
Percent of occupied housing units built pre-1970 occupied by poverty renter household, 2000	*0.595*
Percent of housing units overcrowded, 2000	**0.804**
Percent of population age 16–64 employed, 2000 (negative equates with good targeting to need)	**–0.959**
Percent of persons age 16 or older in labor force and unemployed, 2000	**0.933**
Percent households heat with wood or bottled gas, 2000	0.067

Table 3-11 shows the states that rank the highest and lowest on factor 1. Table 3-11 shows one nonentitlement grantee, Puerto Rico, whose score on factor 1 is substantially greater than 1. Puerto Rico is unique among nonentitlements because of its very high poverty rate and thus very high score on factor 1.[26]

Table 3-11. Examples of High- and Low-Need States on Factor 1

	Highest Need	**Score**	**Lowest Need**	**Score**
Factor 1: Poverty, economic distress, overcrowding	Puerto Rico	5.62	Colorado	–0.71
	New Mexico	1.24	Indiana	–0.71
	Mississippi	1.20	New Jersey	–0.72
	Arizona	1.10	Nebraska	–0.73
	Louisiana	1.09	Iowa	–0.80
	California	0.91	Minnesota	–0.84
	West Virginia	0.60	New Hampshire	–0.92
	Kentucky	0.45	Wisconsin	–0.97
	Alabama	0.44	Massachusetts	–0.99
	South Carolina	0.42	Connecticut	–1.20

Factor 2—Old Housing Occupied By Needy Families

Unlike the needs index for entitlement grantees, old housing occupied by needy families remains a distinctly separate element of need from the poverty measure of need in factor 1. Factor 2 is most closely targeted toward nonentitlements with old housing stock occupied by households in poverty.

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[26] Chapter 5 suggests that the poverty rate for Puerto Rico is not directly comparable to other states because the cost of living is less. This would suggest that the factor score for Puerto Rico should be somewhat less.

Table 3-12. Correlation of Individual Need Variables to Nonentitlement Underlying Factor 2

	Correlation
Percent of persons in poor families or headed by elderly poor person, 2000	0.045
Percent of poor persons in census tracts greater than 40 percent poverty, 2000	0.042
Percent of families with female head with children under age 18, 2000	–0.040
Percent of population age 25–64 without high school education, 2000	–0.091
Percent of occupied housing units built pre-1950, occupied by a poverty household, 2000	**0.969**
Percent of occupied housing units built pre-1970, occupied by a poverty renter household, 2000	**0.731**
Percent of housing units overcrowded, 2000	–0.375
Percent of population age 16–64 employed, 2000 (negative equates with good targeting to need)	0.119
Percent of persons age 16 or older in labor force and unemployed, 2000	–0.118
Percent households heat with wood or bottled gas, 2000	0.236

Table 3-13 shows states with high and low need on factor 2. The high-need states are states known for having small mining, industrial, and farming towns that have lost economic strength over the past several decades. The less-needy states on this factor are states with more recent population growth.

Table 3-13. Examples of High- and Low-Need States on Factor 2

	Highest Need	**Score**	**Lowest Need**	**Score**
Factor 2: Old housing with poor occupant	West Virginia	1.98	Maryland	–0.68
	South Dakota	1.67	Colorado	–0.73
	New York	1.59	Delaware	–1.04
	Vermont	1.54	Utah	–1.25
	Montana	1.33	Connecticut	–1.30
	Pennsylvania	1.32	Arizona	–1.50
	Kansas	1.24	Hawaii	–1.55
	North Dakota	1.22	Nevada	–1.85
	Oklahoma	1.16	Florida	–1.90
	Maine	1.05	Alaska	–2.54

Factor 3—Infrastructure Need

Factor 3 shows the relative level of infrastructure need as proxied in the U.S. Census data by the portion of households heating with wood and bottled gas. Interestingly, this factor also has a high correlation with female-headed households with children.

Table 3-14. Correlation of Individual Need Variables to Nonentitlement Underlying Factor 3

	Correlation
Percent of persons in poor families or headed by elderly poor person, 2000	–0.047
Percent of poor persons in census tracts with greater than 40 percent poverty, 2000	–0.184
Percent of families with female head with children under age 18, 2000	*0.594*
Percent of population age 25–64 without high school education, 2000	0.280
Percent of occupied housing units built pre-1950, occupied by a poverty household, 2000	–0.153
Percent of occupied housing units built pre-1970, occupied by a poverty renter household, 2000	–0.085
Percent of housing units overcrowded, 2000	–0.166
Percent of population age 16–64 employed, 2000 (negative equates with good targeting to need)	0.021
Percent of person age 16 and older in labor force and unemployed, 2000	–0.213
Percent households heat with wood or bottled gas, 2000	**0.761**

The states listed in Table 3-15 that rank high on factor 3 are communities with clear infrastructure need: Mississippi, Delaware, and New Mexico. The grantees that rank the lowest on this factor are largely states with relatively less infrastructure need, such as Massachusetts, Connecticut, and Pennsylvania. Analysis of American Housing Survey data, however, shows many communities with infrastructure need are not represented by the number of households heating with wood or bottled gas. In regions of the country, for example, where electric heat is common, this variable misses much of the infrastructure need.

Table 3-15. Examples of High- and Low-Need States on Factor 3

	Highest Need	**Score**		**Lowest Need**	**Score**
Factor 3: Infrastructure	Mississippi	2.35		New York	–0.65
	Delaware	1.96		West Virginia	–0.79
	New Mexico	1.63		Hawaii	–1.12
	Alabama	1.41		Rhode Island	–1.22
	Missouri	1.26		New Jersey	–1.49
	Georgia	1.24		Pennsylvania	–1.54
	South Carolina	1.20		Connecticut	–1.59
	Arkansas	1.06		Massachusetts	–1.67
	North Carolina	1.01		Utah	–1.97
	Vermont	0.83		Puerto Rico	–2.58

Creating a Composite Needs Index for Nonentitlements

As with the entitlement communities, creating a single composite score out of the three factors requires weighting each factor. How important is each factor relative to the objectives of the CDBG program?

For the composite needs index used in Chapter 5 to measure how well the nonentitlement formula targets to community development need, the weight assigned to each factor to create a composite needs index score is as follows:

- Factor 1 is assessed a weight of 70 percent. Factor 1 explains 55 percent of the variance and correlates very well with 8 of the 10 variables. It targets very well toward the poverty and economic distress objectives of the CDBG statute.
- Factor 2 is assessed a weight of 25 percent. Factor 2 explains 17 percent of the variance and correlates well with 2 of the 10 variables. The two variables it correlates well with, pre-1970 housing occupied by poverty renters and pre-1950 housing occupied by a poverty household, are the variables that proxy the important community development needs associated with inadequate housing and aging infrastructure.
- Factor 3 is assessed a weight of 5 percent. Factor 3 explains 12 percent of the variance and correlates well with 2 of the 10 variables. As noted above, considerably more infrastructure need is present than is represented by households heating with wood or bottled gas. To lower the risk of creating substantial anomalies in targeting, the weight is relatively low on this factor.

Table 3-16 shows that the nonentitlement areas of Puerto Rico, Mississippi, and New Mexico are the most needy communities while Connecticut, Utah, and Massachusetts are the least needy.

Table 3-16. Examples of High- and Low-Need States on the Composite Needs Index

	Highest Need	Score		Lowest Need	Score
Composite: **.70 * Factor 1** **.25 * Factor 2** **.05 * Factor 3**	Puerto Rico	3.77		Indiana	–0.62
	Mississippi	1.00		Maryland	–0.66
	New Mexico	0.99		Colorado	–0.68
	West Virginia	0.87		Nevada	–0.70
	Louisiana	0.83		New Hampshire	–0.74
	California	0.64		New Jersey	–0.75
	South Dakota	0.50		Wisconsin	–0.76
	Kentucky	0.48		Massachusetts	–0.86
	Oklahoma	0.47		Utah	–0.89
	Arizona	0.44		Connecticut	–1.25

The composite needs index for states will be used as the "measuring stick" in Chapter 5 to assess how well the current nonentitlement formula targets toward community development need. This needs index is used in that chapter to answer the following two basic questions:

1. Do states with similar needs index scores receive similar per capita grant amounts?

2. Do states with very high needs index scores get much larger grants on a per capita basis than states with very low needs index scores?

Chapter 4. CDBG Targeting to Need: Entitlement Communities

This chapter demonstrates how well the current Community Block Development Grant (CDBG) entitlement formula targets to the community development needs index developed in Chapter 3.[27] When this report describes "targeting" to need, it uses "per capita grants" to compare the relative funding of communities. This approach assumes that population is not a measure of need. For example, this assumption allows for comparing New York City's (population 8,084,316) grant to that for East Orange, New Jersey's (population 69,750). Their total grants are dramatically different, $219 million versus $2 million in Fiscal Year (FY) 2004, respectively. Their per capita grants, however, are comparable, $27.07 to $28.66. The premise of targeting is that a community with high need should get a larger per capita grant than a community with low need.

Over time, the current CDBG formula has degenerated in its ability to appropriately target funds to jurisdictions with community development need (Bunce, Neal, and Gardner 1983, Neary and Richardson 1995). The current formula does continue to target more funds per capita to communities with high-needs index scores relative to communities with low-needs index scores, but the targeting continues to weaken; this creates some troubling inequities. Specifically, an increasing number of relatively well-off communities are receiving more funding on a per capita basis than some very distressed communities. This chapter also describes which elements of the formula are most responsible for creating the funding inequities.

Most/Least

Richardson, Meehan, and Kelly (2003) include an extensive description of how the formula allocation changed when Census 2000 data were introduced. That report explores two key time periods: the 1-year change from FY 2002 to FY 2003 and the 10-year change from FY 1993 to FY 2003. This report examines how that redistribution of funds affected targeting to community development need for those same two time periods:

1. **One-year change, from FY 2002 to "All 2000 Data.**"[28] Three of the formula variables—poverty, pre-1940 housing, and overcrowding—are updated only once every 10 years. The transition from Census 1990 data to Census 2000 data for those variables occurred in the transition from the FY 2002 allocation to the FY 2003 allocation. The other two variables in the formula, population and growth lag, are updated every 1 to 2 years and did not change from FY 2002 to FY 2003. The first question is, therefore, how much of an effect does the once a decade change have on the formula's targeting to need?

   Table 4-1 shows that both before and after introducing Census 2000 data on poverty, overcrowding, and pre-1940 housing, the current formula does target to need. That is, on average, the less needy communities receive relatively smaller grants on a per capita basis than the more needy communities. The table shows that for the FY 2002 allocation, the 89 least needy communities received $7.45 per capita while the 90 neediest communities received $33.51 per capita. Using a simple, most over least measure (Most/Least), the most needy communities on average receive 4.5 times greater funding on a per capita basis than the least needy communities in FY 2002.

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[27] For a similar analysis using individual indicators of need, such as poverty, crime, and population loss as well as need factor 1, see Appendix A.

[28] In this report, "All 2000 Data" is used instead of FY 2003 because for this analysis, the appropriation level and number of entitlement grantees remain constant at the FY 2002 amount. The actual FY 2003 allocation, which used all Census 2000 data, and the numbers in this analysis are very similar because the appropriation and number of grantees did not change significantly between FY 2002 and FY 2003.

Continuing a trend that began with introducing 1980 Census data into the formula (Bunce, Neal, and Gardner 1983), however, the introduction of new census data exacerbated targeting to need. When Census 2000 data for poverty, overcrowding, and pre-1940 housing are used in place of Census 1990 data, the difference in average per capita grant funding between the least needy and most needy grantees falls from 4.5 to 4.1.

Table 4-1. Impact of Introducing Census 2000 Data on Targeting to Community Development Need—Per Capita Grants by Needs Decile

Deciles of CD Need	N	FY 2002	All 2000 Data	Percent Change
Low	89	$7.45	$7.83	5.1
2	90	$8.78	$9.29	5.8
3	90	$10.92	$11.40	4.4
4	90	$11.81	$12.28	4.0
5	90	$13.36	$14.09	5.5
6	90	$15.47	$15.52	0.3
7	90	$17.64	$17.77	0.7
8	90	$18.72	$18.70	–0.1
9	90	$25.96	$25.71	–1.0
High	90	$33.51	$32.27	–3.7
Total	899	$17.88	$17.87	–0.1*
Most/Least		4.5	4.1	

Note: Per capita grants weighted on population.

*This does not equal zero because the needs index includes only 899 of the 1,024 entitlement jurisdictions.

2. **Change in targeting over a decade.** Unlike poverty, pre-1940 housing, and overcrowding data that are updated only once every 10 years, population data are updated more frequently during the decade, usually every 1 to 2 years. Population impacts the remaining two variables of the formula, population (in Formula A) and growth lag (in Formula B). In addition, population is used to determine eligibility for CDBG entitlement status (see Chapter 2). As new communities that are currently funded under the nonentitlement program become eligible as entitlement communities, a reduction in share of funds available for the current entitlement communities is the result.

Neary and Richardson (1995) documented the impact of introducing 1990 Census data into the formula.[29] To know the full impact of transitioning from all 1990 Census data to all 2000 Census data requires comparing the most versus least distribution for the 787 jurisdictions with needs data that were CDBG grantees in FYs 1993 and 2003. Table 4-2 illustrates this impact. It accounts for a reduction in funding share to these 787 communities due to the introduction of new entitlement communities and the impact of the change in data from Census 1990 to Census 2000 for all five variables used in the dual formula—population, poverty, overcrowding, growth lag, and pre-1940 housing.

Table 4-2. Impact of Introducing Census 2000 Data, Population Updates, and New Entitlements on Targeting to Community Development Need FY 1993 to FY 2003—Per Capita Grants by Needs Decile

Deciles of CD Need	N	All 1990 Data	All 2000 Data	Percent Change
Low	70	$7.94	$8.10	2.0
2	75	$9.38	$9.43	0.5
3	80	$11.52	$11.51	–0.1
4	73	$12.15	$12.59	3.6
5	74	$14.35	$14.27	–0.6
6	86	$16.11	$15.53	–3.6
7	80	$18.58	$17.95	–3.4
8	78	$19.89	$18.96	–4.7
9	86	$26.84	$25.89	–3.5
High	85	$35.12	$32.33	–7.9
Total	787	$19.11	$18.33	–4.1*
Most/Least		4.4	4.0	

Note: Per capita grants weighted on population.
*Most of this decrease is due to the introduction of new entitlement communities between 1993 and 2002.

Table 4-2 shows that the introduction of all the census data, which has also led to more entitlement grantees, has been particularly difficult for the neediest grantees, who experienced a decline in funding of nearly 8 percent, compared to small increases for the least needy grantees. The result for these 787 jurisdictions is a most/least ratio change from 4.4 to 4.0.

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[29] Neary and Richardson showed the impact introducing all Census 1990 data into the formula in FY 1993. In reality, all the Census 1990 data were not introduced until FY 1995.

Regression Analysis

The most/least analysis is a simple approach to indicate how well the current formula targets to need. It does not, however, capture all the dimensions associated with targeting. Chapter 3 poses two key questions that will be answered in Chapter 4:

1. Do communities with similar needs index scores receive similar per capita grant amounts?

2. Do communities with very high needs index scores get much larger grants on a per capita basis than communities with very low needs index scores?

To some extent, the most/least analysis answers question 2, but with a lack of precision. To answer question 1, and answer question 2 more precisely, this study employs regression analysis.

Regression analysis provides two helpful measures, R-square and slope. The R-square enables this report to answer the first question: do communities with similar needs index scores receive similar per capita grant amounts? In a simple linear regression between two variables, the R-square estimates how similar the variance is between the variables. For example, are most jurisdictions with high needs scores also receiving relatively high per capita grants? If the answer is yes, the R-square is high. If, instead, little relationship exists between the needs scores and per capita grant amounts, the R-square is small. An R-square of 1.00 represents perfect targeting to need while an R-square of 0.00 indicates that no relationship at all exists between the needs index and the targeting of the current formula. The R-square tends to measure the fairness of the formula allocation. Locations with similar needs should get similar per capita grant amounts.

The slope enables answering the second question: do communities with very high needs index scores get much larger grants on a per capita basis than communities with very low needs index scores? The slope indicator in a regression is similar to the most/least concept presented in Tables 4.1 and 4.2. The greater the slope, the greater the difference in funding between the most and least needy grantees. That is, a slope of 0 would mean that, on a per capita basis, the least needy community received the same as the neediest. A slope of 10 would mean a community one standard deviation from the mean would receive $10 more per capita than the mean per capita grant.

Table 4-3. Regression Statistics of Targeting to Need Over Time

Targeting to:		**All 1990 Data***	**FY 2002****	**All 2000 Data****
Places (unweighted)	**R-square**	0.308	0.349	0.352
	Slope	9.9	9.5	8.8
	Constant	17.2	18.2	18.1
People (weighted on population)	**R-square**	0.494	0.506	0.525
	Slope	10.8	10.1	9.5
	Constant	16.7	16.7	16.8

* Reflects only 787 jurisdictions with needs data that were grantees in FY 1993.

** Reflects 899 jurisdictions with needs data that were grantees in FY 2002.

In the Places rows in Table 4-3, the R-square between per capita CDBG funding and need was 0.349 in FY 2002. This suggests that community need did not explain much of the variation in per capita funding between cities (although the R-square was somewhat improved from that for the same cities using all 1990 data). As will be illustrated later, this low R-square means that communities with similar needs receive quite different per capita grants. The low R-square suggests equity problems in the formula.

The Places rows in Table 4-3 treats all entitlement communities equally. Because a great deal of variation exists among the communities in terms of their size, however, it may be more appropriate to consider how well the formula targets to people living in communities with different needs. In the People rows in Table 4-3, each community is weighted by its population. This demonstrates that the formula performs somewhat better in targeting among the larger places than among individual jurisdictions.

While the measure of fairness, R-square, has improved slightly, the slope has declined from 9.9 to 8.8 for the unweighted regression (Places) and 10.8 to 9.4 for the regression weighted on population (People). Over the course of the decade, the slope has declined. The more needy communities are getting less on a per capita basis relative to the mean than they did a decade ago. The relatively less needy communities are receiving more on a per capita basis than they did a decade ago.

Table 4-3 also provides a constant. The constant represents the per capita grant for a jurisdiction with a needs score near the national average. Chapter 3 noted that grantees with less than average need levels receive negative scores, and grantees with above average needs scores receive positive needs scores. The constant becomes an important indicator when comparing relative funding levels between Formula A and B grantees below.

Charts

Charts 4-1 and 4-2 provide graphical presentations of these concepts. A fictional per capita grant amount with the same slope as the current allocation (8.8) that targets perfectly to the needs index—that is, an R-square of 1—is plotted as the solid line in Chart 4-1. The "bouncing" line represents how much the current per capita grants vary from the needs index. Communities of similar need, which should be receiving approximately the same amount per capita, are getting substantially different grant amounts than appropriate for their need.

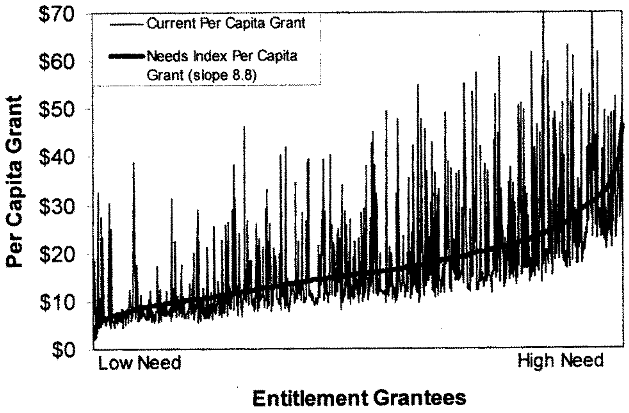

Chart 4-1. Current Formula Targeting to the Needs Index (Slope 8.8)

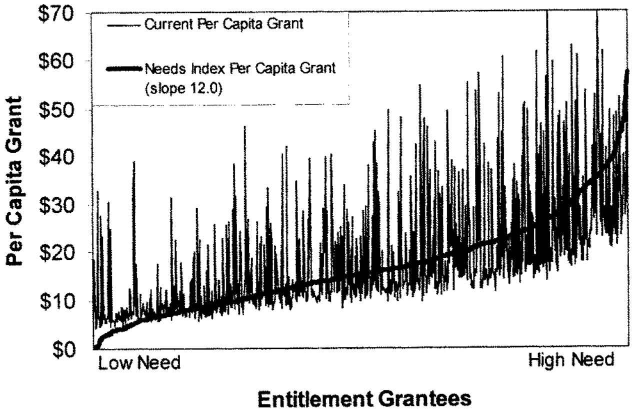

Chart 4-2. Current Formula Targeting to the Needs Index (Slope 12.0)

Chart 4-2 shows this same comparison but with the assumption that not only is there a desire that the formula be fair—similarly needy communities receive similar grant amounts—but that the neediest communities get substantially more on a per capita basis than the least needy. Chart 4-2 reflects a per capita allocation using the needs index; the slope increases from 8.8 in Chart 1 to 12.0 for Chart 2.[30] This higher slope is this study's goal for developing a formula in Chapter 6 that is not only fairer but also allocates a greater share of the funds to the neediest grantees relative to the least needy.

To provide another way to assess how the current formula targets to community development need, Appendix A shows how the formula currently targets to individual components of the needs index, such as poverty and population loss.

Formulas A and B

With respect to targeting, a clear difference exists between Formula A and Formula B grantees. The lack of fairness, evidenced by the low R-square, is due largely to Formula B, and the low slope is primarily due to Formula A. Chart 4-3 shows the per capita grants for the Formula B communities relative to the needs index for Formula B communities and how that compares to the needs index for Formula A grantees and the per capita grants for Formula A grantees. The key lessons of Chart 4-3 are as follows:

- On average, Formula B grantees are more needy than Formula A grantees (the Formula B needs line is higher than the Formula A needs line).
- Formula B creates many anomalies where communities of the same need receive very different grant amounts. Most striking are the number of less needy communities getting much more on a per capita basis than communities of higher relative need (demonstrated by the "bouncing" of the Formula B current grants line).
- Formula B grantees tend to be funded at a higher level than their needs score (as shown by most of the bounces being above the needs line).
- Formula A does not have major anomalies, but the most needy grantees do not receive much more than the least needy grantees, as the relatively flat slope of the Formula A current grants line indicates).
- Formula A grantees with relatively high need are particularly underfunded relative to their needs score, as evidenced by the widening gap between the Formula A needs line and the Formula A grants line.

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[30] The R^2 relationship with need remains 1.000. The selection 12 as the slope is subjective, 10 or 15 could just as easily been chosen. This study selected 12 because when the original dual formula was implemented it had a slope of 12.72 relative to a needs index created for 483 entitlement cities (Bunce and Goldberg 1979, Table 17). A slope of 12 places the jurisdictions in the lowest needs decile near $4 per capita and jurisdictions in the highest needs decile near $36 per capita, a most/least ratio of 9.

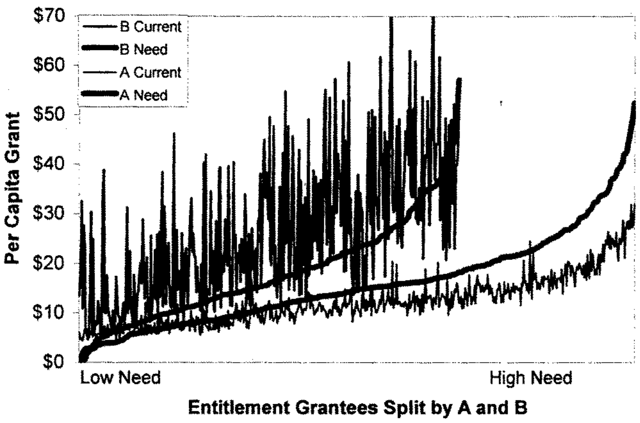

Chart 4-3. Comparing Formula A and B Targeting to Need (Slope 12.0)

Table 4-4 provides the statistical evidence for Chart 4-3 using the unweighted (Places) regression results.

Formula A

- High R-square (0.884, which indicates a low rate of anomalies and a high rate of fairness).
- Low slope (6.2, indicating the most needy don't get much more than the least needy).
- A constant that is much lower than Formula B (12.8 compared to 25.5, showing that a Formula A grantee with average need receives $12.70 less per capita than an similar needy Formula B grantee).

Formula B

- Low R-square (0.378, indicating a high rate of anomalies).
- Reasonably high slope (10.3, indicating that the most needy generally get more than the less needy).

Table 4-4. Regression Statistics for Targeting to Need by Formula for the Current Formula With All Census 2000 Data

Targeting to:		Formula A	Formula B
Places (unweighted)	**R-square**	0.884	0.378
	Slope	6.2	10.3
	Constant	12.8	25.5
People (weighted on population)	**R-square**	0.924	0.490
	Slope	6.7	9.6
	Constant	12.9	22.9

Formula A: N=534; Formula B: N=365.

The funding inequity between Formula A and B grantees increases as the neediness of the Formula A jurisdiction grows. This is a product of the large difference between the Formula A and Formula B constant in Table 4-4 and the higher slope for Formula B relative to Formula A. Table 4-5 demonstrates this widening gap another way; this table shows the average per capita grants by needs decile for Formula A and Formula B grantees. In the lowest needs decile, the average Formula A grantee receives $6.36 per capita and the average Formula B grantee receives $9.89 per capita, a gap of $3.53. That gap widens to approximately $12 to $13 for grantees with average need and higher, except for needs decile 9 where the gap nears $20.

Table 4-5. Comparing Formula A and Formula B Average Per Capita Grant by Community Development Need Decile

Deciles of CD Need	Formula A	Formula B	Gap (Formula B minus Formula A)
Low	$6.36	$9.89	$3.53
2	$7.54	$13.56	$6.02
3	$8.24	$17.51	$9.27
4	$10.36	$17.60	$7.24
5	$10.96	$23.06	$12.10
6	$12.47	$24.49	$12.02
7	$13.64	$27.28	$13.64
8	$15.65	$28.26	$12.61
9	$17.97	$37.86	$19.89
High	$24.20	$35.92	$11.72

N=899; Per capita grants weighted on population.

Identifying the Underlying Causes for Inequities in the Current Formula

Population

As described above, Formula A causes inequities because its allocation has a low slope. The single largest contributor to the low slope is the 25 percent weight on the population variable. The slope of the population variable is zero because population does not target community development need. While this report previously noted that Formula B sometimes targets large grants to low-need communities, the majority of low-need communities are funded under Formula A because of the population variable. This is because most low-need jurisdictions have fast-growing populations and newer housing stock, resulting in their receiving larger allocations with Formula A from the 25 percent weight on population than from any of the variables in Formula B.

Poverty

Poverty receives a 50 percent weight in Formula A and a 30 percent weight in Formula B. As demonstrated by the needs index, poverty is an extremely good indicator of a number of dimensions of community development need. Two problems, however, exist with the poverty measure. First, because poverty is a fixed national standard that does not take into account regional differences in the cost of living, it has a regional bias that favors places with low cost of living. Second, relatively low-need college towns receive relatively large per capita grants because off-campus college students are recorded as being in poverty, when in fact many of them receive unrecorded support from families.

Poverty is a constant dollar threshold nationwide. It does not take into account that it may cost more to live in some parts of the country than in other regions. That is, a person just above the poverty line in New York City who has to pay $1,000 in rent per month may be worse off, in terms of disposable income, than a person in poverty in Saginaw, Michigan, who pays $550 in rent each month. Cost of living is strongly related to the incomes in an area. Generally, if the median income for a metropolitan area is high, the cost of housing and other goods and services in the metropolitan area are also high.

Congress recognized this disparity in cost of living when it established guidelines for CDBG program eligibility, setting income limits based on the metropolitan area median income. Households with incomes less than 80 percent of median income are considered "low and moderate income" and eligible for assistance with funds from the CDBG program.

While the program uses these income thresholds to determine whether persons or households are eligible for the program, the formula uses the constant dollar standard of poverty. Among CDBG entitlement grantees, the national poverty rate is 13 percent. Similarly, among CDBG grantees, 13 percent of households have extremely low incomes, defined by having incomes less than 30 percent of their metropolitan area median income.[31]

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[31] Data on the number of households with less than 30 percent of local median income are from a special tabulation of Census 2000 Data prepared for HUD by the U.S. Census Bureau using the Section 8 income limits.

Table 4-6. Comparing Poverty Rate to Extremely Low-Income Rate by Region

Region	Number of Entitlement Communities	Percent Poverty Rate	Percent Extremely Low Income Rate
New England	73	14	19
New York/New Jersey	96	13	16
Mid-Atlantic	87	11	12
Southeast	164	13	12
Midwest	187	11	13
Southwest	106	16	13
Great Plains	30	11	12
Rocky Mountain	37	10	11
Pacific/Hawaii	183	14	12
Northwest/Alaska	40	10	11
Puerto Rico	21	43	22
Total	1024	13	13

Source: Census 2000 Special Tabulation Data for HUD

While the rates are similar nationally, some regions have a much lower rate of extremely low-income households than their poverty rate, which indicates relatively low local costs. High cost places have a much higher rate of very low-income households than poverty rate. Table 4-6 shows that in 6 of the 11 regions, the poverty rate is similar to the rate of households who are extremely low-income. In the New England and New York/New Jersey regions, however, the percent of extremely low-income household significantly exceeds the poverty rate. In these regions, poverty understates the level of need. The starkest example of the poverty rate overstating community development need is in Puerto Rico, where the rate of extremely low-income households in entitlement areas is nearly half the poverty rate.

The use of poverty also creates several anomalies in its allocation to some relatively small communities that receive most of their funding due to the "poverty" of college students living in off-campus housing.[32] Table 4-7 shows 28 cities where more than half of the population counted in poverty are college students.[33] The way census data are collected, these students indicate their income on their census form but do not report that they receive financial support from family. While the census counts the students in poverty, their level of true need, because of support from their families, is considerably less. A better measure of need for these communities is to look at the poverty rate for the noncollege student population.

For example, in State College, Pennsylvania, home to Pennsylvania State University, 74 percent of college students are in poverty as compared to12 percent of the remaining population. The college student poverty rate inflates State College's total poverty rate to 47 percent, a poverty rate greater than the very distressed communities of Benton Harbor, Michigan (43 percent poverty rate), and Hidalgo County, Texas (42 percent poverty rate).

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[32] In the official count of persons in poverty, the Census Bureau does not include institutionalized persons, persons living in military group quarters, persons living in college dormitories, or unrelated individuals under 15 years old.
[33] Individuals who are enrolled in college, are in poverty, and are not living in families or dormitories.

Table 4-7. Full-Time Enrolled College Students in Poverty

	Percent College Students in Poverty	Percent NonCollege Students in Poverty	Percent All Persons in Poverty	Percent. of Poverty Population College Students
Ann Arbor, MI	58	7	17	65
Athens-Clarke County, GA	71	17	28	51
Auburn, AL	80	15	38	74
Berkeley, CA	61	11	20	55
Bloomington, IN	70	13	30	68
Boulder, CO	58	9	17	57
Bowling Green, OH	68	9	25	73
Cedar Falls, IA	63	8	17	61
Champaign, IL	67	10	22	63
Chapel Hill, NC	70	8	22	69
Charlottesville, VA	71	14	26	56
Chico, CA	68	16	27	52
College Station, TX	75	15	37	74
Corvallis, OR	60	12	21	52
Davis, CA	71	7	24	78
De Kalb, IL	63	10	21	63
East Lansing, MI	68	12	35	80
Fort Collins, CO	58	8	14	52
Iowa City, IA	65	9	22	68
Lawrence, KS	62	10	19	57
Madison, WI	59	8	15	52
Normal, IL	69	7	19	71
Provo, UT	72	15	27	55
San Marcos, TX	63	17	29	56
State College, PA	74	12	47	88
Tallahassee, FL	65	15	25	53
Urbana, IL	62	16	27	57
West Lafayette, IN	72	9	38	87

Source: Census 2000 Special Tabulation Data for HUD.

Pre-1940 Housing

Pre-1940 housing receives a 50 percent weight in Formula B. When the current dual formula was put in place, old housing was considered a good proxy of inadequate housing and old infrastructure. Over time, however, the more needy communities with old housing have been demolishing it, while wealthy communities have been renovating and even increasing (by converting warehouses into lofts, for example) the stock of old housing. Since this variable allocates 27 percent of all the CDBG funds, its declining targeting has led to some very well off communities getting substantially more funds on a per capita basis than some very distressed communities.

Table 4-8 provides some examples of low-need communities that have not experienced significant declines in their pre-1940 housing relative to high need communities that have. The resulting redistribution of funds on this variable from the high need communities to the low need communities was most severe when the 1990 Census data were introduced, but continues with the introduction of 2000 Census data. The very distressed Detroit, Michigan, for example, has had a 48 percent decline over the past 20 years in the number of housing units built before 1940. The relatively less needy Boston suburb of Newton, MA, on the other hand, has had only a 2 percent decline in pre-1940 housing units since 1980. As the total number of pre-1940 housing units decline, Newton's relative share of the funding for those units has increased, while Detroit's has decreased. It is pre-1940 housing that is responsible for a large number of funding anomalies.

Table 4-8. Comparing Change in Pre-1940 Housing Stock for Relatively High Need vs. Low Need Jurisdictions

	1980 Census	**1990 Census**	**2000 Census**	**Percent Change 1980 to 2000**
Low Need				
Newton, MA	17,364	17,190	16,946	–2
Oak Park, IL	16,351	16,403	15,654	–4
Royal Oak, MI	5,492	5,455	5,194	–5
Evanston, IL	15,389	15,249	14,298	–7
High Need				
Detroit, MI	214,968	146,748	112,022	–48
Benton Harbor, MI	2,434	1,487	1,300	–47
East St. Louis, IL	6,387	2,911	3,191	–50
Gary, IN	13,422	8,737	8,127	–39
Newark, NJ	57,577	36,014	28,376	–51

Growth Lag

Growth lag, which measures slow population growth and loss of population since 1960, is generally a good indicator of community distress. It, too, however, creates some anomalies.

Table 4-9. Jurisdictions with Growth Lag Funding Targeting to Community Development Need by Percentile

Percentiles of CD Need	Entitlement Jurisdictions With Growth Lag	Per Capita From Growth Lag	Minimum Per Capita From Growth Lag	Maximum Per Capita From Growth Lag
Low	18	**$4.33**	$0.17	$17.58
2	18	**$5.50**	$0.14	$17.63
3	26	**$5.76**	$0.38	$18.68
4	28	**$5.49**	$0.18	$19.23
5	33	**$7.09**	$0.20	$17.75
6	24	**$6.41**	$2.45	$25.13
7	37	**$9.44**	$1.05	$21.46
8	40	**$9.63**	$0.05	$25.51
9	43	**$15.68**	$3.03	$43.75
High	46	**$14.05**	$1.43	$40.82
Total	313	**$10.72**		
Most/Least		3.2		

Table 4-9 shows by community development needs decile the average per capita dollar amount allocated to the 313 CDBG entitlement grantees that receive funding from growth lag. The majority of the grantees receiving funds under this variable are quite needy. On average, the needier a jurisdiction, the more funds it receives on a per capita basis from growth lag.

Over time, however, an increasing number of relatively well-off communities received funding from growth lag that is not consistent with their actual level of community development need. Many of these locations are fully developed suburbs not seeking to grow. Others are communities that have lost population through the decline of household sizes but in fact may still be experiencing growth in housing. Royal Oak, Michigan, for example, receives $17.58 per capita due to the growth lag variable alone. This is because it has lost 25 percent of its population since 1960. With a per capita income of nearly $31,000 and a poverty rate of 2 percent, however, the loss of this population does not reflect economic decline.[34] In the case of Royal Oak, population loss is actually a sign of affluence rather than decline; although the population declined 25 percent, the total number of occupied housing units increased by 27 percent between 1960 and 2000. This was made possible by a sharp decrease in average household size from 3.5 persons in 1960 to 2.1 in 2000. As a result, Royal Oak receives more on a per capita basis from growth lag than Philadelphia, Pennsylvania ($16.93), which has a poverty rate of 18 percent and a per capita income of $16,509.

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[34] The per capita income for the Detroit-Ann Arbor-Flint, Michigan Consolidated Metropolitan Statistical Area (CMSA) was $24,275 in 1999, making Royal Oaks' per capita income significantly higher than its surrounding communities.

Table 4-10. Examples of Relatively Low-Need Communities with High Per Capita Growth Lag Grants

Name	Per Capita Grant Amount Due to Growth Lag	Need Indicators		
		Percent Population Change 1960 to 2000	Per Capita Income	Percent Population in Poverty
Redford, MI	**$18.68**	–28	$22,263	4
Tonawanda Town, NY	**$17.63**	–26	$20,947	5
Royal Oak, MI	**$17.58**	–25	$30,990	2
Portsmouth, NH	**$16.21**	–23	$27,540	6
St Clair Shores, MI	**$13.94**	–18	$25,009	3
Wauwatosa, WI	**$13.63**	–17	$28,834	3
Lakewood, OH	**$12.59**	–14	$23,945	6
Medford, MA	**$12.51**	–14	$24,707	4
Westland, MI	**$11.28**	–11	$22,615	5
Haverford, PA	**$11.05**	–10	$29,749	2
West Allis, WI	**$11.01**	–10	$20,914	5
Newton, MA	**$10.71**	–9	$45,708	3
Penn Hills, PA	**$10.66**	–9	$20,161	6

Another growth lag issue is that for some very needy jurisdictions, it may in fact target too much funding relative to their need. That is, some very needy places receive very large CDBG grants as a result of growth lag. Other equally needy places without as much population loss, however, receive considerably less. For example, St, Louis, Missouri, receives $41 per capita from growth lag for an overall per capita grant amount of $73. Detroit, a needier Formula B city as measured by the community development needs index, receives $29 on growth lag and an overall per capita grant amount of $49. More striking, Miami, Florida, has a similar level of need to Detroit and higher than St. Louis, but is a Formula A community that does not receive funds due to growth lag. Miami has an overall grant of only $28. That is, Miami's total per capita grant is only 40 percent as much as St. Louis, although Miami ranks as having relatively higher need on the needs index. Any correction to the formula to improve fairness will almost certainly result in a decrease in funding for St. Louis and an increase in funding for Miami.

Summary

The CDBG formula continues to target more funds to the most needy grantees relative to the least needy grantees. As measured against the community development needs index developed in Chapter 3, however, the average amount of funds being allocated to the most needy communities decreased with the introduction of Census 2000 data while the average per capita grant to the least needy grantees increased. In addition, the formula continues to manifest a significant degree of unfairness, with similarly needy grantees receiving substantially different per capita grant amounts. The unfairness in the formula is largely due to (1) Formula B grantees receiving substantially more than similarly needy Formula A grantees and (2) the pre-1940 and growth lag variables in Formula B. The declining relative share of funds for the neediest communities relative to the least needy is due to the high weight on the population variable in Formula A.

Chapter 5. CDBG Targeting to Need: States (Nonentitlements)

This chapter shows that, with the exception of Puerto Rico, the current Community Development Block Grant (CDBG) nonentitlement formula does not target well to community development need.

Most/Least

Richardson, Meehan, and Kelly (2003) discuss changes in the formula allocation following the introduction of 2000 Census data. The report explores two key periods: the change over 1 year, from Fiscal Year (FY) 2002 to FY 2003, and the change over 10 years, from FY 1993 to FY 2003. This report examines how redistributing funds affected targeting to community development need for those same two periods:

1. *Change in targeting over 1 year from FY 2002 to "All 2000 Data."*[35] Three of the formula variables—poverty, pre-1940 housing, and overcrowding—are updated only once every 10 years. The transition from 1990 Census data to 2000 Census data for those variables occurred in the transition from the FY 2002 allocation to the FY 2003 allocation. The other variable in the formula—population—is updated every 1 to 2 years; it did not change from FY 2002 to FY 2003. The first question is, how much of an effect does the once-a-decade change have on the formula's targeting to need?

   Table 5-1 shows the change in per capita allocations due to the replacing of 1990 Census data on poverty, pre-1940 housing, and overcrowding with 2000 Census data. When arranged by community development needs quintile, introducing the new data results in a small shift of funds from the more needy states to the less needy states.

Table 5-1
Impact of Introducing 2000 Census Data on Targeting to Community Development Need
Per Capita Grants* by Needs Quintile

Quintile	N	FY 2002	All 2000 Data	Change
Low	10	$9.85	$10.07	2.2%
2	10	$11.10	$11.12	0.2%
3	11	$11.28	$11.40	1.1%
4	10	$12.59	$12.41	-1.4%
High	10	$15.85	$15.68	-1.0%
Total	51	$12.09	$12.09	
Most/Least		1.6	1.6	

*The denominators for per capita grants are based on 2000 population counts for all columns.

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[35] The term "All 2000 Data" is used instead of saying FY 2003 because for this analysis the appropriation level and number of entitlement grantees are held constant at the FY 2002 amount. The actual FY 2003 allocation using all 2000 census data and the numbers used in this analysis are very similar because the appropriation and number of grantees did not change significantly between FY 2002 and FY 2003.

2. *Change in targeting over 10 years from FY 1993 to FY 2003.* Unlike the other variables in the formula, updates occur to population data more frequently during the decade, usually every 1 to 2 years. Population affects both formulas. In addition, population determines eligibility for CDBG entitlement status (see Chapter 2). As new communities currently receiving funds under the nonentitlement program become eligible as entitlement communities, relatively more funds become available to share among the remaining balance of nonentitlement areas nationwide.

   Table 5-2 shows the 10-year period, combining the changes in Table 5-1 with the population changes and the loss of population to be served caused by new entitlements on the nonentitlement side of the formula. Not surprisingly, comparing Table 5-1 to Table 5-2 shows that population updates and the introduction of new entitlements have only a minimum impact on reduced targeting. The introduction of 2000 Census data for poverty, overcrowding, and pre-1940 housing causes most of the small shift in funds from the most needy to least needy states.

Table 5-2
Impact of Introducing 2000 Census Data, Population Updates, and New Entitlements on Targeting to Community Development Need FY 1993 to FY 2003
Per Capita Grants* by Needs Quintile

Quintile	N	All 1990 Data	All 2000 Data	Change
Low	10	$9.85	$10.07	2.1%
2	10	$11.06	$11.12	0.5%
3	11	$11.13	$11.40	2.3%
4	10	$12.71	$12.41	-2.4%
High	10	$15.92	$15.68	-1.5%
Total	51	$12.09	$12.09	
Most/Least		1.6	1.6	

*The denominators for per capita grants are based on 2000 population counts for all columns

Most striking about Tables 5-1 and 5-2 is the very small difference in funding between the least needy ($10.07) and the most needy ($15.68), a ratio of only 1.6. In the nonentitlement formula, the most needy states do not get much more on a per capita basis than the least needy states.

Regression Analysis

The most/least analysis is a simple approach to showing how well the current formula targets to need. That approach, however, does not capture all dimensions associated with targeting. In Chapter 3, we noted that Chapter 5 would need to answer the following two key questions:

1. Do states with similar needs index scores receive similar per capita grant amounts?
2. Do states with very high needs index scores get much larger grants on a per capita basis than states with very low needs index scores?

To some extent, the most/least analysis answers the second question, but with some lack of precision. To answer the first question, and more precisely answer the second question, we use regression analysis.

Regression analysis provides us with two helpful measures: R-square and slope. The R-square enables us to determine if states with similar needs index scores receive similar per capita grant amounts. In a simple linear regression between two variables, the R-square estimates how similar the variance is between the variables. For example, are states with high needs score also receiving relatively high per capita grants? If yes, then the R-square is high. On the other hand, if no relationship exists between needs scores and current per capita grants, the R-square is small. An R-square of 1.00 represents perfect targeting to need while an R-square of 0.00 indicates no relationship at all between the needs index and the current formula. The R-square tends to measure the fairness of the formula allocation. States with similar need should get similar per capita grant amounts.

The slope allows us to determine if states with very high needs index scores get much larger grants on a per capita basis than states with very low needs index scores. The slope indicator in a regression is similar to the most/least concept presented in Tables 5-1 and 5-2: the greater the slope, the greater the difference in funding between the most and least needy grantees. A slope of "0" would mean the least needy community received the same as the most needy community on a per capita basis. A slope of 4 would mean a state that is one standard deviation from the mean would get $4 more per capita than the mean per capita grant.

The portion of Table 5-3 referring to "Places" shows the R-square for per capita CDBG funding and need was 0.699 in FY 2002. This suggests that state need was moderately good at explaining the per capita funding variation between states. This measure suggests the current formula is relatively fair; it does not create large funding differences between similarly needy states. As we will show below, however, this finding is somewhat misleading.

The "Places" portion of Table 5-3 treats all states equally. Since a great deal of variation exists among the states in terms of their size, however, it might be more appropriate to consider how well the formula targets to people living in states with different needs. The "People" portion of Table 5-3 weights each state by its population, demonstrating that the formula does a somewhat worse job in targeting among the nonentitled states with large populations. Both measures show that the R-square—the measure of fairness—declines with the introduction of 2000 Census data.

Table 5-3
Regression Estimate of Targeting to Need Over Time

Targeting to:		**All 1990 Data**	**FY 2002**	**All 2000 Data**
Places (unweighted)	**R-square**	0.690	0.699	0.661
	Slope	5.3	4.8	4.9
	Constant	12.2	12.2	12.3
People (weighted on population)	**R-square**	0.638	0.659	0.621
	Slope	5.0	4.5	4.7
	Constant	12.1	12.1	12.1

The slope measure changed very little between the FY 2002 allocation and the introduction of 2000 Census data: 4.8 to 4.9, somewhat counter to the earlier most/least analysis.

As alluded to above, however, Table 5-3 is somewhat deceptive. The R-square and slope shown in Table 5-3 are principally driven by the very needy Puerto Rico, which receives a very large per capita grant. If Puerto Rico is removed from the analysis, very little targeting of the current formula to need occurs, with an R-square of 0.294 and a slope of 2.4. Thus, beyond Puerto Rico, the nonentitlement formula does a relatively poor job of targeting to the more needy of the 50 states.

Table 5-4
Regression Estimate of Targeting to Need With and Without Puerto Rico With 2000 Census 2000

Targeting to:		With Puerto Rico	Without Puerto Rico
Places (unweighted)	**R-square**	0.661	0.294
	Slope	4.9	2.4
	Constant	12.3	12.0
People (weighted on population)	**R-square**	0.621	0.281
	Slope	4.7	2.2
	Constant	12.1	11.8

Charts

Presenting a chart showing the current targeting of the formula to need can help understand the R-square and slope concepts above. The two graphs in Chart 5-1 explain the targeting of the current formula to the community development needs index line. The graph at the left shows the needs index with a slope of 4.7, matching the current slope for the formula. By looking at this first graph, we can see that the uniqueness of Puerto Rico (the spike at the far right of the chart) among the states in terms of both its level of need and the amount of funds it receives on a per capita basis. The graph also shows that, for the remaining 50 states, very little relationship exists between grant amounts and the needs index.

The chart on the right shows this same comparison but with the assumption that the formula should be fair—similarly needy communities get similar grant amounts—but that the neediest get substantially more on a per capita basis than the least needy. Thus, the graph on the right reflects the needs index with a slope of 8.0.[36] This chart more clearly shows how the nonentitlement allocation appears to have very little relationship to the community development needs index, except in respect to Puerto Rico.

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[36] This slope is subjective. Selecting 8 is based on the assumption that we want the formula to target relatively more funds to the most needy states.

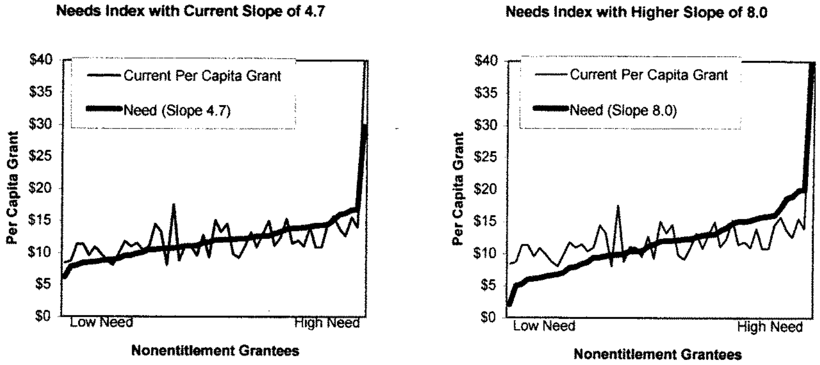

Chart 5-1. Current Nonentitlement Formula Targeting to the Needs Index

Formula A and Formula B

Table 5-4 compares the targeting of Formula A and Formula B. In the entitlement analysis of Chapter 4, we showed that Formula A had a high degree of fairness (a high R-square) but a low slope relative to Formula B. Formula B had a low degree of fairness but a reasonably high slope. Nonentitlements follow a very different pattern. Excluding Puerto Rico, Formula A and Formula B are equally bad at targeting to need. Both have a low R-square of less than 0.4 and low slopes of less than 3.0.

Table 5-4
Regression Estimate of Targeting to Need by Formula for the Current Nonentitlement Formula with all 2000 Census Data

Targeting to:		Formula A	Formula A without Puerto Rico	Formula B
Places (unweighted)	**R-square**	0.778	0.322	0.341
	Slope	6.0	2.5	2.8
	Constant	11.4	11.5	12.5
People (weighted on population)	**R-square**	0.817	0.441	0.304
	Slope	6.3	3.0	2.8
	Constant	10.7	11.1	12.5

Chart 5-2 graphically presents the findings from Table 5-4. With the exception of Puerto Rico (the spike at the right-hand side of the Formula A chart), which appropriately gets a very high per capita grant, in both cases a low-need state is nearly as likely to get a relatively higher per capita grant as a high-need state.

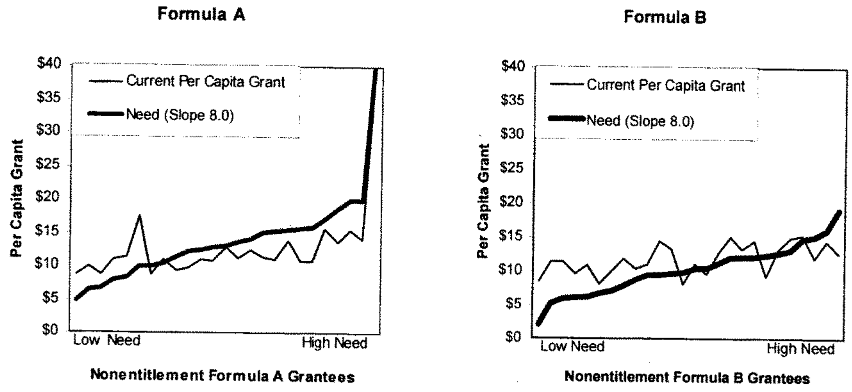

Chart 5-2. Comparing Nonentitlement Formula A and B Targeting to Need

Table 5-5 shows the per capita grants by needs quintile. When Puerto Rico is excluded from the analysis, very little difference exists in per capita grant amounts between the least needy and most needy for either Formula A or Formula B. In addition, unlike entitlements, very little difference exists between Formula B and Formula A per capita grants within each of the need quintiles.

Table 5-5

Nonentitlement Per Capita Grants by Need Quintile by Formula (All 2000 Census Data)

Quintiles of Need	Formula A	Formula A Without Puerto Rico	Formula B
Low	$8.94	$8.94	$10.27
2	$11.45	$11.45	$11.04
3	$9.94	$9.94	$12.56
4	$11.79	$11.79	$14.68
High	$16.03	$13.45	$13.07
Total Average	$12.53	$11.69	$11.66

Problems in the Nonentitlement Formula

Population

As shown above, both Formula A and Formula B have low slopes. The largest contributors to the low slope are the 25 percent weight on the population variable in Formula A and the 20 percent weight on population in Formula B. Population simply represents the size of a place, not a measure of its need. The characteristics of the population must be analyzed to know whether the jurisdiction is needy. Because per capita grant amounts are used to compare the fairness of allocations to similarly needy jurisdictions with different populations, by definition the slope of the population variable is zero.

Poverty

Poverty receives a 50 percent weight in Formula A and a 30 percent weight in Formula B. As demonstrated by the needs index, poverty is an extremely good indicator of a number of dimensions of community development need. The poverty measure suffers from the following two problems:

1. Poverty remains a constant dollar threshold nationwide, and does not take into account that it may cost more to live in some parts of the country than in others. A person living in Connecticut and paying $800 per month in rent may be worse off in terms of disposable income than a person living in poverty in Puerto Rico paying $300 per month in rent. Cost of living relates strongly to the incomes in an area. Generally, if a metropolitan area or nonmetropolitan county enjoys a high median income, its cost of housing and other goods and services are also high.

   Congress recognized this disparity in cost of living when it established guidelines for CDBG program eligibility, establishing income limits based on the local area median income. Households with incomes less than 80 percent of median income are considered low and moderate income and eligible for assistance with funds from the CDBG program.

   While the program uses these income thresholds to determine whether persons or households are eligible for the program, the formula uses the constant dollar standard of poverty to allocate funds. CDBG nonentitlement grantees share an average poverty rate of 12 percent. Similarly, 11 percent of CDBG nonentitlement grantee households have extremely low incomes, as defined by having incomes less than 30 percent of their area median income.[37]

   Table 5-6 shows that some regions are probably undercounted in terms of need associated with low-income households while others probably are overcounted. Specifically, states in the New England region on average have more extremely low-income persons than is represented by poverty. On the other hand, Puerto Rico, the states in the Southwest region, and the states in the Pacific region have poverty rates that exceed their rate of extremely low-income households. This suggests that using poverty as a single measure to allocate CDBG funds likely understates the need in the New England region while overstating the need in Puerto Rico, the Southwest, and the Pacific.

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[37] Data on number of households less than 30 percent of local median income are from a special tabulation of 2000 census data prepared for HUD by the U.S. Census Bureau using the Section 8 income limits.

Table 5-6
Comparing Poverty Rate to Extremely Low Income Rate by Region for Nonentitlement Areas

Region	N	Poverty Rate	Extremely Low Income Rate
New England	6	6%	10%
New York/New Jersey	2	9%	10%
Mid-Atlantic	5	11%	10%
Southeast	8	14%	12%
Midwest	6	8%	9%
Southwest	5	16%	12%
Great Plains	4	10%	10%
Rocky Mountain	6	11%	10%
Pacific/Hawaii	4	15%	12%
Northwest/Alaska	4	12%	10%
Puerto Rico	1	55%	24%
TOTAL	51	12%	11%

2. Off-campus college students in poverty do not pose as significant a problem for nonentitlements but their inclusion does cause some small difference in funding between states.

Pre-1940 Housing

In declining areas of states, old housing likely will be demolished or abandoned over time, while more affluent areas renovate the old housing. As a result, pre-1940 housing in nonentitlement areas has weakened over time as a measure of community development need.

Summary

The nonentitlement formula targets very well to the community development need of Puerto Rico. For the remaining 50 states, however, very little relationship exists between a state's level of community development need and its current per capita grant formula allocation.

Chapter 6. CDBG Alternative Formulas

This chapter provides three options for modifying the Community Development Block Grant (CDBG) entitlement formula allocation and two options for modifying the CDBG nonentitlement formula. The funding implications associated with each option are also explained. All of these alternatives assume that the funding split between entitlements and nonentitlements would be held constant at 70/30. Chapter 8 describes making changes to the 70/30 split, including using a single formula for both entitlements and nonentitlements. Chapter 9 explains how the entitlement and nonentitlement options from this chapter and the single formula option in Chapter 8 are combined into four overall alternative formulas.

Goals for Formula Alternatives

Developing a funding formula requires an understanding of the program's goals. The alternatives in this chapter are based on three goals:

1. **Improve Targeting to community development need.** Chapters 4 and 5 demonstrate how the formula has substantial inequities in how it targets to community development need. All the alternatives suggested are based on the presumption of wanting to decrease or eliminate the number of funding inequities in the current formula.

2. **Simplify the formula.** The current formula is quite complicated, difficult to explain, and somewhat difficult to administer. A simplified formula would allow the allocations to be more transparent and possibly create a greater sense of fairness.

3. **Minimize redistribution of funds.** The goal of most block grant programs is to enable jurisdictions to have a steady and predictable flow of resources to address program objectives. Any change to the CDBG formula will cause a redistribution of funds and thus increase or decrease that predictable flow of resources. Jurisdictions that lose funds are likely to experience a painful adjustment period.

Summarizing Entitlement Formula Alternatives

All three formula alternatives explained below improve targeting to need. The alternatives presented offer policymakers various degrees of tradeoffs among the three goals stated above. Basically, the alternatives presented do the following:

Entitlement Alternative 1. This alternative "tweaks" or makes minor adjustments to the existing formula by correcting the problems in Formulas A and B that lead to large inequities in funding among grantees in each formula. For example, pre-1940 housing is replaced by "housing older than 50 years occupied by a person in poverty." It does not, however, correct the funding inequities between Formulas A and B. This option causes the least redistribution of funds but makes the formula even more complicated than it is currently. It is similar to the alternative presented in 1995 by Neary and Richardson.

Entitlement Alternative 2. This alternative creates a very simple single formula. The formula uses four widely available and easily understandable variables to allocate the funds. The variables are poverty, female-headed households with children, housing older than 50 years occupied by a household in poverty, and overcrowding. This option dramatically improves targeting to need, including correcting funding inequities between Formulas A and B. It only modestly increases the slope of the allocation, however. By improving fairness in the funding allocation without raising the slope, some very needy Formula B communities experience significant funding decreases. For example, Detroit's grant is reduced from $49 per capita to $38 per capita to align it with similarly needy Miami, whose grant increases from $28 per capita to $41 per capita.

Entitlement Alternative 3. This alternative adds an adjustment factor to entitlement alternative 2. It uses the same four variables as entitlement alternative 2 but shifts the weights on some variables and adds an adjustment factor that assigns extra weight to fiscal stress. This alternative raises the weight on older housing occupied by a poverty household and reduces the weight on overcrowding, as compared to alternative 2, to put additional emphasis on places facing age and decline problems versus locations with growing immigrant populations. It also adjusts grants upwards for jurisdictions with a low per capita income relative to their metropolitan per capita income and adjusts grants downwards for jurisdictions with a high per capita income relative to their metropolitan per capita income. Overall, this increases the amount of funds the more needy grantees receive at the expense of the least needy grantees and benefits several of the older declining cities. For example, Detroit's grant increases to $51 per capita while Miami's increases to $44 per capita, Newport Beach's per capita grant, however, falls to $3 per capita; its current grant is $6 per capita, and its alternative 2 grant is $4 per capita.

All three alternatives improve targeting to need but also significantly redistribute funds. Alternative 3 provides the largest redistribution of funds, while alternative 1 offers the smallest.

Entitlement Alternative 1—Tweaking the Current Formula

Alternative 1 is based on the analysis in Chapter 4 that identifies the significant problems of each of the dual formulas. Alternative 1 does not correct the historic inequities in funding between Formulas A and B; it simply corrects the anomalies in each formula.

Formula A

The problems with Formula A, as detailed in Chapter 4, and the solutions recommended for alternative 1 are as follows:

1. **Problem:** Low slope. The more needy a Formula A grantee, the more underfunded it is relative to its need.

   Solution: Reduce the weight on population from 0.25 to 0.10, and increase the weight on poverty to 0.60 and on overcrowding to 0.30.

Analysis: Population does not target to need; it simply targets to population regardless of need. Poverty and overcrowding are both good indicators of need among Formula A grantees.

2. **Problem:** College students in poverty. Although full-time college students are generally supported by their family, the Census Bureau reports them as being in poverty.[38]

   Solution: Change the definition of poverty to "persons living in family households or elderly-headed households living in poverty."

   Analysis: This corrects the formula so that college towns no longer receive disproportionately large allocations relative to their actual level of community development need.

Formula B

The problems with Formula B, as detailed in Chapter 5, and the solutions recommended for alternative 1 are as follows:

1. **Problem:** Pre-1940 housing occupied by higher income households. As time has passed, needy communities have demolished pre-1940 housing while less needy places have renovated their older housing.

   Solution: Replace the variable with "housing 50 years or older occupied by a poverty household."

   Analysis: This new variable targets to needy cities with older infrastructure and dilapidated housing.

2. **Problem:** College students in poverty. As in the description in Formula A, full-time college students are often counted as being in poverty when they actually do have a source of support not captured by the census—their families.

   Solution: Change the definition of poverty to "persons living in family households or elderly-headed households living in poverty."

   Analysis: This corrects the formula so that college towns no longer receive disproportionately large allocations relative to their actual level of community development need.

3. **Problem:** Less needy places with population loss or slow growth. Growth lag funds communities whose populations since 1960 are growing at a slower pace than the national growth rate for entitlement cities. Some of these communities were built out in

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[38] Students living in dormitories are not counted in the current census population counts on poverty; students living in housing units, however, are counted.

1960, however, and intentionally implement policies to discourage growth, simply have no more land for growth, or have had a large decrease in household size even though they are economically very strong.

Solution: Reduce growth lag funding for communities with high per capita incomes and low poverty rates. Specifically, reduce a community's growth lag score if its per capita income is greater than 125 percent of the national per capita income, and its poverty rate (using the new definition of poverty) is less than 75 percent of the average for entitlement communities. If a community's per capita income is more than 125 percent of the national per capita income, its growth lag is reduced according to its poverty rate. A poverty rate of 75 percent of the average for entitlement communities receives full funding while a poverty rate of 50 percent of the average gets no funding. For communities with poverty rates between 50 and 75 percent, the reduction is proportional.

Analysis: This reduces high funding to most low-need communities created by growth lag, which otherwise targets well to need.

4. **Problem:** Extremely high per capita grants due to growth lag. Because of growth lag, a number of very needy grantees receive very large per capita grants that are well above their needs-index-based funding level.

   Solution: Reduce the weight on growth lag from 20 percent to 10 percent, and increase the weight on poverty from 30 percent to 40 percent.

   Analysis: This tends to make funding levels for Formula B communities with similarly high needs more similar.

These adjustments significantly improve the targeting of the formula to need. Chart 6-1, as compared to Chart 4-2, shows that alternative 1 has fewer anomalies, especially regarding overfunding the least needy grantees. The left side of the chart demonstrates this by the per capita grants for alternative 1 clustered fairly close to the needs index line. Big differences in per capita allocations continue to exist between higher need, similar needy grantees; the increasingly larger spikes on the right side of the chart illustrate this.

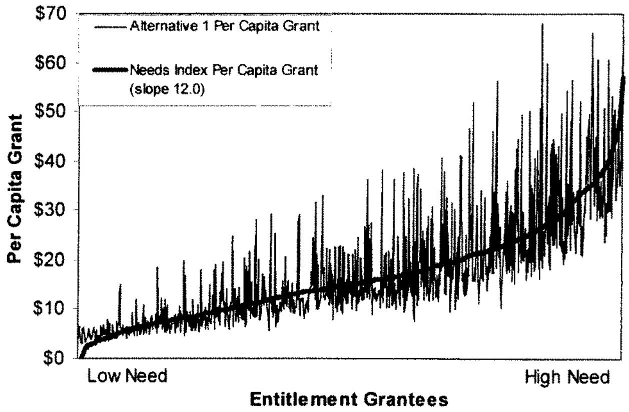

Chart 6-1. Alternative 1 Targeting to Need

Chart 6-2 and Table 6-1 show that alternative 1's slope for Formula A grantees is closer to the desired slope, moving the more needy Formula A grantees much closer to the needs line than currently. At the same time, the r-square increases for Formula B by "trimming" some of the anomalies.

Table 6-1. Regression Estimate of Targeting to Need by Overall and by Formula for Alternative 1

Targeting to:		Overall	Formula A	Formula B
Places (unweighted)	**R-square**	0.645	0.929	0.599
	Slope	11.5	8.9	12.8
	Constant	17.2	13.8	20.8
People (weighted on population)	**R-square**	0.777	0.948	0.711
	Slope	11.9	9.3	12.6
	Constant	16.4	14.1	19.5

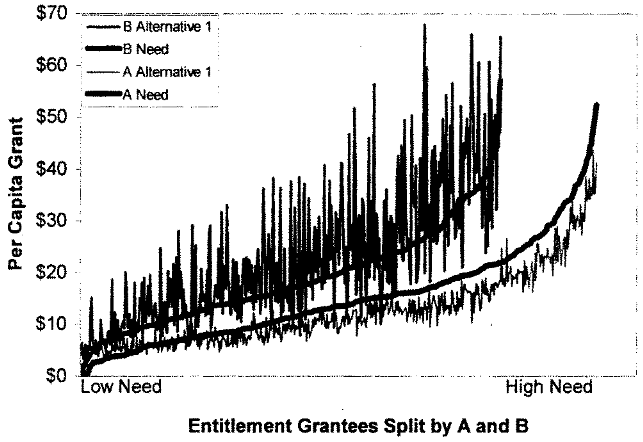

Chart 6-2. Alternative 1 Targeting to Need by Formulas A and B

Entitlement Alternative 2—Arriving at the Best Simple Formula for Targeting To Need

Alternative 2 is a new formula. The goal was to target well to the needs index using a simple formula. To achieve this goal, this analysis took these steps:

- Identify the variables available for each jurisdiction that explain the most variance in the needs index.
- Weight those variables by regressing them against an "allocation" that uses the needs index

Identifying the Variables

As explained in Chapter 3, the needs index for entitlement communities comprises 17 variables. This study used factor analysis to identify which variables had similar patterns of variance and extract that variance to create individual factors. That analysis produced three factors.

To identify variables for the alternative 2 formula, the variables that correlated the highest with each of the three factors from the needs index were identified. If several variables correlated highly with a factor, those variables with relatively low correlation with one another were identified.

Table 6-2 shows the 17 variables used to create the needs index and how each one correlates with factor 1, from highest to lowest correlation. The right side of the table shows the variables identified as having high correlation with factor 1 but relatively low correlation with one another. That is, factor 1 correlates best with poverty (A), but it also correlates well with female-headed households with children (B) and pre-1950 poverty households (C), both of which have relatively low correlations with poverty given that they all correlate well with factor 1. Poverty is a particularly good measure of unemployment, concentrated poverty, and lower education levels.

Although poverty and female-headed households with children correlate with one another at only 0.54, they both have relatively good correlations with the crime measure, 0.64 and 0.66 respectively. This report contends that when combined, these factors offer a valid proxy for distress measured by crime. Pre-1950 housing occupied by a poverty household, although correlated with poverty at only 0.48, is a very good indicator of population loss since 1960 and, to a lesser extent, population loss since 1990. Although pre-1950 poverty housing and female-headed households with children have a relatively high correlation with one another, 0.72, the strength of female-headed households with children under 18 at targeting toward crime and the pre-1950 poverty variable's strength at targeting toward population loss leads to including both as formula variables.

Table 6-2. Variables Correlating Well With Factor 1

Community Development Need Measures	**Factor 1**	**(A) Poverty Rate for Persons in Family and Elderly Households**	**(B) Female-Headed Households With Children Under 18**	**(C) Pre-1950 Housing Occupied by Poverty Household**
Factor 1	1.00	0.91	0.74	0.73
Poverty rate for persons in family and elderly households, 2000	0.91	1.00	0.54	0.48
Unemployment rate, 2000	0.86	0.87	0.52	0.50
Pre-1970 housing occupied by poverty renter, 2000	0.86	0.61	0.78	0.91
Employed population age 16—64, 2000	–0.84	–0.89	–0.38	–0.40
Population age 25–64 without high school education, 2000	0.78	0.75	0.33	0.36
Female-headed households with children under age 18, 2000	0.74	0.54	1.00	0.72
Pre-1950 housing occupied by poverty household, 2000	0.73	0.48	0.72	1.00
Metropolitan Statistical Area (MSA) dissimilarity index multiplied by percent minority, 2000	0.72	0.61	0.37	0.29
Homicides, assaults, robberies per 1000 persons, 2001, Department of Justice Uniform Crime Reports (UCR)	0.71	0.64	0.66	0.46
Net per capita income change 1989 to 1999	–0.68	–0.57	–0.44	–0.38
Local per capita income/per capita income of MSA, 2000	–0.67	–0.41	–0.47	–0.44
Population loss since 1960	0.52	0.25	0.51	0.70
Concentrated poverty,* 2000	0.49	0.78	0.25	0.17
Overcrowded housing units, 2000	0.48	0.49	–0.07	–0.02
Persons per square mile, 2000	0.43	0.14	0.12	0.33
Population loss since 1990	0.43	0.22	0.48	0.53
Point change in poverty rate, 1990–2000	0.02	–0.40	–0.07	–0.03

*Percent of poor persons in jurisdictions concentrated in census tracts with more than 40 percent poverty.

Factor 2 correlates best with overcrowding as a needs indicator (0.78). It also correlates well with places that are not losing population: –0.64 for population loss since 1960 and –0.62 for population loss since 1990. Population gain is a good measure of need only to the extent that population gain is creating fiscal stress, such as with the growth in number of low-wage immigrants; overcrowding captures this extremely well. Population gain without capturing the low-wage or poverty component of that growth is most likely an indicator of fiscal health than fiscal stress.

Table 6-3. Variables Correlating Well With Factor 2

	Factor 2	Overcrowding
Factor 2	1.00	0.78
Overcrowded housing units, 2000	0.78	1.00
Population loss since 1960	–0.64	–0.15
Population loss since 1990	–0.62	–0.15
Pre-1950 housing occupied by a poverty household, 2000	–0.49	–0.02
Population age 25–64 without a high school education, 2000	0.46	0.77
Female-headed households with children under age 18, 2000	–0.45	–0.07
MSA dissimilarity index multiplied by percent minority, 2000	0.40	0.68
Persons per square mile, 2000	0.33	0.45
Point change in poverty rate 1990 to 2000	0.32	0.02
Pre-1970 housing occupied by a poverty renter household, 2000	–0.31	0.18
Netper capita income change 1989 to 1999	–0.24	–0.43
Population age 16–64 employed, 2000	–0.21	–0.57
Local per capita income /per capita income of MSA, 2000	–0.14	–0.36
Poverty rate for persons in family and elderly households, 2000	0.05	0.49
Unemployment rate, 2000	0.02	0.44
Concentrated poverty*, 2000	–0.06	0.28
Homicides, assaults, robberies per 1000 persons, 2001, UCR	–0.11	0.21

*Percent of poor persons in jurisdictions concentrated in census tracts with more than 40 percent poverty

Finally, factor 3 is an indicator of need for communities with high poverty concentrations but declining poverty rates. Poverty concentration could be potentially a good variable for the formula. It would have a similar problem to the growth lag variable of the current formula, however, specifically targeting large amounts of money to a few places. It would also have some regional bias in favor of very low cost-of-living jurisdictions, such as entitlement jurisdictions in Puerto Rico, where poverty rates are much higher than the rates of extreme low-income households. For these reasons, no variables based on factor 3 are included among the proposed formula variables.[39]

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[39] See Table 3-7 for the correlations of the variables with factor 3.

That leaves four variables for a simple entitlement formula:

- Family and elderly persons in poverty.
- Female-headed households with children.
- Housing built before 1950 occupied by a poverty household.
- Overcrowding.

Weighting the Variables

The next step in the process is to weight these variables so that they best target to the needs index, a relatively simple exercise. As previous charts demonstrated, the needs index scores are already converted to per capita grant amounts. These per capita grant amounts are then multiplied by population to convert them to actual grant amounts.[40] Then, the grant amounts that individual jurisdictions would receive if funds were allocated only by the variable persons in family or elderly poverty households is calculated. Similar allocations are derived using female-headed households with children, housing built before 1950 occupied by poverty households, and overcrowding. A regression is run with the needs score grant calculation as the dependent variable and the four variables identified above as the independent variables. The result is as follows:

$R^2 = 0.997$

Family and elderly person in poverty = 0.529
Female-headed households with children = 0.128
Housing built before 1950 occupied by a poverty household = 0.185
Overcrowding =0 .196

Rounding these factors creates the following formula:

$$\left[0.5\,\frac{\text{Povfam (a)}}{\text{Povfam (ENT)}} + 0.1\,\frac{\text{FHH (a)}}{\text{FHH (ENT)}} + 0.2\,\frac{\text{AgePov (a)}}{\text{AgePov (ENT)}} + 0.2\,\frac{\text{Ocrowd (a)}}{\text{Ocrowd (ENT)}}\right] * \text{Appropriations}$$

where:

- *(a)* is the value for the jurisdiction.
- *(ENT)* is the value for all entitlement jurisdictions (cities and urban counties).
- *Povfam* is the number of persons in poverty living in family or elderly households.
- *FHH* is the number of female-headed households with children.
- *AgePov* is the number of housing units older than 50 years occupied by a poverty household.
- *Ocrowd* is overcrowding.

In addition to departing from a dual formula, alternative 2 also changes the denominator from the sum of all metropolitan areas to the sum of all entitlement jurisdictions. The sum of all metropolitan areas made sense with a dual formula system because it meant that neither of the dual formulas were allocating the full appropriation amount since the sum of the numerator—all entitlements—was less than the sum of the denominator—all metropolitan areas. With neither of the two formulas allocating all the appropriation, this reduced the amount of pro rata reduction needed to bring the "greater of" component of the dual formula in line with the actual appropriation. With a single formula, if a metropolitan total denominator is used, it is necessary to implement a pro rata increase to match the appropriation level. The need for a pro rata increase is avoided by simply allocating the funds based on a denominator that is the sum of the data for only the jurisdictions receiving funding.

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[40] To capture the universe of CDBG grantees, this study estimated needs scores for the 123 jurisdictions that do not have need scores under the standard need calculation. This is done with factor analysis that excludes (1) crime rates and (2) the dissimilarity index multiplied by the percent minority factors.

As Chart 6-3 shows, this very simple formula allocates very well to need. In addition to dramatically reducing the number of anomalies in the formula, it also modestly increases the slope of the overall allocation, and it corrects for the historic inequities in funding between Formulas A and B grantees. This correction, however, comes at a significant cost to most Formula B communities, many with high community development need.

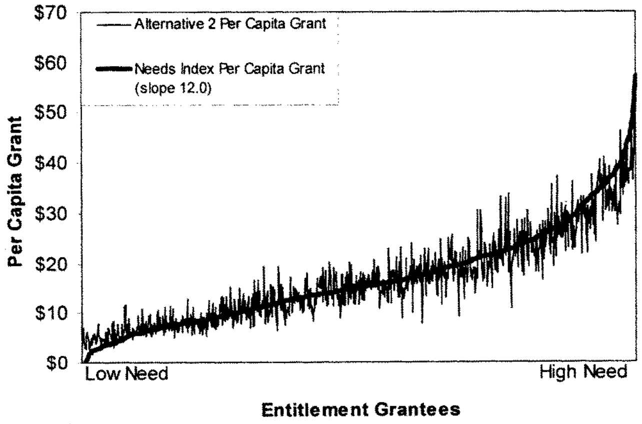

Chart 6-3. Alternative 2 Targeting to Need

Table 6-4 shows several very needy Formula A grantees and Formula B communities and demonstrates how the alternative 2 formula increases funding for the very needy Formula A communities but at some cost to the very needy Formula B communities. All but two of the needy Formula B communities listed in Table 6-4 have a funding decrease as a result of alternative 2. Table 6-8, later in this chapter, compares the overall funding redistribution caused by this alternative when compared to alternatives 1 and 3.

Table 6-4. Comparing Impact of Alternative 2 on Needy Formula A and Formula B Grantees

		Per Capita Grant		
High Need Formula A Grantees	**Needs Score**	**Current Formula**	**Alternative 2**	**Percent Change**
Hidalgo County, TX	2.58	$31.98	$45.84	43
Miami, FL	2.11	$27.94	$40.78	46
Santa Ana, CA	1.88	$25.25	$30.75	22
Long Beach, CA	1.44	$23.29	$33.33	43
Los Angeles, CA	1.43	$23.96	$33.06	38
Fresno, CA	1.42	$21.93	$31.22	42
Kern County, CA	1.05	$18.73	$26.00	39
El Paso, TX	0.93	$18.59	$27.08	46
Memphis, TN	0.91	$15.43	$24.94	62
Houston, TX	0.80	$18.93	$24.82	31
		Per Capita Grant		
High Need Formula B Grantees	**Needs Score**	**Current Formula**	**Alternative 2**	**Change**
Newark, NJ	2.55	$40.08	$38.40	–4
Detroit, MI	2.12	$48.91	$38.44	–21
Cleveland, OH	1.68	$61.81	$39.18	–37
Baltimore, MD	1.60	$44.28	$31.46	–29
St Louis, MO	1.56	$72.97	$36.38	–50
New York, NY	1.54	$27.77	$34.05	23
Buffalo, NY	1.54	$68.15	$41.18	–40
Philadelphia, PA	1.50	$42.03	$34.41	–18
New Orleans, LA	1.48	$37.55	$38.05	1
Chicago, IL	1.32	$35.35	$29.34	–17

Alternative 3—Arriving at a Formula More Sharply Targeted to Need

As noted above, some very needy Formula B communities experience significant funding decreases using alternative 2. This is because correcting the Formula A and Formula B funding inequities means increasing grants for a large number of Formula A communities. This is true for both very needy and not-so-needy communities. Across the need spectrum, alternative 2 increases funding for Formula A at the expense of Formula B. Alternative 3 adjusts the alternative 2 approach so that very needy grantees receive larger per capita grants, and less needy grantees get smaller grants. Alternative 3 also make some adjustments to prevent very needy Formula B grantees from being as adversely impacted by the formula change in alternative 2.

Adjustment 1. Chapter 3 noted that the needs index is underrepresented in variables that measure decline relative to previous needs indexes. In addition, the CDBG statute clearly emphasizes the distress associated with decline more than it does the fiscal stress associated with immigrant growth. These arguments justify a shift in the weighting to provide 30 percent of the funds on old housing with a poverty household variable (a 10-point weight increase) and 10 percent of the funds on overcrowding (reducing the weight 10 points). This also results in a shift, relative to alternative 2, of more funds to the very needy Formula B communities.

Adjustment 2. To more sharply target funds to the neediest communities in each metropolitan area, applying an adjustment factor that increases grants for jurisdictions with low per capita incomes relative to their metropolitan area per capita income substantially increases the slope of the allocation. To ensure that this adjustment does not create anomalies, it is capped to prevent any jurisdiction's grant from being increased or decreased by more than 25 percent. Employing this adjustment results in an overall increase in allocations such that a pro rata reduction must be used to keep the formula allocation within appropriation.

Applying these adjustments substantially increases the slope of the formula allocation relative to both the current formula and alternative 2, but with a modest sacrifice in targeting to need. The loss in targeting to the needs index is due almost entirely to shifting the weight from overcrowding to the old housing with poverty household variable. As noted above, however, the needs index probably understates the need of communities in decline. Chart 6-4 shows more variance from the needs index line relative to alternative 2, but this is primarily to benefit the most needy grantees.

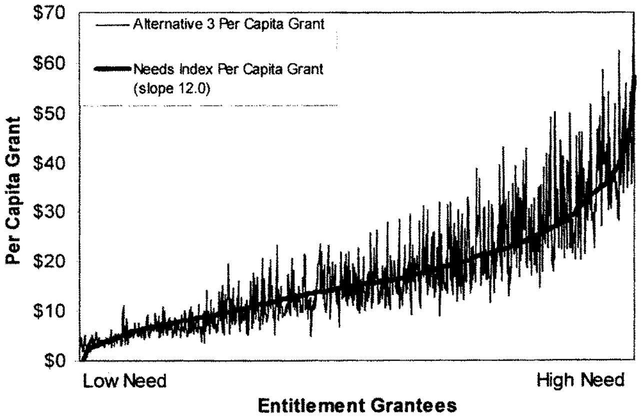

Chart 6-4. Alternative 3 Targeting to Need

Table 6-5 indicates that, as with alternative 2, all the very needy Formula A communities gain funding under alternative 3. Unlike alternative 2, however, most of the very needy Formula B grantees also gain funding. Four do lose funding, but not as much as they would with alternative 2.

Table 6-5. Comparing Impact of Alternative 3 on Needy Formula A and Formula B Grantees

		Per Capita Grant		
High Need Formula A Grantees	**Needs Score**	**Current Formula**	**Alternative 3**	**Percent Change**
Hidalgo County, TX	2.58	$31.98	$48.82	53
Miami, FL	2.11	$27.94	$43.80	57
Santa Ana, CA	1.88	$25.25	$28.78	14
Long Beach, CA	1.44	$23.29	$31.49	35
Los Angeles, CA	1.43	$23.96	$28.27	18
Fresno, CA	1.42	$21.93	$28.13	28
Kern County, CA	1.05	$18.73	$24.07	29
El Paso, TX	0.93	$18.59	$22.54	21
Memphis, TN	0.91	$15.43	$27.35	77
Houston, TX	0.80	$18.93	$22.75	20
		Per Capita Grant		
High Need Formula B Grantees	**Needs Score**	**Current Formula**	**Alternative 3**	**Percent Change**
Newark, NJ	2.55	$40.08	$47.77	19
Detroit, MI	2.12	$48.91	$50.67	4
Cleveland, OH	1.68	$61.81	$54.38	–12
Baltimore, MD	1.60	$44.28	$42.12	–5
St. Louis, MO	1.56	$72.97	$49.56	–32
New York, NY	1.54	$27.77	$35.88	29
Buffalo, NY	1.54	$68.15	$58.47	–14
Philadelphia, PA	1.50	$42.03	$46.95	12
New Orleans, LA	1.48	$37.55	$43.31	15
Chicago, IL	1.32	$35.35	$36.59	4

Table 6-6 shows the overall redistribution of funds caused by the three alternative formulas by needs decile. Both alternatives 1 and 3 move significant funds from the least needy to the most needy grantees, while alternative 2 generally reduces funding for the least needy. Because alternative 2 corrects the funding anomalies between Formula A and Formula B, however, the more needy grantees receive relatively smaller funding increases.

Table 6-6. Fund Redistribution by Needs Decile

		Per Capita Grant Amount				Percent Change from Current		
Percentiles of CD Need	N	Current	Alternative 1	Alternative 2	Alternative 3	Alternative 1	Alternative 2	Alternative 3
Low	89	$7.83	$5.26	$5.75	$4.33	–33	–27	–45
2	90	$9.28	$7.54	$7.86	$6.51	–19	–15	–30
3	90	$11.39	$8.75	$9.17	$8.27	–23	–19	–27
4	90	$12.27	$11.27	$11.64	$10.71	–8	–5	–13
5	90	$14.09	$13.37	$13.67	$13.19	–5	–3	–6
6	90	$15.52	$14.80	$15.95	$15.27	–5	3	–2
7	90	$17.77	$17.16	$17.77	$17.51	–3	0	–1
8	90	$18.70	$20.40	$21.06	$20.61	9	13	10
9	90	$25.72	$26.67	$25.42	$27.20	4	–1	6
High	90	$32.27	$35.99	$33.68	$37.38	12	4	16
Total	899	$17.87	$17.85	$17.69	$17.94			
Most/Least		4.1	6.8	5.9	8.6			

Note: Per capita grants weighted on population.

Table 6-7 shows the regression coefficients for the formula alternatives in targeting to the needs index. All the alternatives dramatically improve targeting to the needs index, with alternative 2 offering the optimal fairness and alternative 3 providing the largest allocations— that is, the highest slope—to the most needy grantees.

Table 6-7. People and Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2	Alternative 3
Places (unweighted)	**R-square**	0.352	0.645	0.891	0.794
	Slope	8.8	11.5	10.4	12.8
	Constant	18.1	17.2	16.6	17.3
People (weighted on population)	**R-square**	0.525	0.777	0.947	0.857
	Slope	9.5	11.9	10.8	12.8
	Constant	16.8	16.4	16.4	16.4

N=899 for all regressions

Table 6-8 shows the overall redistribution of funds by percent of jurisdictions losing funds and gaining funds. As expected, if jurisdictions in the least needy category are losing an average of 30 to 45 percent of their funds, all these alternatives result in a large number of grantees that lose funding and a large number that gain funding. Alternative 1 results in fewer very large losers and fewer very large winners than the other alternatives because it is not correcting the gap in funding between similar needy Formula A and Formula B grantees.

Table 6-8. Percent of Entitlement Grantees Gaining/Losing Funds by Formula Alternative

	Alternative 1	Alternative 2	Alternative 3
Loss greater than 40	5.5	12.0	13.4
Loss 20 to 40	15.1	14.4	17.6
Loss 10 to 20	15.7	8.9	12.0
Loss 0 to 10	19.6	12.6	11.6
Gain 0 to 10	18.8	12.3	11.2
Gain 10 to 20	13.8	10.8	9.2
Gain 20 to 40	10.4	17.3	13.8
Gain greater than 40	1.1	11.7	11.2
Total	100.0	100.0	100.0

N=1024

Table 6-9 shows the fund redistribution by region. Generally speaking, the New England region loses the most and Puerto Rico gains the most under all these alternatives. Interestingly, alternatives 1 and 3 have similar patterns of regional redistribution.

Table 6-9. Fund Redistribution by Region

Region	N	Per Capita Grant Amount				Percent Change from Current		
		Current	Alternative 1	Alternative 2	Alternative 3	Alternative 1	Alternative 2	Alternative 3
New England	73	$28.02	$23.01	$19.52	$24.37	−18	−30	−13
New York/New Jersey	96	$20.88	$20.75	$20.44	$21.82	−1	−2	5
Mid-Atlantic	87	$19.59	$17.51	$14.38	$16.28	−11	−27	−17
Southeast	164	$12.62	$13.34	$14.93	$14.04	6	18	11
Midwest	187	$18.93	$17.38	$15.10	$17.43	−8	−20	−8
Southwest	106	$15.17	$17.15	$19.20	$17.66	13	27	16
Great Plains	30	$17.77	$15.59	$14.02	$15.42	−12	−21	−13
Rocky Mountain	37	$11.49	$10.54	$11.40	$11.05	−8	−1	−4
Pacific/Hawaii	183	$15.94	$17.52	$18.90	$16.41	10	19	3
Northwest/Alaska	40	$12.60	$11.08	$11.89	$11.25	−12	−6	−11
Puerto Rico	21	$30.51	$40.29	$46.15	$39.92	32	51	31

Note: Per capita grants weighted on population.

Alternative 3's second adjustment combined with pro rata reduction associated with alternative 3 tends to benefit poor jurisdictions in high cost-of-living locations, such as New England, at the expense of all the jurisdictions in places with lower costs of living, like the entitlement communities in the Puerto Rico region. This tends to correct for the bias in alternative 2 that favors places with very low costs of living over places with higher costs of living.

Summarizing Nonentitlement Formula Alternatives

For nonentitlement communities, this report offers only two alternatives: one that tweaks the current formula and a simple alternative with three variables.

Nonentitlement Alternative 1. As with the entitlement alternative 1, this alternative makes minor adjustments to the existing formula by resolving the problems in Formulas A and B that lead to large inequities in funding among grantees under each formula. For example, pre-1940 housing is replaced by "housing older than 50 years occupied by a person in poverty."

Nonentitlement Alternative 2. This alternative creates a very simple, single formula. The formula uses three widely available and easy-to-understand variables to allocate the funds. The variables are poverty, female-headed households with children, and housing older than 50 years occupied by a person in poverty.

Nonentitlement Alternative 1—Tweaking the Formula

Alternative 1 uses the analysis in Chapter 5 to identify the key problems of each of the dual formulas.

Formula A

The problems with Formula A, as detailed in Chapter 5, and the solutions recommended are as follows:

1. **Problem:** Low slope due to population variable.

   Solution: Reduce the weight on population from 25 percent to 10 percent, and increase the weight on poverty to 65 percent.

   Analysis: Population does not target to need; it simply targets to population regardless of need. Poverty is a good indicator of need among Formula A grantees.

2. **Problem:** College students in poverty. Although full-time college students living in nonfamily situations (off-campus housing, fraternities and sororities) are generally supported by their family, the census reports them as being in poverty.

   Solution: Change the definition of poverty to "persons living in family households or elderly-headed households living in poverty." This solution is also applies for the definition of poverty used in Formula B.

   Analysis: This corrects the formula so that nonentitlements with significant college student populations no longer receive disproportionately large allocations relative to their actual level of community development need.

Formula B

1. **Problem:** Pre-1940 housing occupied by higher income households. As time has passed, needy places have demolished pre-1940 housing while less needy locations have renovated their old housing.

   Solution: Replace the variable with "housing 50 years or older occupied by a poverty household."

   Analysis: This new variable targets better to nonentitlement areas with older infrastructure and dilapidated housing that generally do not have the resources to address that need.

2. **Problem:** College students in poverty. See explanation under Formula A.

3. **Problem:** Low slope due to population variable.

   Solution: Reduce the weight on population from 20 percent to 10 percent, and increase the weight on poverty to 40 percent.

   Analysis: Population does not target to need; it simply targets to population regardless of need. Poverty is a good indicator of need.

Chart 6-5 shows the targeting to need as a result of these changes. A tremendous improvement in targeting is evident, with the alternative 1 per capita grants of nonentitlements tracking much more closely to the needs index than the current formula.

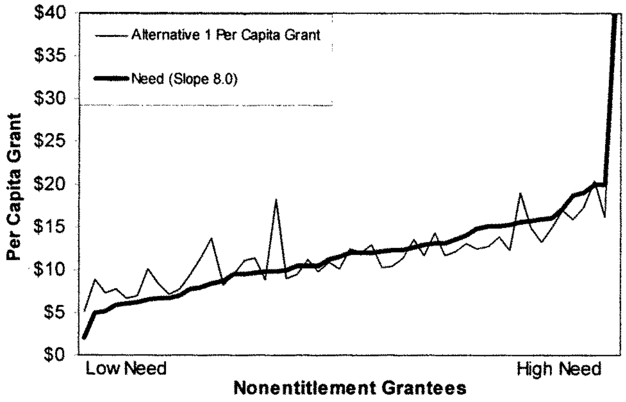

Chart 6-5. Nonentitlement Alternative 1 Targeting to Need

The regression analysis confirms this finding. Table 6-10 shows very clearly that the fairness (r-square) is greatly improved overall and for both Formulas A and B. The slope is also significantly improved, matching the target slope of 8.0 established with the needs index line.

Table 6-10. Regression Estimate of Targeting to Need Overall and by Formula for Nonentitlement Alternative 1

Targeting to:		Overall	Formula A	Formula B
Places (unweighted)	**R-square**	0.838	0.838	0.905
	Slope	8.1	8.6	5.7
	Constant	12.5	13.0	11.7
People (weighted on population)	**R-square**	0.851	0.861	0.886
	Slope	7.9	9.0	5.4
	Constant	12.1	11.8	11.5

Nonentitlement Alternative 2—Simple Formula for Targeting to Need

While alternative 1 does a very good job of improving targeting to need, nonentitlement alternative 2 is designed to improve targeting to need with a simple formula mechanism. It uses the same approach for developing a simple, single formula like that used for the entitlement alternative 2. First, a set of variables that correlate well with the needs index factors were identified, and then regression analysis was employed to weight those variables.

Identifying the Variables

Table 6-11 shows the 10 variables used to create the nonentitlement needs index and how each one correlates with factor 1, from highest correlation to lowest correlation. Factor 1 correlates best with poverty, and poverty correlates well with unemployment, low education, concentrated poverty, and overcrowding.

Table 6-11. Variables That Correlate Well With Nonentitlement Factor 1

Community Development Need Measures	Factor 1	Poverty Rate for Persons in Family and Elderly Households
Factor 1	1.000	0.980
Poverty rate for persons in family and elderly households, 2000	0.980	1.000
Population age 16–64 employed, 2000	–0.959	–0.926
Unemployment Rate, 2000	0.933	0.908
Concentrated poverty, 2000*	0.864	0.908
Population age 25–64 without a high school education, 2000	0.846	0.819
Overcrowded housing units, 2000	0.804	0.759
Pre-1970 housing occupied by a poverty renter household, 2000	0.595	0.579
Female-headed households with children under age 18, 2000	0.564	0.478
Pre-1950 housing occupied by a poverty household, 2000	0.098	0.153
Percent households that heat with wood or bottled gas, 2000	0.067	0.077

*Percent of poor persons in jurisdictions concentrated in census tracts with more than 40 percent poverty.

Table 6-12. Variables Correlating Well With Nonentitlement Factor 2

Community Development Need Measures	Factor 2	Pre-1950 Housing Occupied by Poverty Household
Factor 2	1.000	0.969
Pre-1950 housing occupied by a poverty household, 2000	0.969	1.000
Pre-1970 housing occupied by a poverty renter household, 2000	0.731	0.741
Percent households that heat with wood or bottled gas, 2000	0.236	0.117
Population age 16–64 employed, 2000	0.119	0.013
Poverty rate for persons in family and elderly households, 2000	0.045	0.153
Concentrated poverty, 2000*	0.042	0.160
Female-headed households with children under age 18, 2000	–0.040	–0.066
Population age 25–64 without a high school education, 2000	–0.091	–0.052
Unemployment rate, 2000	–0.118	0.012
Overcrowded housing units, 2000	–0.375	–0.261

*Percent of poor persons in jurisdictions concentrated in census tracts with more than 40 percent poverty.

As Table 6-12 shows, factor 2 has its high correlation with pre-1950 housing occupied by a poverty household; that correlates well with pre-1970 housing occupied by a poverty renter household.

Finally, factor 3 approximates infrastructure need and, as Table 6-13 shows, correlates best with units that heat with wood or bottled gas. Its next best correlation, 0.594, is with female-headed households with children. Because of the concern that using the proxy variable of heating with wood or bottled gas will create anomalies in funding due to likely regional bias, this report does not recommend its use. On both factors 1 and 3, however, female-headed households with children have moderately high correlations with the factors but not high correlation with either poverty or pre-1950 housing occupied by a poverty household. This suggests that some elements of community development need in nonentitlement areas that are not captured by poverty or pre-1950 housing occupied by a person in poverty is captured by the variable female-headed households with children.

Table 6-13. Variables Correlating Well With Nonentitlement Factor 3

Community Development Need Measures	Factor 3	Percent Households that Heat With Wood or Bottled Gas	Female-headed Households with Children Under 18
Factor 3	1.000	0.761	0.594
Percent households that heat with wood or bottled gas, 2000	0.761	1.000	0.184
Female-headed households with children under age 18, 2000	0.594	0.184	1.000
Population age 25–64 without a high school education, 2000	0.280	0.111	0.652
Unemployment rate, 2000	–0.213	–0.054	0.371
Concentrated poverty, 2000*	–0.184	0.073	0.281
Overcrowded housing units, 2000	–0.166	–0.017	0.306
Pre-1950 housing occupied by a poverty household, 2000	–0.153	0.117	–0.066
Pre-1970 housing occupied by a poverty renter household, 2000	–0.085	0.068	0.328
Poverty rate for persons in family and elderly households, 2000	–0.047	0.077	0.478
Population age 16–64 employed, 2000	0.021	0.021	–0.530

*Percent of poor persons in jurisdictions concentrated in census tracts with more than 40 percent poverty

That leaves with three variables for a simple nonentitlement formula:

- Family and elderly person in poverty.
- Housing built before 1950 occupied by a poverty household.
- Female-headed households with children.

Weighting the Variables

Next, these variables are weighted to best target to the nonentitlement needs index using regression analysis. The results are as follows:

$R^2 = 0.972$

Family and elderly person in poverty = 0.624
Housing built before 1950 and occupied by a poverty household = 0.292
Female-headed households with children = 0.129

Rounding the coefficients results in the following formula:

$$\left[0.6\,\frac{\text{Povfam (a)}}{\text{Povfam (NENT)}} + 0.1\,\frac{\text{FHH (a)}}{\text{FHH (NENT)}} + 0.3\,\frac{\text{AgePov (a)}}{\text{AgePov (NENT)}}\right] * \text{Appropriations}$$

where:

- *(a)* is the value for the jurisdiction.
- *(NENT)* is the value for all nonentitlement jurisdictions.
- *Povfam* is the number of persons below the poverty line living in family or elderly households.
- *FHH* is the number of female-headed households with children.
- *AgePov* is the number of housing units older than 50 years and occupied by a poverty household.

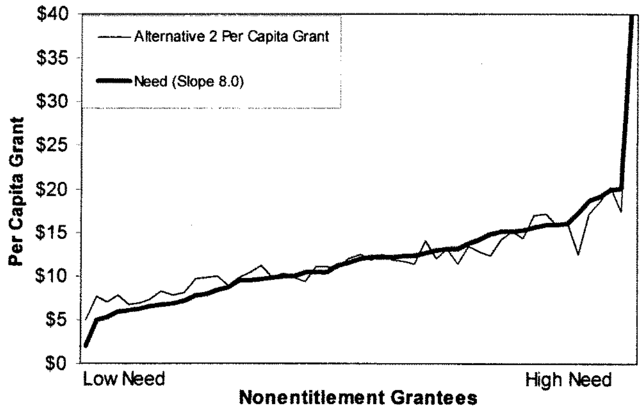

Chart 6-6. Nonentitlement Alternative 2 Targeting to Need

This very simple formula targets very well to need. In addition to dramatically reducing the number of anomalies in the formula, it also increases the slope of the overall allocation. Chart 6-6 shows this alternative formula to allocate extremely closely to the needs index. Similarly, Table 6-14 demonstrates that it targets better than alternative 1, with an r-square of 0.947. It has a lower slope than alternative 1 (7.3 compared to 8.1), however, largely because it does not allocate as much to Puerto Rico as alternative 1.

Table 6-14. People and Place Targeting With Puerto Rico

Targeting to:		Current	Alternative 1	Alternative 2
Places (unweighted)	**R-square**	0.661	0.838	0.947
	Slope	4.9	8.1	7.3
	Constant	12.3	12.5	12.3
People (weighted on population)	**R-square**	0.621	0.851	0.931
	Slope	4.7	7.9	7.1
	Constant	12.1	12.1	12.1

N=51 for all regressions

Because Puerto Rico's need is so much greater than the other states', when it is included, the results tend to distort how well the formula targets to the other 50 state nonentitlements. When Puerto Rico is excluded from the regression analysis, as in Table 6-15, the value of the two alternatives is clear. The current formula has almost no targeting to need (r-square = 0.294 and slope= 2.4), alternative 1 improves the targeting and slope substantially (r-square = 0.697 and slope = 5.4), and alternative 2 has the best targeting (r-square=0.909 and slope=6.2).

Table 6-15. People and Place Targeting Without Puerto Rico

Targeting to:		Current	Alternative 1	Alternative 2
Places (unweighted)	**R-square**	0.294	0.697	0.909
	Slope	2.4	5.4	6.2
	Constant	12.0	12.1	12.1
People (weighted on population)	**R-square**	0.281	0.790	0.900
	Slope	2.2	5.4	5.8
	Constant	11.8	11.8	11.9

N=50 for all regressions

Table 6-16 shows that the funding reallocation from the less needy to the most needy grantees is similar for the two alternatives. The least needy grantees would suffer decreases of 26 and 27 percent, on average, while the neediest grantees would experience gains of 23 and 19 percent. Table 6–17 shows that alternative 2 causes larger shifts in funding than alternative 1; in both cases, however, the funding gains and losses are largely in the +/–20 percent range.

Table 6-16. Nonentitlement Fund Redistribution by Needs Quintile

		Per Capita Grant			Percent Change From Current	
Percentiles of CD Need	States	Current	Alternative 1	Alternative 2	Alternative 1	Alternative 2
Low	10	$10.07	$7.46	$7.31	−26	−27
2	10	$11.12	$9.93	$9.77	−11	−12
3	11	$11.40	$11.12	$11.71	−2	3
4	10	$12.41	$12.90	$13.02	4	5
High	10	$15.68	$19.29	$18.68	23	19
Total	51	$12.09	$12.09	$12.09		
Most/Least		1.6	2.6	2.6		

Note: Per capita grants weighted on population.

Table 6-17. Percent of Nonentitlement Grantees Gaining/Losing Funds by Nonentitlement Formula Alternatives

Percent Grant Change	Alternative 1	Alternative 2
Loss greater than 40%	0.0	3.9
Loss 20 to 40%	17.6	15.7
Loss 10 to 20%	17.6	27.5
Loss 0 to 10%	3.9	3.9
Gain 0 to 10%	31.4	11.8
Gain 10 to 20%	17.6	7.8
Gain 20 to 40%	11.8	23.5
Gain greater than 40%	0.0	5.9
Total	100.0	100.0

N=51

Finally, Table 6-18 shows that, just as with the entitlement formula alternatives, the New England region loses the most, followed by the Midwest and New York/New Jersey region. Most of the nonentitlement areas in these regions receive substantial funding from the pre-1940 housing variable, and shifting this variable to pre-1950 housing occupied by poverty households has a significant negative impact on those grants. The Pacific/Hawaii region gains with alternative 1 but loses under alternative 2 because of overcrowding, which is a variable under alternative 1 but is not included in alternative 2.

Table 6-18. Regional Shifts in Funding Due to Nonentitlement Alternatives 1 and 2

		Average Per Capita Grant			Percent Change from Current	
Region	**States**	**Current**	**Alternative 1**	**Alternative 2**	**Alternative 1**	**Alternative 2**
New England	6	$11.40	$7.93	$7.69	–30	–33
New York/New Jersey	2	$14.12	$11.26	$11.11	–20	–21
Mid-Atlantic	5	$11.45	$11.72	$12.04	2	5
Southeast	8	$10.81	$11.91	$12.97	10	20
Midwest	6	$11.09	$8.96	$9.16	–19	–17
Southwest	5	$12.81	$14.99	$15.01	17	17
Great Plains	4	$11.97	$11.04	$11.31	–8	–6
Rocky Mountain	6	$10.43	$10.77	$10.86	3	4
Pacific/Hawaii	4	$15.09	$16.97	$12.84	12	–15
Northwest/Alaska	4	$11.52	$12.12	$11.66	5	1
Puerto Rico	1	$39.89	$52.31	$43.78	31	10
Total	51	$12.09	$12.09	$12.09		

Chapter 7. Impact of New Metropolitan Area Definitions

The Office of Management and Budget's (OMB's) new metropolitan area (MA) definitions could potentially add 78 cities and 12 urban counties to the Community Development Block Grant (CDBG) entitlement universe. In addition, the new definitions change the denominator totals for all the entitlement variables except growth lag. Although the new definitions are in effect for the Fiscal Year (FY) 2004 allocation, not all the potential jurisdictions have elected to become entitlements. This chapter describes the potential impact of the new OMB MA definitions along with the actual impact in FY 2004 of the new definitions on the current formula.

Background

Nearly every year, additional communities become eligible for CDBG entitlement status. Table 7-1 shows the annual growth of the number of entitlement grantees since the program began in FY 1975. Over the course of 30 years, the number of entitlement communities has almost doubled from 606 in FY 1975 to 1,105 grantees in FY 2004. Chapter 2 explains the criteria for a community to become eligible as an entitlement. Basically, all center cities/principal cities,[41] other cities in MAs with populations that exceed 50,000, and counties with populations greater than 200,000 (excluding entitlement cities in the county) are eligible.

Table 7-1. Number of CDBG Entitlement Grantees FYs, 1975–2004

FY	Cities	Urban Counties	Total	Increase From Previous Year	FY	Cities	Urban Counties	Total	Increase From Previous Year
1975	533	73	606	–	1990	741	125	866	8
1976	533	75	608	2	1991	757	125	882	16
1977	546	78	624	16	1992	758	131	889	7
1978	559	81	640	16	1993	756	133	889	None
1979	562	84	646	6	1994	802	135	937	48
1980	579	85	664	18	1995	808	138	946	9
1981	583	86	669	5	1996	815	139	954	8
1982	636	96	732	63	1997	834	141	975	21
1983	637	98	735	3	1998	841	145	986	11
1984	691	104	795	60	1999	842	147	989	3
1985	707	107	814	19	2000	859	149	1008	19
1986	711	116	827	13	2001	860	153	1013	5
1987	712	115	827	None	2002	865	159	1024	10
1988	736	121	857	30	2003	875	159	1034	11
1989	737	121	858	1	2004	941	164	1105	71

When new entitlement communities are added to the CDBG entitlement universe, their data move from being funded from the 30 percent nonentitlement pool of funds to the 70 percent entitlement pool of funds[42]. With no change in appropriation amounts, this means that entitlements have to share the same amount of funds among more grantees, while nonentitlements keep their 30 percent share of funds but serve fewer people.

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[41] The OMB metropolitan area definitions eliminate the center city concept and replace it with principal city.

Generally, there are substantial increases in the number of grantees when either new population estimates are provided or OMB changes the definitions of MAs. Sometimes, as in FY 2004, both events occur. Population counts are updated every 1 to 3 years, depending on when the Census Bureau makes them available. Once a decade, since the 1950 decennial census, the OMB reviews and revises the MA classification standards before applying them to new decennial census data.

OMB's new standards for MAs based on Census 2000 data went into effect in May 2003. The latest OMB revision to the MA criteria is more comprehensive than the Census 1990 revisions. The most important changes concern the substitution of counties for towns as the building block for MAs in New England and the use of principal cities instead of central cities in naming MAs. Table 7-1 shows that the combination of these new definitions and the Census Bureau's 2002 population estimates increased the number of entitlement grantees by 71—66 cities and 5 urban counties.

New England

Since the beginning of the MA program in 1950, OMB has used towns as the building block for MAs in New England while using counties elsewhere. OMB explained its decision to change to county areas in New England as a way to improve usability to producers and users of data; this would make data for MAs in all parts of the country directly comparable. The new rule means that, for the first time in the CDBG program, county areas in New England will meet the urban county statistical eligibility test. All the land area of an urban county must be included in an MA, and its population must be at least 200,000, excluding any CDBG-designated metropolitan cities. The *potential* impact of this change is the addition of 12 counties in New England, qualifying collectively for up to $45 million in CDBG funding.[43]

The grant allocations for these urban counties will be higher than the typical new urban county elsewhere in the country. Typically, CDBG recognition occurs when a county's population exceeds 200,000. Most New England counties have populations much higher than the minimum, ranging from 400,000 to 1 million. Because these New England county areas do not have organized county governments to administer the Urban County program, however, they need to explore the options for creating a consortium of cities and towns to manage an Urban County CDBG grant. This means that it may be some years before all the eligible urban counties join the program. Applying the new MA criteria to Census 2000 data does not statistically qualify any new urban counties in any other regions, but because the New England counties are so large, a potential exists for their inclusion in the formula to have a major effect.

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[42] Except if they come out of an existing urban county. These communities only effect the allocation of the urban county they are separating from.

[43] Assumes the FY 2002 appropriation level with new MA denominators. Does not include Census 2002 population estimates.

None of the 12 New England counties that are now eligible due to the change in OMB MA definition, however, were able to organize to become grantees in FY 2004. The five new urban counties created between FY 2003 and FY 2004 were not in New England and all are a result of the new 2002 population estimates, not the change in OMB MA definition. In terms of new urban counties, the new OMB MA definitions have yet to have an impact.

Principal Cities

OMB's new procedures emphasize urbanized areas and urban clusters as the organizing entities for MAs. OMB concluded that the identification of central cities as required by the 1990 standards for qualifying and defining areas is no longer necessary. OMB also concluded that central cities have become less dominant in the local context over time. Nevertheless, the Office recognized that specific cities are important for analytical purposes as centers of employment, trade, entertainment, and other social and economic activities. Therefore, OMB developed statistical criteria for identifying principal cities and uses these cities to name MAs.

Table 7-2. New Principal Cities by Region

Region	Number Eligible	Number Included in FY 2004 Allocation	Amount of Impact in FY 2004 ($000)
New England	3	1	$542
New York/New Jersey	4	4	$2,562
Mid-Atlantic	8	8	$3,630
Southeast	20	13	$5,624
Midwest	11	9	$6,796
Southwest	3	3	$1,223
Great Plains	3	3	$1,239
Rocky Mountain	3	3	$1,633
Pacific/Hawaii	8	5	$2,498
Northwest/Alaska	9	7	$2,566
Puerto Rico	6	6	$9,260
Total	78	62	$37,578

The CDBG statute defines the scope of the "Metropolitan City" entitlement community category as being the MA central cities plus any other city of 50,000 or more population in an MA. OMB determined that, because the CDBG program is focused on economic growth centers, substituting principal cities for central cities was an appropriate technical change and issued regulations to substitute MA principal cities for central cities in the CDBG entitlement program.

Table 7-2 shows the regional distribution of the 78 new MA principal cities that are not already CDBG metropolitan cities or part of an existing urban county, and the 62 that elected to be included for the FY 2004 CDBG funding allocation.[44] The 62 that elected to be included in the FY 2004 CDBG allocation receive about $37.6 million.

Because none of these locations has populations of more than 50,000, they each have a relatively small impact on the formula. Collectively, however, their impact is relatively high for a single year. For comparison, over a 10-year period between FY 1993 and FY 2002, 81 entitlements were added that had not previously been part of an urban county. Of these, 15 were urban counties and 66 were new cities. These 81 entitlements received $79.8 million in FY 2002 (Richardson, Meehan, and Kelly. 2003).

The remaining four cities that became eligible for funding in FY 2004 did so because the Census 2002 population estimates indicated that their population exceeded 50,000.

"Grandfathering"

The new MAs also move the CDBG program in a new direction on "grandfathering," or the continued designation as a Metropolitan City entitlement grantee, even though the jurisdiction does not meet the current standards. A grandfathering requirement in CDBG retains locations as grantees when their population falls below the threshold of 200,000 for urban counties and 50,000 for cities that are not central cities. Four former central cities that retain their place in an OMB-defined MA will be added to the group of grandfathered metropolitan cities. This aspect of grandfathering is not unprecedented because the four retain their classification as being parts of an MA. Nine other CDBG metropolitan city grantees will be removed from the MA roster all together. The nine will be OMB principal cities; however, they will be in "micropolitan," rather than metropolitan, areas. Finally, two more CDBG metropolitan cities with populations less than 50,000 will be part metropolitan and part micropolitan. Each city is in two counties, with one county retaining MA status and the other being demoted by OMB to micropolitan status. The "grandfathering" of these 11 places means that the CDBG formula will have areas represented in the numerator that are not included in the denominator of the Formula A and Formula B calculations.

Formula Denominator

Chapter 2 describes the mechanics of the CDBG formula. One component of the CDBG formula is that the allocation of funds on four of the five CDBG variables (population, poverty, pre-1940 housing, and overcrowding) is based on a jurisdiction's share of the metropolitan total on each of those variables. When the MA definition changes, so does the denominator.

The new MA definitions add 294 counties and remove 75 counties from the universe of counties included as metropolitan. Table 7-3 summarizes the national old and new metropolitan totals for each of the four applicable variables for the previous and current MA definitions. For all four variables, the metropolitan totals increase. An increasing denominator and a fixed numerator result in every jurisdiction experiencing a decline in share. If the CDBG universe remains constant, a decline in share means that the pro rata reduction also decreases. That is, jurisdictions that are funded heavily under the variables with the smallest denominator, such as overcrowded housing, would experience increases in funding. Jurisdictions funded heavily by the poverty factor would experience decreases in funding.

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[44] In addition to the 78 cities noted, 16 other principal cities are enrolled participants in CDBG urban counties and will be eligible for metropolitan city designation when the urban county agreement is up for renewal. Cities coming out of urban counties have less effect on other entitlement grantees because their data are already accounted for in the entitlement side of the formula.

Table 7-3. Changing MA National Totals for CDBG Variables, Census 2000 Data

Variable	**Denominator Total for Old MA Definition**	**Denominator Total for New MA Definition**	**Change**	**Percent Change**
Population	229,192,836	236,197,894	7,005,058	3.1
Poverty	27,561,898	28,648,340	1,086,442	3.9
Overcrowding	5,551,631	5,666,143	114,512	2.1
Pre-1940 Housing	12,974,750	13,348,818	374,068	2.9

Of course, as noted above, the universe is not a constant. The new MA definitions also increase the number of entitlement grantees drawing from the 70 percent entitlement pot of funds. This takes away from all the existing entitlement grantees. Thus, jurisdictions largely funded by poverty take an even larger reduction in funding while jurisdictions primarily funded by overcrowding receive smaller funding increases, and sometimes even decreases. Chapter 8 describes the history of the 70/30 split and options for changing the split or eliminating it altogether.

Chapter 8. The 70/30 Split

Since 1981, nonentitled portions of states have received 30 percent of the Community Development Block Grant (CDBG) formula allocation while entitlement areas have received 70 percent. Chapter 7 revealed that many new cities and urban counties were added to the entitlement share of the formula from the nonentitlement share. This chapter offers several alternatives to the 70/30 split between entitlement and nonentitlement communities.

Background

Since 1981, the CDBG statute has required that 70 percent of CDBG funds allocated by formula go to entitlement jurisdictions, and the other 30 percent go to nonentitled communities. Since 1981, however, more and more communities have achieved entitlement status. The result is that an ever-increasing share of the population is served by 70 percent of the funds, while the 30 percent share serves a diminishing share of the population.

The original CDBG formula (Section 106 of the Housing and Community Development Act of 1974) allocated 80 percent of grant amounts to metropolitan areas (MAs) and 20 percent to non-MAs. "Hold harmless" communities—that is, nonentitlement communities funded under the prior programs' classifications—were funded from the 80 percent share, and the remaining funds were allocated by formula to entitlement grantees. The entire metropolitan share was not allocated; the remainder of the 80 percent share was then distributed by formula to HUD field offices to be allocated to the MAs' nonentitlement areas of the jurisdiction they served. Thus, the split between entitlements and nonentitlements could fluctuate, depending on the portion of the formula variables in MAs and entitlement communities (as well as the need to phase out the hold harmless grantees from the prior programs). In the early days of the CDBG program, this resulted in nonentitlement areas receiving between 20 and 25 percent of the funds.

In 1981, the Omnibus Budget Reconciliation Act offered states the option of administering the CDBG program for their nonentitled jurisdictions. This statute also established that nonentitled areas would receive 30 percent of the CDBG allocation available for formula distribution. The last major modification to the formula, it was first used for distributing funds in 1982.

Table 8-1. Population When the 70/30 Split Was Established

1982 Percent of:	Entitled Areas	Nonentitled Areas
Population	55	45
Formula funds	70	30

It is instructive to note that when Congress established the entitlement and nonentitlement shares, this represented an increase in funding for nonentitlements and a decrease for entitlements. Previously, entitlements received approximately 75 percent of the funds; the 1981 enactment of the 70/30 split reduced this to 70 percent. Congress did this adjustment knowingly, stating in the legislative history of the Omnibus Reconciliation Act of 1981 " the increased amount for nonentitled areas is more in keeping with their relative needs". As Table 8-1 shows, even after this adjustment, only 55 percent of the population at the time was in entitlement jurisdictions. The CDBG per capita grant for nonentitlements was substantially less than that for entitlements.

Changes Since 1982

In the two decades since the 70/30 split was enacted, changes in entitlement geography and demographics have caused funding to shift more toward nonentitlement areas. In 1982, there were 732 entitlement jurisdictions. By 1993, this number grew to 889, a 21 percent increase. In 2004, the number is 1,105.

While the number of entitlement communities steadily increased, the 70 percent share has remained constant. As cities and counties grow to reach the threshold for entitlement status, they qualify for a share of the 70 percent entitlement share. Although communities sometimes lose population and drop below the threshold for entitlement status, Congress has always grandfathered them and enabled them to retain their entitlement status.

New entitlements do not necessarily indicate a transfer of population from nonentitlement areas to entitlement areas. Some new entitlements result from smaller, nonentitled locations meeting or exceeding the population thresholds, and thereby qualifying for entitlement status. Other new entitlements occur when cities that are part of urban counties (and therefore already entitled) becoming entitled separately. In these situations, the total population competing for the 70 percent entitlement share does not increase. The portion of the country drawing from the 70 percent entitlement share, however, will continue to grow.

Table 8-2. Change in Share of Population Since 1982

Percent of:	**Entitled Areas**	**Nonentitled Areas**
1982		
Population	55	45
Poverty population	54	46
2003		
Population	62	38
Poverty population	64	36
2004		
Population	64	36
Poverty population	65	35

Table 8-2 illustrates the change in entitled areas relative to nonentitled areas since 1982. In 1982, the 70 percent share of the formula served 55 percent of the total population and 54 percent of the poverty population. By 2003, because a sufficient number of the previously nonentitlement areas become entitled, the 70 percent share served 62 percent of the total population and 64 percent of the population in poverty.

The lower portion of Table 8-2 indicates that the flow of funding away from entitlement jurisdictions will continue when the new MA definitions are applied in 2004.[45] Whereas in 2003, the 70 percent entitlement share served 62 percent of the population, when the new MA definitions are applied, this same share will serve approximately 64 percent of the population.

Options for Determining Entitlement and Nonentitlement Shares

This report offers no criteria for determining whether the 70/30 split is appropriate. It also presents no arguments as to the relative share of CDBG that should go to entitlement areas versus nonentitlement areas. If when Congress enacted the 70/30 split, this share was appropriate, the present allocation has come to overfund the nonentitlement areas. In 2003, if entitlement grantees were funded on a per capita basis similar to in 1982, approximately 79 percent of the formula amounts should go to entitlements, compared with the actual 70 percent that is required by law. If the appropriate share is a per capita grant in nonentitlement areas that is equivalent to that in entitlement areas, however, the formula, while evolving in that direction, has not yet reached that distribution.

Retain the 70/30 Split

Despite the continued loss of funding share for entitlement areas, on a per capita or per person in poverty basis, entitlement areas still receive more than nonentitlement areas. Thus, it may be argued that no change is needed in the immediate future. When, as appears inevitable, the nonentitlement share of population or poverty population drops below 30 percent, it would seem appropriate to adjust the nonentitlement share of formula funds downward from 30 percent to reflect this decline in population. For example, if the population or poverty population of nonentitlement areas fell to 25 percent of the national total, it would make sense to adjust the 70/30 split to 75/25 to allow approximate per capita parity for entitlements and nonentitlements.

Adjust the 70/30 Split to Reflect the Changes in Population Since 1982

When Congress enacted the 70/30 split, it decided, in effect, that 70 percent of funds should go to the 55 percent of the population that lived in entitlement communities. In other words, every 1 percent of the population in entitlement areas ought to receive about 1.27 percent of the funds allocated by formula. The 70/30 split could be adjusted continually to reflect this ratio. Alternatively, a similar ratio based on any time since 1982 could be adopted. If the formula were to freeze the actual 2003 ratio, for example, it could be continually adjusted so that every 1 percent of the entitled portion of the population received 1.13 percent of the funds allocated by formula.

Adopt a Fair Share Formula

A fair share formula would automatically apportion formula funds between entitlement and nonentitlement areas. Rather than specify a static 70/30 split, a single formula could be used to allocate all of the funds. Then, all jurisdictions would receive funds proportionate to their share of need as measured by the formula variables, and the entitlement/nonentitlement split would fluctuate annually. To implement this type of formula, it would probably be a good idea to make the entitlement and nonentitlement formulas more similar than they are now.

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[45] The Census 2002 population estimates are being applied in 2002; they are not accounted for in this table. As in past years, their affect is to further increase the portion of the population in entitlement jurisdictions.

Entitlement alternatives 2 or 3 and nonentitlement alternative 2 in Chapter 6 provide one concept of a fair share formula that could be used to either determine the entitlement/nonentitlement split or eliminate the split completely and allocate the funds to entitlements and nonentitlements with a single formula. Entitlement alternatives 2 and 3 and nonentitlement alternative 2 share three common variables: poverty, pre-1950 housing occupied by a poverty household, and female-headed households with children. The entitlement formula alternatives include the additional variable of overcrowding.

If formula alternative 3 from Chapter 6 is used as a single formula for both entitlements and nonentitlements, with no funding split, the formula would look as follows:

$$\left(0.5\,\frac{\text{Povfam (a)}}{\text{Povfam(TOT)}} + 0.1\,\frac{\text{FHH (a)}}{\text{FHH (TOT)}} + 0.3\,\frac{\text{AgePov (a)}}{\text{AgePov (TOT)}} + 0.1\,\frac{\text{Ocrowd (a)}}{\text{Ocrowd (TOT)}}\right) * \text{Appropriations}$$

where:

- *(a)* is the value for the jusrisdiction.
- *(TOT) is* the value for all grantees, entitlement and nonentitlement.
- *Povfam* is the number of family and elderly person in poverty.
- *FHH* is the number of female-headed households with children.
- *AgePov* is the number of housing units older than 50 years and occupied by a poverty household.
- *Ocrowd* is the number of overcrowded housing units.

The adjustment of entitlement alternative 3 is then applied where the per capita income Metropolitan Statistical Area/local per capita income (with caps) ratio remains constant at 1.0 for states. A pro rata adjustment is applied. The funding split is 69 percent for entitlements and 31 percent for nonentitlements.[46]

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[46] Unlike the alternatives discussed in Chapter 6 that used the FY 2002 universe of grantees, this alternative uses the FY 2004 universe of grantees.

Chapter 9. Conclusion

The National Research Council's Panel on Statistical Issues in Allocating Funds by Formula (Louis, Jabine, and Gerstein 2003) recommends that policymakers periodically review formula allocation programs to assess whether they are performing as intended. For the Community Development Block Grant (CDBG) formula, there have been five major assessments of the formula since 1974.

The first assessment was used to develop the formula that has been in place since 1978. Subsequent assessments determined that over 30 years, the extent to which the variables used in the CDBG formula target toward community development need has declined. Over time, (1) an increasing number of jurisdictions with the same need receive substantially different grants, and (2) the amount of funds going to the neediest on a per capita basis has decreased, while the amount of funds going to the least needy on a per capita basis has increased. The formula, however, generally continues to target to need. Among the entitlement communities, on a per capita basis, the most needy 10 percent of communities receive four times as much as the least needy 10 percent of jurisdictions.

The entitlement formula's declining targeting can be attributed to several items: (1) the formula factors in Formula B create significant anomalies where similarly needy communities get substantially different per capita grant amounts; (2) the formula factors in Formula A result in an allocation in which there are few anomalies but the most needy grantees do not receive much more on a per capita basis than the least needy grantees; and (3) across the board, a Formula A jurisdiction with the same need as a Formula B jurisdiction receives a smaller per capita grant amount.

The lack of targeting to need in the nonentitlement formula can largely be attributed to the difficulty of defining need for nonentitled areas. Because of this difficulty, the original nonentitlement formula was created as a simplified version of the entitlement allocation. The result is a nonentitlement formula that is very flat in its allocation to need because of a very high weight on population. In addition, the pre-1940 housing variable in Formula B and the overcrowding variable in Formula A appear to create several anomalies in targeting to the states. The one exception is Puerto Rico; Puerto Rico's need is extremely high in nonentitled areas, and that need is appropriately targeted in the current formula.

One advantage of a formula allocation versus other funding methods, as identified by the National Research Council (Louis, Jabine, and Gerstein 2003), is that a formula creates "the appearance, if not always the reality, of a sound analytic process." For the CDBG program, Chapters 6 and 8 of this report provide such a sound analytic process for creating, effectively, four different formula alternatives. The first three alternatives maintain separate formulas for the entitlement and nonentitlement program, retaining the current 70/30 split. The fourth alternative funds entitlements and nonentitlements under the same single formula. Appendix B provides the equations for each alternative.

- **Alternative 1.** The current formula, with several technical adjustments to reduce the number of funding anomalies. This alternative combines the entitlement and nonentitlement alternative 1 options described in Chapter 6.

- **Alternative 2.** A simple formula designed to most effectively target to the needs index. This alternative combines the entitlement and nonentitlement alternative 2 options provided in Chapter 6.

- **Alternative 3.** A simple formula that allocates substantially more funds than alternative 2 to the most needy jurisdictions, particularly jurisdictions suffering from age and decline, and significantly fewer funds to the least needy jurisdictions. This alternative combines the entitlement alternative 3 and nonentitlement alternative 2 explained in Chapter 6.

- **Alternative 4.** A single formula based on alternative 3 that allocates all the formula funds using a single formula to both the entitlement and nonentitlement grantees. Chapter 8 contains a discussion of this alternative.

This report concludes that serious consideration should be given to changing the formula to improve its targeting to need. Any of the alternatives proposed in this report would accomplish this goal. The Department looks forward to working with the Congress, CDBG grantees, and other stakeholders to discuss these alternatives.

Finally, the National Research Council's first recommendation regarding formula allocation programs states "...legislators should consider giving some flexibility to program agencies, especially in determining what data sources and procedures should be used to produce estimates of the components of allocation formulas" (Louis, Jabine, and Gerstein 2003). Allowing a degree of flexibility to HUD to make regulatory adjustments to the CDBG formula, as currently allowed under the HOME program, may, in the future, help to avoid the significant swings in funds necessary at this time to improve formula targeting.

Appendix A. Targeting to Individual Measures of Need

Appendix A shows how well the current formula, the three alternatives for entitlements, and the two nonentitlement alternatives target to individual measures of community development need.

Entitlement Grantees

Factors

Table A-1. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2	Alternative 3
Factor 1	**R-square**	0.497	0.771	0.922	0.893
	Slope	8.5	10.2	8.7	11.0
	Constant	18.1	17.2	16.6	17.3
Factor 2	**R-square**	0.197	0.076	0.000	0.031
	Slope	–5.4	–3.2	–0.1	–2.1
	Constant	18.1	17.2	16.6	17.3
Factor 3	**R-square**	0.074	0.016	0.002	0.004
	Slope	–3.3	–1.5	0.4	–0.8
	Constant	18.1	17.2	16.6	17.3

N=899 for all regressions

Income Measures

Table A-2. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2	Alternative 3
Persons in family or elderly households in poverty	**R-square**	0.303	0.617	0.892	0.733
	Slope	89.8	127.1	125.2	139.8
	Constant	8.5	3.8	3.4	2.5
Extremely Low-Income Households*	**R-square**	0.469	0.582	0.620	0.715
	Slope	137.0	151.4	128.1	169.4
	Constant	–0.1	–2.7	–0.2	–5.1
MSA per capita income/local per capita income	**R-square**	0.183	0.285	0.310	0.428
	Slope	20.2	25.1	21.4	31.0
	Constant	–3.8	–9.7	–6.4	–16.1
Concentrated poverty	**R-square**	0.087	0.228	0.406	0.279
	Slope	28.2	45.3	49.5	50.5
	Constant	16.9	15.3	14.5	15.2

N=1,024 for all regressions

*Family and elderly households with incomes less than 30% of HUD area median family income

High Consumers of Support Services

Table A-3. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2	Alternative 3
Persons over 25 without a high school education	**R-square**	0.158	0.391	0.615	0.503
	Slope	51.1	79.8	81.9	91.2
	Constant	9.9	4.6	3.6	2.8
Female-headed households with children under the age of 18	**R-square**	0.364	0.446	0.410	0.540
	Slope	462.3	507.6	399.0	563.3
	Constant	0.8	−1.6	1.9	−3.6

N=1,024 for all regressions

Decent Housing

Table A-4. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2	Alternative 3
Pre-1950 housing with poverty household	**R-square**	0.745	0.715	0.473	0.672
	Slope	324.1	315.0	209.9	308.2
	Constant	7.3	6.9	9.8	7.2
Pre-1970 housing with a poverty renter household	**R-square**	0.614	0.690	0.609	0.733
	Slope	240.9	253.3	195.0	263.3
	Constant	6.0	4.7	7.0	4.2
Overcrowded housing	**R-square**	0.013	0.103	0.270	0.134
	Slope	19.1	53.9	71.5	62.0
	Constant	16.9	13.8	12.1	13.4

N=1,024 for all regressions

Crime

Table A-5. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2	Alternative 3
Crime*	**R-square**	0.160	0.295	0.413	0.397
	Slope	1.1	1.4	1.3	1.6
	Constant	12.3	9.8	9.7	8.6

N=899 for all regressions

* Number of murders, assaults with weapons, incidents of nonnegligent manslaughter, and robberies per 1,000 persons in 2001.

Population Trends

Table A-6. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2	Alternative 3
Population loss, 1960–2000	**R-square**	0.648	0.475	0.164	0.288
	Slope	99.1	84.2	40.1	66.1
	Constant	14.2	14.1	15.2	14.9
Population loss, 1990–2000	**R-square**	0.368	0.283	0.106	0.182
	Slope	249.6	217.3	109.0	175.7
	Constant	15.3	14.9	15.6	15.5

N=1,024 for all regressions

Unemployment

Table A-7. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2	Alternative 3
Unemployment	**R-square**	0.309	0.539	0.721	0.635
	Slope	206.9	270.9	256.7	296.6
	Constant	4.7	–0.2	0.2	–1.8

N=1,024 for all regressions

State Grantees, Excluding Puerto Rico[47]

Factors

Table A-8. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2
Factor 1	**R-square**	0.181	0.743	0.705
	Slope	1.6	4.8	4.7
	Constant	12.0	12.3	12.2
Factor 2	**R-square**	0.161	0.050	0.226
	Slope	0.9	0.7	1.6
	Constant	11.8	11.7	11.6
Factor 3	**R-square**	0.001	0.097	0.215
	Slope	.065	1.1	1.7
	Constant	11.8	11.7	11.6

N=50 for all regressions

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[47] As noted in Chapters 5 and 6, Puerto Rico's very high need in nonentitlement areas relative to the other states distorts the regression estimates on the overall targeting of the nonentitlement formula.

Income Measures

Table A-9. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2
Persons in family or elderly households in poverty	**R-square**	0.140	0.720	0.832
	Slope	23.1	77.9	84.0
	Constant	9.6	4.4	3.7
Extremely low-income households*	**R-square**	0.166	0.551	0.570
	Slope	52.5	142.0	144.9
	Constant	6.1	–3.6	–4.0
Concentrated poverty	**R-square**	0.142	0.332	0.370
	Slope	13.1	29.7	31.5
	Constant	11.3	10.5	10.4

N=50 for all regressions

* Family and elderly households with incomes less than 30 percent of HUD area median family income.

High Consumers of Support Services

Table A-10. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2
Persons age 25 to 64 without a high school education	**R-square**	0.001	0.254	0.378
	Slope	1.4	32.5	39.8
	Constant	11.6	7.0	5.9
Female-headed households with children under the age of 18	**R-square**	0.059	0.256	0.337
	Slope	118.6	367.4	423.2
	Constant	8.7	2.1	0.5

N=50 for all regressions

Decent Housing

Table A-11. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2
Pre-1950 housing with poverty household	**R-square**	0.200	0.061	0.216
	Slope	104.7	86.0	162.2
	Constant	9.0	9.4	7.3
Pre-1970 housing with a poverty renter household	**R-square**	0.303	0.321	0.489
	Slope	168.2	257.3	318.6
	Constant	7.2	4.8	3.0
Overcrowded housing	**R-square**	0.164	0.408	0.061
	Slope	32.5	76.1	29.5
	Constant	10.6	9.0	10.6

N=50 for all regressions

Unemployment

Table A-12. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2
Unemployment	**R-square**	0.123	0.494	0.284
	Slope	52.5	156.4	119.0
	Constant	8.9	3.3	5.2

N=50 for all regressions

Infrastructure

Table A-13. Place Targeting—Regression Statistics

Targeting to:		Current	Alternative 1	Alternative 2
Households using bottled gas or wood as primary heating fuel	**R-square**	0.026	0.097	0.168
	Slope	5.0	14.5	19.1
	Constant	10.9	9.1	8.2

N=50 for all regressions

Appendix B. Impact of Alternatives on Individual Grantees

Individual Grants—Formula Targeting

Appendix B shows the individual grants for the alternative formulas presented in this report. For each grantee, this appendix specifies the actual Fiscal Year (FY) 2004 allocation, the allocation using the FY 2004 appropriation and grantee universe for each of the suggested four alternative grants,[48] and the percent change for each alternative when compared to the FY 2004 allocation.

For simplicity, alternative 1 combines entitlement alternative 1 and nonentitlement alternative 1. Similarly, alternative 2 is entitlement alternative 2 and nonentitlement alternative 2. Alternative 3 is entitlement alternative 3 and nonentitlement alternative 2. Alternative 4 is the single formula with no 70/30 funding split between entitlements and nonentitlements described in Chapter 8.

Entitlement Communities

Formula A:

$$[0.25\ \frac{Pop\ (a)}{Pop\ (MA)} + 0.5\ \frac{Pov\ (a)}{Pov\ (MA)} + 0.25\frac{Ocrowd\ (a)]}{Ocrowd\ (MA)} \times \$3.032 \text{ billion}$$

Formula B for cities:

$$[0.2\ \frac{GLag\ (a)}{GLag\ (MC)} + 0.3\ \frac{Pov\ (a)}{Pov\ (MA)} + 0.5\ \frac{Age\ (a)]}{Age\ (MA)} \times \$3.032 \text{ billion}$$

Formula B for urban counties:

$$[0.2\ \frac{GLag\ (a)}{GLag\ (ENT)} + 0.3\ \frac{Pov\ (a)}{Pov\ (MA)} + 0.5\ \frac{Age\ (a)]}{Age\ (MA)} \times \$3.032 \text{ billion}$$

States (Nonentitlements)

Formula A:

$$[0.25\ \frac{Pop\ (a)}{Pop\ (NEnt)} + 0.5\ \frac{Pov\ (a)}{Pov\ (NEnt)} + 0.25\frac{Ocrowd\ (a)]}{Ocrowd\ (NEnt)} \times \$1.299 \text{ billion}$$

Formula B:

$$(0.2\ \frac{Pop\ (a)}{Pop\ (NEnt)} + 0.3\ \frac{Pov\ (a)}{Pov\ (NEnt)} + 0.5\ \frac{Age\ (a)}{Age\ (NEnt)}) \times \$1.299 \text{ billion}$$

where:

- *(a)* is the value for the jurisdiction.
- *(MA)* is the value for all Metropolitan Areas (MAs).
- *(MC)* is the value for all entitlement cities.
- *(ENT)* is the value for all entitlement jurisdictions (cities and urban counties).
- *(NEnt)* is the value for all nonentitled areas nationwide.

- *Pop* is the total resident population.
- *Pov* is the number of persons below the poverty level
- *Ocrowd* is the number of overcrowded housing units.
- *Age* is the number of housing units built before 1940.
- *Glag* is the population growth lag.

Chart B-1. FY 2004 Formula and the Four Alternatives

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[48] The base report is based on the FY 2002 appropriation amount and universe of grantees. These FY 2002 comparison runs did not subtract Native Americans living in Indian areas from the calculations; the formula runs in Appendix B, however, do.

Entitlement Communities

Formula A:

$$[0.1\,\frac{\text{Pop (a)}}{\text{Pop (MA)}} + 0.6\,\frac{\text{Povfam (a)}}{\text{Povfam (MA)}} + 0.3\,\frac{\text{Ocrowd (a)}}{\text{Ocrowd (MA)}}] \times \$3.032\text{ billion}$$

Formula B for cities:

$$[0.1\,\frac{\text{GLagadj (a)}}{\text{GLagadj (MC)}} + 0.4\,\frac{\text{Povfam (a)}}{\text{Povfam (MA)}} + 0.5\,\frac{\text{Agepov (a)}}{\text{Agepov (MA)}}] \times \$3.032\text{ billion}$$

Formula B for urban counties:

$$[(0.1\,\frac{\text{GLagadj (a)}}{\text{GLagadj (ENT)}} + 0.4\,\frac{\text{Povfam (a)}}{\text{Povfam (MA)}} + 0.5\,\frac{\text{Agepov (a)}}{\text{Agepov (MA)}}] \times \$3.032\text{ billion}$$

States (Nonentitlements)

Formula A:

$$[(0.1\,\frac{\text{Pop (a)}}{\text{Pop (NEnt)}} + 0.65\,\frac{\text{Povfam (a)}}{\text{Povfam (NEnt)}} + 0.25\,\frac{\text{Ocrowd (a)}}{\text{Ocrowd (NEnt)}}] \times \$1.299\text{ billion}$$

Formula B is:

$$[0.1\,\frac{\text{Pop (a)}}{\text{Pop (NEnt)}} + 0.4\,\frac{\text{Povfam (a)}}{\text{Povfam (NEnt)}} + 0.5\,\frac{\text{Agepov (a)}}{\text{Agepov (NEnt)}}] \times \$1.299\text{ billion}$$

where:
- *(a)* is the value for the jurisdiction.
- *(MA)* is the value for all MAs.
- *(MC)* is the value for all entitlement cities.
- *(ENT)* is the value for all entitlement jurisdictions (cities and urban counties).
- *(NEnt)* is the value for all nonentitled areas nationwide.
- *Pop* is the total resident population.
- *Povfam* is the number of persons in poverty living in a family or elderly household.
- *Ocrowd* is the number of overcrowded housing units.
- *Agepov* is the number of housing units built before 1950 with a poverty household.
- *Glagadj* is the population growth lag adjusted down for communities with high per capita income and low poverty.

Chart B-2. Alternative 1

Entitlement Communities

$$[0.5\,\frac{\text{Povfam (a)}}{\text{Povfam (ENT)}} + 0.1\,\frac{\text{FHHKIDS (a)}}{\text{FHHKIDS (ENT)}} + 0.2\,\frac{\text{Ocrowd (a)}}{\text{Ocrowd (ENT)}} + 0.2\,\frac{\text{Agepov (a)}}{\text{Agepov (ENT)}}] \times \$3.032\text{ billion}$$

States (Nonentitlements)

$$[0.6\,\frac{\text{Povfam (a)}}{\text{Povfam (NEnt)}} + 0.1\,\frac{\text{FHHKIDS (a)}}{\text{FHHKIDS (NEnt)}} + 0.3\,\frac{\text{Agepov (a)}}{\text{Agepov (NEnt)}}] \times \$1.299\text{ billion}$$

where:
- *(a)* is the value for the jurisdiction.
- *(ENT)* is the value for all entitlement jurisdictions (cities and urban counties)
- *(NEnt)* is the value for all nonentitled areas nationwide.
- *Povfam* is the number of persons in poverty living in a family or elderly household.
- *Ocrowd* is the number of overcrowded housing units.
- *Agepov* is the number of housing units built before 1950 and occupied by a poverty household.
- *FHHKIDS* is the number of female-headed households with children under the age of 18.

Chart B-3. Alternative 2

Entitlement Communities

$$\left[0.5\,\frac{\text{Povfam (a)}}{\text{Povfam (ENT)}} + 0.1\,\frac{\text{FHHKIDS (a)}}{\text{FHHKIDS (ENT)}} + 0.1\,\frac{\text{Ocrowd (a)}}{\text{Ocrowd (ENT)}} + 0.3\,\frac{\text{Agepov (a)}}{\text{Agepov (ENT)}}\right] \times \$3.032 \text{ billion}$$

The entitlement calculation is then adjusted by the ratio of per capita income of the MSA over the per capita income for the jurisdiction, with caps such that no grant is adjusted upward greater than 25 percent and no grant is adjusted downward by more than 25 percent. Pro-rata reduction is used to bring the total grant into line with appropriation.

States (Nonentitlements)

$$\left[0.6\,\frac{\text{Povfam (a)}}{\text{Povfam (NEnt)}} + 0.1\,\frac{\text{FHHKIDS (a)}}{\text{FHHKIDS (NEnt)}} + 0.3\,\frac{\text{Agepov (a)}}{\text{Agepov (NEnt)}}\right] \times \$1.299 \text{ billion}$$

where:

- *(a)* is the value for the jurisdiction.
- *(ENT)* is the value for all entitlement jurisdictions (cities and urban counties).
- *(NEnt)* is the value for all nonentitled areas nationwide.
- *Povfam* is the number of persons in poverty living in a family or elderly household.
- *Ocrowd* is the number of overcrowded housing units.
- *Agepov* is the number of housing units built before 1950 and occupied by a poverty household.
- *FHHKIDS* is the number of female-headed households with children under the age of 18.

Chart B-3. Alternative 3

Entitlement Communities and States (Nonentitlements) Under a Single Formula

$$\left[0.5\,\frac{\text{Povfam (a)}}{\text{Povfam (ALL)}} + 0.1\,\frac{\text{FHHKIDS (a)}}{\text{FHHKIDS (ALL)}} + 0.1\,\frac{\text{Ocrowd (a)}}{\text{Ocrowd (ALL)}} + 0.3\,\frac{\text{Agepov (a)}}{\text{Agepov (ALL)}}\right] \times \$4.331 \text{ billion}$$

The calculation is then adjusted by the ratio of per capita income (PCI) of the Metropolitan Statistical Area (MSA) divided by the PCI for the jurisdiction (PCIMSA/PCILocal), with caps such that no grant is adjusted either upward or downward by more than 25 percent. All state grants are assigned a PCIMSA/PCILocal ratio of 1. Pro-rata reduction is used to bring the total grant into line with appropriation.

where:

- *(a)* is the value for the jurisdiction.
- *(ALL)* is the value for all 50 states, the District of Columbia, and Puerto Rico.
- *Povfam* is the number of persons in poverty living in a family or elderly household.
- *Ocrowd* is the number of overcrowded housing units.
- *Agepov* is the number of housing units built before 1950 and occupied by a poverty household.
- *FHHKIDS* is the number of female-headed households with children under the age of 18.

Chart B-4. Alternative 4

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Alabama									
Anniston, AL	$807,000	$1,004,000	$726,000	$723,000	$702,000	24%	-10%	-10%	-13%
	$33.92	$42.20	$30.53	$30.38	$29.52				
Auburn, AL	$860,000	$381,000	$465,000	$487,000	$473,000	-56%	-46%	-43%	-45%
	$18.95	$8.40	$10.25	$10.73	$10.42				
Bessemer, AL	$850,000	$1,127,000	$1,015,000	$1,313,000	$1,272,000	33%	19%	54%	50%
	$28.95	$38.40	$34.56	$44.71	$43.33				
Birmingham, AL	$8,017,000	$8,525,000	$7,008,000	$8,920,000	$8,669,000	6%	-13%	11%	8%
	$33.49	$35.61	$29.27	$37.26	$36.21				
Decatur, AL	$619,000	$668,000	$893,000	$923,000	$898,000	8%	44%	49%	45%
	$11.48	$12.39	$16.55	$17.12	$16.65				
Dothan, AL	$640,000	$718,000	$993,000	$836,000	$810,000	12%	55%	31%	27%
	$10.85	$12.17	$16.84	$14.17	$13.73				
Florence, AL	$514,000	$689,000	$694,000	$670,000	$648,000	34%	35%	30%	26%
	$14.35	$19.24	$19.39	$18.69	$18.10				
Gadsden, AL	$1,415,000	$1,530,000	$1,074,000	$1,233,000	$1,197,000	8%	-24%	-13%	-15%
	$37.27	$40.29	$28.29	$32.49	$31.53				
Hoover, AL	$339,000	$252,000	$240,000	$150,000	$150,000	-26%	-29%	-56%	-56%
	$5.28	$3.92	$3.74	$2.34	$2.33				
Huntsville, AL	$1,559,000	$1,518,000	$1,953,000	$1,689,000	$1,641,000	-3%	25%	8%	5%
	$9.59	$9.34	$12.02	$10.39	$10.10				
Jefferson County, AL	$2,556,000	$2,435,000	$3,279,000	$2,748,000	$2,673,000	-5%	28%	8%	5%
	$7.13	$6.79	$9.15	$7.67	$7.46				
Mobile, AL	$3,433,000	$4,448,000	$4,706,000	$4,416,000	$4,289,000	30%	37%	29%	25%
	$17.62	$22.83	$24.15	$22.66	$22.01				
Mobile County, AL	$2,427,000	$2,786,000	$3,502,000	$3,478,000	$3,371,000	15%	44%	43%	39%
	$11.82	$13.57	$17.06	$16.94	$16.42				
Montgomery, AL	$2,548,000	$2,831,000	$3,976,000	$3,710,000	$3,608,000	11%	56%	46%	42%
	$12.65	$14.05	$19.74	$18.42	$17.91				
Opelika, AL	$308,000	$350,000	$480,000	$434,000	$422,000	14%	56%	41%	37%
	$13.05	$14.85	$20.35	$18.38	$17.88				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Tuscaloosa, AL	$1,114,000	$1,176,000	$1,340,000	$1,271,000	$1,237,000	6%	20%	14%	11%
	$14.07	$14.86	$16.93	$16.05	$15.62				
Alabama State Program	$30,041,000	$34,151,000	$39,787,000	$39,787,000	$40,330,000	14%	32%	32%	34%
	$11.24	$12.78	$14.89	$14.89	$15.09				
TOTAL	**$58,047,000**	**$64,588,000**	**$72,132,000**	**$72,788,000**	**$72,389,000**	**11%**	**24%**	**25%**	**25%**
	$12.94	**$14.40**	**$16.08**	**$16.22**	**$16.14**				
Alaska									
Anchorage, AK	$2,285,000	$2,157,000	$2,302,000	$1,802,000	$1,795,000	-6%	1%	-21%	-21%
	$8.49	$8.02	$8.56	$6.70	$6.67				
Fairbanks, AK	$305,000	$289,000	$361,000	$353,000	$349,000	-5%	18%	16%	14%
	$9.91	$9.39	$11.74	$11.46	$11.33				
Alaska State Program	$2,954,000	$2,867,000	$1,773,000	$1,773,000	$2,113,000	-3%	-40%	-40%	-28%
	$10.59	$10.28	$6.36	$6.36	$7.58				
TOTAL	**$5,544,000**	**$5,314,000**	**$4,437,000**	**$3,928,000**	**$4,257,000**	**-4%**	**-20%**	**-29%**	**-23%**
	$9.58	**$9.18**	**$7.67**	**$6.79**	**$7.36**				
Arizona									
Chandler, AZ	$1,610,000	$1,577,000	$1,577,000	$1,144,000	$1,142,000	-2%	-2%	-29%	-29%
	$7.97	$7.81	$7.81	$5.66	$5.65				
Flagstaff, AZ	$742,000	$639,000	$718,000	$562,000	$555,000	-14%	-3%	-24%	-25%
	$13.45	$11.59	$13.02	$10.18	$10.05				
Gilbert, AZ	$673,000	$547,000	$513,000	$373,000	$371,000	-19%	-24%	-45%	-45%
	$4.99	$4.05	$3.80	$2.76	$2.75				
Glendale, AZ	$2,668,000	$2,883,000	$3,040,000	$2,850,000	$2,816,000	8%	14%	7%	6%
	$11.57	$12.50	$13.18	$12.36	$12.21				
Maricopa County, AZ	$3,306,000	$3,446,000	$3,404,000	$2,905,000	$2,847,000	4%	3%	-12%	-14%
	$8.52	$8.89	$8.78	$7.49	$7.34				
Mesa, AZ	$4,119,000	$4,215,000	$4,313,000	$3,874,000	$3,848,000	2%	5%	-6%	-7%
	$9.65	$9.88	$10.10	$9.08	$9.02				
Peoria City, AZ	$765,000	$689,000	$691,000	$499,000	$493,000	-10%	-10%	-35%	-36%
	$6.21	$5.59	$5.61	$4.05	$4.00				

	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
Jurisdiction Name	**FY 2004 Grant**	**Alternative 1**	**Alternative 2**	**Alternative 3**	**Alternative 4**	**Alt. 1**	**Alt. 2**	**Alt. 3**	**Alt. 4**
Phoenix, AZ	$20,323,000	$23,050,000	$24,971,000	$22,934,000	$22,662,000	13%	23%	13%	12%
	$14.81	$16.80	$18.20	$16.72	$16.52				
Pima County, AZ	$3,033,000	$3,024,000	$3,128,000	$2,105,000	$2,063,000	0%	3%	-31%	-32%
	$8.28	$8.25	$8.54	$5.75	$5.63				
Scottsdale, AZ	$1,389,000	$1,132,000	$1,124,000	$705,000	$695,000	-18%	-19%	-49%	-50%
	$6.44	$5.25	$5.21	$3.27	$3.22				
Tempe, AZ	$1,933,000	$1,549,000	$1,614,000	$1,290,000	$1,279,000	-20%	-17%	-33%	-34%
	$12.12	$9.71	$10.12	$8.09	$8.02				
Tucson, AZ	$7,456,000	$7,736,000	$9,135,000	$9,744,000	$9,580,000	4%	23%	31%	28%
	$14.82	$15.38	$18.16	$19.36	$19.04				
Yuma, AZ	$1,117,000	$1,290,000	$1,406,000	$1,038,000	$1,025,000	15%	26%	-7%	-8%
	$13.90	$16.05	$17.50	$12.91	$12.76				
Arizona State Program	$14,406,000	$15,520,000	$12,159,000	$12,159,000	$13,328,000	8%	-16%	-16%	-7%
	$13.92	$15.00	$11.75	$11.75	$12.88				
TOTAL	**$63,540,000**	**$67,298,000**	**$67,794,000**	**$62,182,000**	**$62,703,000**	**6%**	**7%**	**-2%**	**-1%**
	$12.01	**$12.72**	**$12.81**	**$11.75**	**$11.85**				
Arkansas									
Bentonville, AR	$204,000	$208,000	$253,000	$197,000	$193,000	2%	24%	-4%	-5%
	$8.47	$8.63	$10.51	$8.17	$8.01				
Conway, AR	$490,000	$388,000	$471,000	$473,000	$460,000	-21%	-4%	-4%	-6%
	$10.67	$8.45	$10.26	$10.30	$10.02				
Fayetteville, AR	$761,000	$578,000	$737,000	$681,000	$665,000	-24%	-3%	-10%	-13%
	$12.53	$9.53	$12.14	$11.22	$10.95				
Fort Smith, AR	$1,007,000	$1,128,000	$1,483,000	$1,208,000	$1,180,000	12%	47%	20%	17%
	$12.35	$13.84	$18.19	$14.82	$14.48				
Hot Springs, AR	$499,000	$771,000	$784,000	$846,000	$823,000	54%	57%	70%	65%
	$13.73	$21.20	$21.56	$23.28	$22.63				
Jacksonville, AR	$332,000	$361,000	$430,000	$473,000	$460,000	9%	29%	43%	39%
	$10.93	$11.88	$14.15	$15.58	$15.14				
Jonesboro, AR	$662,000	$640,000	$800,000	$684,000	$662,000	-3%	21%	3%	0%
	$11.64	$11.25	$14.07	$12.03	$11.63				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Little Rock, AR	$2,023,000	$2,062,000	$2,927,000	$2,458,000	$2,397,000	2%	45%	22%	18%
	$10.99	$11.20	$15.90	$13.36	$13.02				
North Little Rock, AR	$890,000	$1,045,000	$1,150,000	$1,138,000	$1,108,000	17%	29%	28%	24%
	$14.83	$17.41	$19.16	$18.97	$18.46				
Pine Bluff, AR	$894,000	$1,124,000	$1,458,000	$1,429,000	$1,385,000	26%	63%	60%	55%
	$16.50	$20.74	$26.91	$26.38	$25.57				
Rogers, AR	$480,000	$535,000	$579,000	$445,000	$437,000	11%	21%	-7%	-9%
	$11.55	$12.88	$13.94	$10.72	$10.53				
Springdale, AR	$595,000	$666,000	$712,000	$633,000	$624,000	12%	20%	6%	5%
	$11.68	$13.07	$13.97	$12.42	$12.25				
Texarkana, AR	$383,000	$484,000	$636,000	$631,000	$610,000	26%	66%	65%	59%
	$13.55	$17.11	$22.50	$22.31	$21.57				
West Memphis, AR	$512,000	$639,000	$829,000	$980,000	$947,000	25%	62%	91%	85%
	$18.27	$22.79	$29.58	$34.95	$33.77				
Arkansas State Program	$22,524,000	$25,545,000	$28,268,000	$28,268,000	$28,959,000	13%	26%	26%	29%
	$11.69	$13.26	$14.67	$14.67	$15.03				
TOTAL	**$32,256,000**	**$36,173,000**	**$41,517,000**	**$40,545,000**	**$40,910,000**	**12%**	**29%**	**26%**	**27%**
	$11.90	**$13.35**	**$15.32**	**$14.96**	**$15.10**				
California									
Alameda, CA	$1,561,000	$824,000	$1,026,000	$828,000	$830,000	-47%	-34%	-47%	-47%
	$21.40	$11.30	$14.07	$11.35	$11.38				
Alameda County, CA	$2,380,000	$2,372,000	$2,576,000	$2,079,000	$2,099,000	0%	8%	-13%	-12%
	$9.52	$9.48	$10.30	$8.31	$8.39				
Alhambra, CA	$1,677,000	$1,941,000	$2,162,000	$2,094,000	$2,115,000	16%	29%	25%	26%
	$19.13	$22.15	$24.66	$23.89	$24.12				
Anaheim, CA	$6,035,000	$7,165,000	$7,032,000	$6,551,000	$6,611,000	19%	17%	9%	10%
	$18.14	$21.54	$21.14	$19.70	$19.87				
Antioch, CA	$887,000	$927,000	$1,033,000	$1,105,000	$1,091,000	5%	16%	25%	23%
	$8.88	$9.29	$10.34	$11.06	$10.92				
Apple Valley, CA	$747,000	$862,000	$957,000	$831,000	$806,000	15%	28%	11%	8%
	$12.90	$14.89	$16.52	$14.34	$13.92				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Bakersfield, CA	$3,933,000	$4,575,000	$5,278,000	$4,101,000	$4,026,000	16%	34%	4%	2%
	$15.07	$17.53	$20.23	$15.72	$15.43				
Baldwin Park, CA	$1,784,000	$2,214,000	$2,218,000	$2,098,000	$2,115,000	24%	24%	18%	19%
	$22.92	$28.45	$28.50	$26.96	$27.18				
Bellflower, CA	$1,441,000	$1,716,000	$1,823,000	$1,781,000	$1,791,000	19%	27%	24%	24%
	$19.34	$23.03	$24.47	$23.89	$24.03				
Berkeley, CA	$3,881,000	$2,421,000	$1,936,000	$1,957,000	$1,939,000	-38%	-50%	-50%	-50%
	$37.45	$23.36	$18.68	$18.88	$18.71				
Buena Park, CA	$1,229,000	$1,404,000	$1,384,000	$1,280,000	$1,297,000	14%	13%	4%	6%
	$15.55	$17.77	$17.51	$16.20	$16.41				
Burbank, CA	$1,416,000	$1,539,000	$1,750,000	$1,170,000	$1,177,000	9%	24%	-17%	-17%
	$13.76	$14.95	$17.01	$11.37	$11.44				
Camarillo, CA	$430,000	$401,000	$381,000	$258,000	$257,000	-7%	-11%	-40%	-40%
	$7.23	$6.74	$6.41	$4.34	$4.33				
Carlsbad, CA	$601,000	$528,000	$554,000	$349,000	$347,000	-12%	-8%	-42%	-42%
	$6.94	$6.10	$6.40	$4.03	$4.00				
Carson, CA	$1,333,000	$1,495,000	$1,460,000	$1,293,000	$1,319,000	12%	9%	-3%	-1%
	$14.34	$16.09	$15.71	$13.91	$14.19				
Cerritos, CA	$471,000	$479,000	$424,000	$245,000	$250,000	2%	-10%	-48%	-47%
	$8.95	$9.10	$8.06	$4.65	$4.75				
Chico, CA	$1,039,000	$758,000	$952,000	$960,000	$942,000	-27%	-8%	-8%	-9%
	$15.77	$11.50	$14.44	$14.56	$14.29				
Chino, CA	$733,000	$798,000	$778,000	$599,000	$603,000	9%	6%	-18%	-18%
	$10.48	$11.40	$11.13	$8.56	$8.62				
Chino Hills, CA	$516,000	$496,000	$462,000	$271,000	$271,000	-4%	-10%	-47%	-48%
	$7.14	$6.86	$6.39	$3.75	$3.74				
Chula Vista, CA	$2,379,000	$2,659,000	$2,753,000	$2,669,000	$2,674,000	12%	16%	12%	12%
	$12.27	$13.71	$14.20	$13.76	$13.79				
Citrus Heights, CA	$798,000	$789,000	$837,000	$736,000	$729,000	-1%	5%	-8%	-9%
	$9.01	$8.91	$9.45	$8.31	$8.24				
Compton, CA	$2,502,000	$3,208,000	$3,618,000	$3,825,000	$3,782,000	28%	45%	53%	51%
	$26.18	$33.57	$37.86	$40.02	$39.58				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Concord, CA	$1,260,000	$1,293,000	$1,348,000	$1,215,000	$1,221,000	3%	7%	-4%	-3%
	$10.06	$10.32	$10.77	$9.70	$9.75				
Contra Costa County, CA	$4,144,000	$3,962,000	$4,270,000	$2,845,000	$2,834,000	-4%	3%	-31%	-32%
	$7.69	$7.35	$7.92	$5.28	$5.26				
Corona, CA	$1,437,000	$1,557,000	$1,574,000	$1,042,000	$1,045,000	8%	10%	-27%	-27%
	$10.39	$11.26	$11.38	$7.53	$7.55				
Costa Mesa, CA	$1,655,000	$1,776,000	$1,729,000	$1,428,000	$1,441,000	7%	4%	-14%	-13%
	$15.03	$16.12	$15.70	$12.97	$13.09				
Cupertino City, CA	$459,000	$465,000	$421,000	$224,000	$230,000	1%	-8%	-51%	-50%
	$9.18	$9.29	$8.42	$4.48	$4.59				
Daly City, CA	$1,511,000	$1,635,000	$1,549,000	$1,332,000	$1,387,000	8%	3%	-12%	-8%
	$14.83	$16.05	$15.20	$13.08	$13.62				
Davis, CA	$988,000	$423,000	$476,000	$399,000	$400,000	-57%	-52%	-60%	-60%
	$15.38	$6.59	$7.42	$6.22	$6.23				
Downey, CA	$1,810,000	$2,126,000	$2,199,000	$1,898,000	$1,926,000	17%	21%	5%	6%
	$16.48	$19.36	$20.02	$17.28	$17.54				
El Cajon, CA	$1,526,000	$1,752,000	$1,925,000	$1,976,000	$1,955,000	15%	26%	29%	28%
	$15.97	$18.33	$20.14	$20.68	$20.46				
El Centro, CA	$808,000	$1,021,000	$1,119,000	$887,000	$876,000	26%	38%	10%	8%
	$21.44	$27.10	$29.69	$23.54	$23.24				
El Monte, CA	$3,266,000	$4,140,000	$4,360,000	$4,356,000	$4,342,000	27%	34%	33%	33%
	$27.24	$34.52	$36.36	$36.32	$36.21				
Elk Grove, CA	$442,000	$391,000	$395,000	$292,000	$291,000	-11%	-11%	-34%	-34%
	$5.88	$5.21	$5.25	$3.89	$3.87				
Encinitas, CA	$491,000	$437,000	$447,000	$276,000	$274,000	-11%	-9%	-44%	-44%
	$8.21	$7.31	$7.48	$4.62	$4.59				
Escondido, CA	$2,105,000	$2,421,000	$2,459,000	$2,385,000	$2,387,000	15%	17%	13%	13%
	$15.49	$17.82	$18.09	$17.55	$17.56				
Fairfield, CA	$1,000,000	$1,056,000	$1,140,000	$993,000	$985,000	6%	14%	-1%	-2%
	$9.81	$10.36	$11.18	$9.74	$9.66				
Fontana, CA	$2,246,000	$2,674,000	$2,688,000	$2,593,000	$2,591,000	19%	20%	15%	15%
	$15.64	$18.62	$18.72	$18.06	$18.05				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Fountain Valley, CA	$432,000	$427,000	$388,000	$278,000	$282,000	-1%	-10%	-36%	-35%
	$7.78	$7.69	$6.98	$5.00	$5.07				
Fremont, CA	$2,041,000	$2,098,000	$1,914,000	$1,213,000	$1,245,000	3%	-6%	-41%	-39%
	$9.87	$10.14	$9.25	$5.86	$6.02				
Fresno, CA	$9,186,000	$11,218,000	$13,124,000	$11,919,000	$11,680,000	22%	43%	30%	27%
	$20.63	$25.20	$29.48	$26.77	$26.23				
Fresno County, CA	$5,818,000	$6,929,000	$7,592,000	$6,012,000	$5,923,000	19%	30%	3%	2%
	$16.17	$19.26	$21.10	$16.71	$16.46				
Fullerton, CA	$1,831,000	$1,966,000	$1,953,000	$1,636,000	$1,652,000	7%	7%	-11%	-10%
	$14.21	$15.26	$15.16	$12.70	$12.82				
Garden Grove, CA	$3,160,000	$3,757,000	$3,631,000	$3,337,000	$3,380,000	19%	15%	6%	7%
	$18.87	$22.44	$21.69	$19.93	$20.19				
Gardena, CA	$1,118,000	$1,306,000	$1,386,000	$1,303,000	$1,311,000	17%	24%	17%	17%
	$18.74	$21.90	$23.24	$21.84	$21.97				
Gilroy City, CA	$583,000	$674,000	$689,000	$663,000	$667,000	16%	18%	14%	14%
	$13.51	$15.62	$15.97	$15.36	$15.45				
Glendale, CA	$3,978,000	$4,726,000	$5,119,000	$3,839,000	$3,866,000	19%	29%	-3%	-3%
	$19.95	$23.70	$25.67	$19.25	$19.39				
Glendora City, CA	$414,000	$408,000	$428,000	$277,000	$277,000	-2%	3%	-33%	-33%
	$8.19	$8.06	$8.47	$5.48	$5.48				
Goleta, CA	$326,000	$298,000	$284,000	$185,000	$190,000	-9%	-13%	-43%	-42%
	$11.39	$10.42	$9.92	$6.47	$6.62				
Hanford, CA	$644,000	$761,000	$879,000	$693,000	$680,000	18%	37%	8%	6%
	$14.52	$17.17	$19.82	$15.63	$15.34				
Hawthorne, CA	$2,076,000	$2,495,000	$2,685,000	$2,603,000	$2,622,000	20%	29%	25%	26%
	$24.16	$29.03	$31.25	$30.29	$30.52				
Hayward, CA	$2,087,000	$2,304,000	$2,322,000	$2,168,000	$2,206,000	10%	11%	4%	6%
	$14.62	$16.14	$16.27	$15.19	$15.46				
Hemet, CA	$837,000	$948,000	$1,045,000	$980,000	$959,000	13%	25%	17%	15%
	$13.21	$14.96	$16.48	$15.46	$15.14				
Hesperia, CA	$851,000	$973,000	$1,004,000	$942,000	$925,000	14%	18%	11%	9%
	$12.70	$14.52	$14.98	$14.05	$13.81				

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	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Huntington Beach, CA	$1,684,000	$1,633,000	$1,616,000	$1,021,000	$1,023,000	-3%	-4%	-39%	-39%
	$8.69	$8.42	$8.34	$5.27	$5.28				
Huntington Park, CA	$1,935,000	$2,471,000	$2,654,000	$2,636,000	$2,650,000	28%	37%	36%	37%
	$30.73	$39.23	$42.14	$41.86	$42.08				
Inglewood, CA	$2,709,000	$3,311,000	$3,859,000	$4,038,000	$4,025,000	22%	42%	49%	49%
	$23.56	$28.80	$33.57	$35.13	$35.01				
Irvine, CA	$1,521,000	$1,270,000	$1,203,000	$719,000	$728,000	-16%	-21%	-53%	-52%
	$9.38	$7.83	$7.42	$4.43	$4.49				
Kern County, CA	$6,351,000	$7,693,000	$8,863,000	$8,209,000	$8,049,000	21%	40%	29%	27%
	$17.66	$21.39	$24.65	$22.83	$22.38				
La Habra, CA	$984,000	$1,149,000	$1,185,000	$1,151,000	$1,158,000	17%	20%	17%	18%
	$16.40	$19.15	$19.76	$19.19	$19.30				
La Mesa, CA	$539,000	$487,000	$569,000	$501,000	$498,000	-10%	6%	-7%	-8%
	$9.81	$8.86	$10.36	$9.12	$9.06				
Laguna Niguel, CA	$412,000	$360,000	$345,000	$200,000	$201,000	-13%	-16%	-51%	-51%
	$6.53	$5.71	$5.48	$3.17	$3.19				
Lake Forest, CA	$594,000	$572,000	$530,000	$334,000	$339,000	-4%	-11%	-44%	-43%
	$7.72	$7.43	$6.89	$4.33	$4.40				
Lakewood, CA	$886,000	$964,000	$1,006,000	$744,000	$750,000	9%	14%	-16%	-15%
	$10.93	$11.89	$12.41	$9.18	$9.25				
Lancaster, CA	$1,629,000	$1,875,000	$2,136,000	$2,244,000	$2,197,000	15%	31%	38%	35%
	$13.07	$15.05	$17.14	$18.01	$17.63				
Livermore, CA	$556,000	$538,000	$573,000	$434,000	$432,000	-3%	3%	-22%	-22%
	$7.26	$7.03	$7.48	$5.67	$5.64				
Lompoc, CA	$618,000	$715,000	$781,000	$805,000	$798,000	16%	26%	30%	29%
	$14.93	$17.27	$18.86	$19.45	$19.29				
Long Beach, CA	$10,522,000	$12,540,000	$15,137,000	$14,312,000	$14,213,000	19%	44%	36%	35%
	$22.27	$26.54	$32.04	$30.29	$30.09				
Los Angeles, CA	$86,758,000	$102,678,000	$120,194,000	$102,860,000	$102,553,000	18%	39%	19%	18%
	$22.84	$27.03	$31.64	$27.08	$26.99				
Los Angeles County, CA	$36,270,000	$42,505,000	$46,030,000	$33,764,000	$33,711,000	17%	27%	-7%	-7%
	$15.89	$18.63	$20.17	$14.79	$14.77				

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	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Lynwood, CA	$1,908,000	$2,406,000	$2,509,000	$2,460,000	$2,467,000	26%	32%	29%	29%
	$26.73	$33.70	$35.15	$34.46	$34.56				
Madera, CA	$1,150,000	$1,472,000	$1,629,000	$1,750,000	$1,712,000	28%	42%	52%	49%
	$24.88	$31.85	$35.26	$37.86	$37.04				
Marin County, CA	$1,960,000	$1,724,000	$2,053,000	$1,488,000	$1,482,000	-12%	5%	-24%	-24%
	$7.92	$6.96	$8.29	$6.01	$5.98				
Marysville, CA	$184,000	$203,000	$273,000	$270,000	$264,000	10%	49%	47%	44%
	$14.70	$16.22	$21.83	$21.53	$21.09				
Merced, CA	$1,499,000	$1,852,000	$2,156,000	$2,043,000	$2,006,000	24%	44%	36%	34%
	$21.97	$27.15	$31.60	$29.95	$29.40				
Milpitas City, CA	$711,000	$759,000	$669,000	$507,000	$530,000	7%	-6%	-29%	-25%
	$11.16	$11.92	$10.50	$7.96	$8.32				
Mission Viejo, CA	$611,000	$539,000	$504,000	$301,000	$303,000	-12%	-18%	-51%	-50%
	$6.34	$5.60	$5.23	$3.12	$3.14				
Modesto, CA	$2,854,000	$3,267,000	$3,695,000	$3,013,000	$2,969,000	14%	29%	6%	4%
	$14.02	$16.05	$18.15	$14.80	$14.58				
Montebello, CA	$1,276,000	$1,551,000	$1,702,000	$1,721,000	$1,724,000	22%	33%	35%	35%
	$20.06	$24.39	$26.76	$27.06	$27.11				
Monterey, CA	$277,000	$225,000	$261,000	$171,000	$171,000	-19%	-6%	-38%	-38%
	$9.34	$7.58	$8.81	$5.75	$5.76				
Monterey Park, CA	$1,178,000	$1,400,000	$1,488,000	$1,393,000	$1,399,000	19%	26%	18%	19%
	$19.05	$22.64	$24.07	$22.54	$22.63				
Moreno Valley, CA	$2,082,000	$2,454,000	$2,569,000	$2,462,000	$2,431,000	18%	23%	18%	17%
	$13.81	$16.28	$17.04	$16.33	$16.13				
Mountain View, CA	$834,000	$827,000	$757,000	$425,000	$440,000	-1%	-9%	-49%	-47%
	$11.91	$11.81	$10.80	$6.07	$6.29				
Napa City, CA	$834,000	$884,000	$946,000	$861,000	$862,000	6%	13%	3%	3%
	$11.12	$11.78	$12.61	$11.48	$11.49				
National City, CA	$1,324,000	$1,644,000	$1,806,000	$1,831,000	$1,833,000	24%	36%	38%	38%
	$23.84	$29.61	$32.51	$32.97	$33.00				
Newport Beach, CA	$437,000	$289,000	$293,000	$195,000	$194,000	-34%	-33%	-55%	-56%
	$5.60	$3.69	$3.75	$2.49	$2.48				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Norwalk, CA	$1,875,000	$2,228,000	$2,216,000	$2,061,000	$2,095,000	19%	18%	10%	12%
	$17.67	$21.00	$20.89	$19.42	$19.75				
Oakland, CA	$9,961,000	$10,153,000	$11,838,000	$13,779,000	$13,653,000	2%	19%	38%	37%
	$24.73	$25.21	$29.39	$34.21	$33.90				
Oceanside, CA	$2,199,000	$2,454,000	$2,520,000	$2,246,000	$2,243,000	12%	15%	2%	2%
	$13.26	$14.80	$15.19	$13.54	$13.52				
Ontario, CA	$2,927,000	$3,496,000	$3,610,000	$3,521,000	$3,526,000	19%	23%	20%	20%
	$17.73	$21.18	$21.87	$21.33	$21.36				
Orange, CA	$1,607,000	$1,794,000	$1,795,000	$1,483,000	$1,485,000	12%	12%	-8%	-8%
	$12.21	$13.63	$13.64	$11.27	$11.29				
Orange County, CA	$5,106,000	$5,182,000	$5,100,000	$3,237,000	$3,245,000	1%	0%	-37%	-36%
	$9.04	$9.17	$9.03	$5.73	$5.74				
Oxnard, CA	$3,306,000	$3,942,000	$3,869,000	$3,631,000	$3,659,000	19%	17%	10%	11%
	$18.57	$22.15	$21.74	$20.40	$20.56				
Palm Desert, CA	$415,000	$402,000	$411,000	$251,000	$249,000	-3%	-1%	-39%	-40%
	$9.36	$9.07	$9.26	$5.67	$5.62				
Palm Springs, CA	$606,000	$632,000	$695,000	$444,000	$439,000	4%	15%	-27%	-28%
	$13.61	$14.19	$15.60	$9.98	$9.85				
Palmdale, CA	$1,783,000	$2,106,000	$2,223,000	$2,264,000	$2,229,000	18%	25%	27%	25%
	$14.34	$16.94	$17.87	$18.20	$17.93				
Palo Alto, CA	$816,000	$368,000	$412,000	$271,000	$271,000	-55%	-49%	-67%	-67%
	$14.18	$6.39	$7.16	$4.70	$4.70				
Paradise, CA	$272,000	$272,000	$337,000	$284,000	$277,000	0%	24%	4%	2%
	$10.17	$10.17	$12.58	$10.62	$10.35				
Paramount City, CA	$1,464,000	$1,850,000	$1,913,000	$1,846,000	$1,853,000	26%	31%	26%	27%
	$25.92	$32.75	$33.86	$32.67	$32.80				
Pasadena, CA	$2,694,000	$2,529,000	$3,180,000	$2,151,000	$2,142,000	-6%	18%	-20%	-20%
	$19.28	$18.10	$22.76	$15.40	$15.33				
Petaluma, CA	$426,000	$403,000	$450,000	$369,000	$367,000	-5%	6%	-13%	-14%
	$7.71	$7.30	$8.15	$6.69	$6.64				
Pico Rivera, CA	$1,105,000	$1,329,000	$1,371,000	$1,332,000	$1,343,000	20%	24%	21%	22%
	$17.04	$20.49	$21.14	$20.54	$20.71				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Pittsburg, CA	$783,000 $12.94	$873,000 $14.43	$938,000 $15.49	$950,000 $15.70	$949,000 $15.67	12%	20%	21%	21%
Pleasanton City, CA	$341,000 $5.15	$273,000 $4.13	$255,000 $3.85	$152,000 $2.30	$153,000 $2.31	-20%	-25%	-55%	-55%
Pomona, CA	$3,436,000 $22.38	$4,201,000 $27.36	$4,465,000 $29.08	$4,495,000 $29.27	$4,483,000 $29.19	22%	30%	31%	30%
Porterville, CA	$851,000 $20.60	$1,044,000 $25.27	$1,227,000 $29.70	$1,183,000 $28.64	$1,161,000 $28.11	23%	44%	39%	36%
Rancho Cucamonga, CA	$1,180,000 $8.21	$1,144,000 $7.96	$1,169,000 $8.13	$698,000 $4.86	$696,000 $4.85	-3%	-1%	-41%	-41%
Redding, CA	$1,006,000 $11.74	$1,042,000 $12.16	$1,289,000 $15.04	$1,150,000 $13.43	$1,122,000 $13.10	4%	28%	14%	12%
Redlands, CA	$687,000 $10.29	$705,000 $10.56	$840,000 $12.59	$553,000 $8.29	$547,000 $8.20	3%	22%	-19%	-20%
Redondo Beach, CA	$499,000 $7.58	$420,000 $6.38	$497,000 $7.55	$331,000 $5.03	$331,000 $5.03	-16%	0%	-34%	-34%
Redwood City, CA	$885,000 $11.89	$933,000 $12.53	$928,000 $12.46	$726,000 $9.75	$748,000 $10.05	5%	5%	-18%	-15%
Rialto, CA	$1,608,000 $16.64	$1,950,000 $20.19	$2,051,000 $21.23	$2,064,000 $21.36	$2,041,000 $21.13	21%	28%	28%	27%
Richmond, CA	$1,657,000 $16.16	$1,919,000 $18.72	$2,377,000 $23.18	$2,634,000 $25.69	$2,612,000 $25.47	16%	43%	59%	58%
Riverside, CA	$4,040,000 $14.73	$4,382,000 $15.98	$4,868,000 $17.75	$4,035,000 $14.71	$4,007,000 $14.61	8%	20%	0%	-1%
Riverside County, CA	$12,028,000 $12.96	$13,705,000 $14.77	$14,257,000 $15.37	$11,748,000 $12.66	$11,598,000 $12.50	14%	19%	-2%	-4%
Rosemead, CA	$1,384,000 $25.18	$1,732,000 $31.52	$1,866,000 $33.96	$1,897,000 $34.52	$1,895,000 $34.49	25%	35%	37%	37%
Roseville, CA	$587,000 $6.40	$513,000 $5.59	$555,000 $6.04	$389,000 $4.24	$388,000 $4.23	-13%	-6%	-34%	-34%
Sacramento, CA	$6,974,000 $16.02	$7,862,000 $18.06	$9,731,000 $22.36	$10,484,000 $24.09	$10,302,000 $23.67	13%	40%	50%	48%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Sacramento County, CA	$7,971,000	$8,404,000	$9,245,000	$7,765,000	$7,654,000	5%	16%	-3%	-4%
	$11.29	$11.90	$13.09	$11.00	$10.84				
Salinas, CA	$3,004,000	$3,600,000	$3,600,000	$3,407,000	$3,431,000	20%	20%	13%	14%
	$20.20	$24.20	$24.20	$22.90	$23.07				
San Bernardino, CA	$4,274,000	$5,264,000	$6,150,000	$6,694,000	$6,575,000	23%	44%	57%	54%
	$22.30	$27.47	$32.10	$34.93	$34.31				
San Bernardino County, CA	$8,897,000	$10,312,000	$11,367,000	$10,682,000	$10,518,000	16%	28%	20%	18%
	$14.85	$17.21	$18.97	$17.83	$17.55				
San Buenaventura, CA	$1,062,000	$1,082,000	$1,241,000	$1,039,000	$1,034,000	2%	17%	-2%	-3%
	$10.25	$10.44	$11.97	$10.02	$9.98				
San Diego, CA	$18,260,000	$19,394,000	$21,544,000	$17,519,000	$17,435,000	6%	18%	-4%	-5%
	$14.50	$15.40	$17.10	$13.91	$13.84				
San Diego County, CA	$5,712,000	$5,903,000	$6,187,000	$4,596,000	$4,565,000	3%	8%	-20%	-20%
	$9.70	$10.03	$10.51	$7.81	$7.75				
San Francisco, CA	$25,256,000	$15,602,000	$15,507,000	$15,658,000	$15,699,000	-38%	-39%	-38%	-38%
	$33.06	$20.42	$20.30	$20.49	$20.55				
San Joaquin County, CA	$4,246,000	$4,698,000	$5,306,000	$4,241,000	$4,189,000	11%	25%	0%	-1%
	$12.08	$13.37	$15.10	$12.07	$11.92				
San Jose, CA	$12,146,000	$13,352,000	$13,086,000	$11,771,000	$11,981,000	10%	8%	-3%	-1%
	$13.49	$14.83	$14.53	$13.07	$13.31				
San Leandro, CA	$895,000	$920,000	$1,027,000	$979,000	$997,000	3%	15%	9%	11%
	$11.10	$11.41	$12.74	$12.15	$12.36				
San Luis Obispo County, CA	$2,526,000	$2,093,000	$2,445,000	$2,217,000	$2,191,000	-17%	-3%	-12%	-13%
	$10.78	$8.93	$10.44	$9.47	$9.35				
San Marcos City, CA	$811,000	$909,000	$867,000	$806,000	$806,000	12%	7%	-1%	-1%
	$13.05	$14.64	$13.95	$12.97	$12.98				
San Mateo, CA	$963,000	$968,000	$999,000	$788,000	$803,000	1%	4%	-18%	-17%
	$10.47	$10.53	$10.87	$8.57	$8.73				
San Mateo County, CA	$3,460,000	$3,436,000	$3,490,000	$2,361,000	$2,396,000	-1%	1%	-32%	-31%
	$9.23	$9.16	$9.31	$6.30	$6.39				
Santa Ana, CA	$8,363,000	$10,412,000	$10,223,000	$9,571,000	$9,646,000	24%	22%	14%	15%
	$24.35	$30.32	$29.77	$27.87	$28.09				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Santa Barbara, CA	$1,319,000 $14.76	$1,317,000 $14.74	$1,547,000 $17.31	$1,163,000 $13.01	$1,164,000 $13.02	0%	17%	-12%	-12%
Santa Clara, CA	$1,298,000 $12.74	$1,289,000 $12.65	$1,227,000 $12.05	$892,000 $8.76	$921,000 $9.04	-1%	-5%	-31%	-29%
Santa Clara County, CA	$2,143,000 $8.02	$2,011,000 $7.53	$2,029,000 $7.60	$1,227,000 $4.59	$1,232,000 $4.61	-6%	-5%	-43%	-43%
Santa Clarita, CA	$1,361,000 $8.48	$1,366,000 $8.51	$1,344,000 $8.37	$807,000 $5.03	$808,000 $5.03	0%	-1%	-41%	-41%
Santa Cruz, CA	$737,000 $13.69	$613,000 $11.38	$770,000 $14.31	$747,000 $13.88	$744,000 $13.82	-17%	5%	1%	1%
Santa Maria, CA	$1,529,000 $19.11	$1,870,000 $23.37	$1,952,000 $24.40	$1,974,000 $24.67	$1,956,000 $24.45	22%	28%	29%	28%
Santa Monica, CA	$1,635,000 $18.84	$892,000 $10.28	$1,062,000 $12.24	$763,000 $8.79	$761,000 $8.77	-45%	-35%	-53%	-53%
Santa Rosa, CA	$1,532,000 $9.98	$1,498,000 $9.76	$1,633,000 $10.64	$1,410,000 $9.19	$1,410,000 $9.19	-2%	7%	-8%	-8%
Santee, CA	$388,000 $7.29	$360,000 $6.77	$391,000 $7.34	$342,000 $6.43	$341,000 $6.41	-7%	1%	-12%	-12%
Seaside, CA	$492,000 $15.22	$563,000 $17.40	$563,000 $17.41	$540,000 $16.71	$543,000 $16.81	14%	14%	10%	10%
Simi Valley, CA	$878,000 $7.53	$853,000 $7.32	$841,000 $7.21	$620,000 $5.32	$616,000 $5.29	-3%	-4%	-29%	-30%
Sonoma County, CA	$2,435,000 $9.38	$2,271,000 $8.75	$2,619,000 $10.09	$2,233,000 $8.60	$2,224,000 $8.57	-7%	8%	-8%	-9%
South Gate, CA	$2,552,000 $25.83	$3,211,000 $32.51	$3,396,000 $34.37	$3,322,000 $33.62	$3,353,000 $33.94	26%	33%	30%	31%
South San Francisco, CA	$728,000 $12.14	$784,000 $13.07	$732,000 $12.20	$625,000 $10.43	$651,000 $10.85	8%	1%	-14%	-11%
Stanislaus County, CA	$2,288,000 $16.02	$2,705,000 $18.94	$3,063,000 $21.45	$2,656,000 $18.60	$2,619,000 $18.34	18%	34%	16%	14%
Stockton, CA	$5,022,000 $19.11	$6,100,000 $23.21	$7,076,000 $26.92	$6,962,000 $26.49	$6,840,000 $26.02	21%	41%	39%	36%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Sunnyvale, CA	$1,504,000 $11.60	$1,551,000 $11.96	$1,412,000 $10.89	$849,000 $6.55	$885,000 $6.82	3%	-6%	-44%	-41%
Thousand Oaks, CA	$831,000 $6.77	$770,000 $6.27	$733,000 $5.97	$436,000 $3.55	$434,000 $3.54	-7%	-12%	-48%	-48%
Torrance, CA	$1,436,000 $10.14	$1,458,000 $10.30	$1,474,000 $10.41	$846,000 $5.98	$860,000 $6.07	2%	3%	-41%	-40%
Tulare, CA	$819,000 $17.81	$1,013,000 $22.04	$1,127,000 $24.51	$986,000 $21.45	$969,000 $21.07	24%	38%	20%	18%
Turlock, CA	$890,000 $14.44	$976,000 $15.84	$1,081,000 $17.54	$914,000 $14.83	$906,000 $14.69	10%	22%	3%	2%
Tustin, CA	$977,000 $14.23	$1,085,000 $15.80	$1,027,000 $14.96	$711,000 $10.36	$731,000 $10.65	11%	5%	-27%	-25%
Union City, CA	$785,000 $11.23	$855,000 $12.24	$788,000 $11.27	$687,000 $9.83	$703,000 $10.06	9%	0%	-12%	-10%
Upland, CA	$855,000 $12.05	$927,000 $13.06	$1,042,000 $14.67	$667,000 $9.40	$660,000 $9.30	8%	22%	-22%	-23%
Vacaville, CA	$686,000 $7.33	$655,000 $7.00	$674,000 $7.20	$546,000 $5.84	$545,000 $5.83	-5%	-2%	-20%	-21%
Vallejo, CA	$1,438,000 $12.00	$1,537,000 $12.83	$1,863,000 $15.56	$1,726,000 $14.41	$1,724,000 $14.39	7%	30%	20%	20%
Ventura County, CA	$2,450,000 $12.03	$2,714,000 $13.33	$2,871,000 $14.10	$2,350,000 $11.54	$2,351,000 $11.55	11%	17%	-4%	-4%
Victorville, CA	$1,032,000 $14.57	$1,225,000 $17.29	$1,382,000 $19.51	$1,460,000 $20.62	$1,428,000 $20.16	19%	34%	41%	38%
Visalia, CA	$1,413,000 $14.58	$1,659,000 $17.13	$1,852,000 $19.11	$1,202,000 $12.40	$1,181,000 $12.19	17%	31%	-15%	-16%
Vista, CA	$1,443,000 $15.76	$1,663,000 $18.16	$1,700,000 $18.57	$1,655,000 $18.07	$1,653,000 $18.05	15%	18%	15%	15%
Walnut Creek, CA	$396,000 $6.06	$315,000 $4.82	$306,000 $4.68	$185,000 $2.83	$186,000 $2.85	-20%	-23%	-53%	-53%
Watsonville, CA	$1,031,000 $22.10	$1,264,000 $27.09	$1,358,000 $29.11	$1,365,000 $29.26	$1,366,000 $29.29	23%	32%	32%	33%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
West Covina, CA	$1,450,000	$1,616,000	$1,556,000	$1,211,000	$1,232,000	11%	7%	-16%	-15%
	$13.46	$15.00	$14.45	$11.25	$11.44				
Westminster, CA	$1,512,000	$1,787,000	$1,735,000	$1,631,000	$1,640,000	18%	15%	8%	8%
	$16.89	$19.97	$19.39	$18.22	$18.32				
Whittier, CA	$1,149,000	$1,293,000	$1,418,000	$1,110,000	$1,115,000	13%	23%	-3%	-3%
	$13.45	$15.14	$16.59	$12.99	$13.05				
Woodland, CA	$701,000	$776,000	$828,000	$825,000	$825,000	11%	18%	18%	18%
	$13.79	$15.25	$16.29	$16.22	$16.23				
Yorba Linda, CA	$325,000	$279,000	$250,000	$150,000	$149,000	-14%	-23%	-54%	-54%
	$5.32	$4.56	$4.09	$2.45	$2.44				
Yuba City, CA	$635,000	$721,000	$833,000	$728,000	$718,000	14%	31%	15%	13%
	$13.45	$15.27	$17.63	$15.43	$15.21				
California State Program	$49,911,000	$53,918,000	$39,579,000	$39,579,000	$45,382,000	8%	-21%	-21%	-9%
	$15.53	$16.77	$12.31	$12.31	$14.12				
TOTAL	**$553,750,000**	**$606,191,000**	**$642,593,000**	**$564,983,000**	**$569,091,000**	**9%**	**16%**	**2%**	**3%**
	$15.78	**$17.27**	**$18.31**	**$16.10**	**$16.21**				
Colorado									
Adams County, CO	$1,988,000	$1,949,000	$2,038,000	$1,597,000	$1,585,000	-2%	2%	-20%	-20%
	$8.11	$7.96	$8.32	$6.52	$6.47				
Arapahoe County, CO	$1,221,000	$1,086,000	$1,214,000	$882,000	$877,000	-11%	-1%	-28%	-28%
	$7.59	$6.75	$7.55	$5.48	$5.45				
Arvada, CO	$618,000	$529,000	$585,000	$552,000	$540,000	-14%	-5%	-11%	-13%
	$6.05	$5.17	$5.73	$5.40	$5.29				
Aurora, CO	$2,951,000	$3,104,000	$3,357,000	$3,370,000	$3,359,000	5%	14%	14%	14%
	$10.32	$10.85	$11.74	$11.78	$11.74				
Boulder, CO	$1,141,000	$633,000	$804,000	$807,000	$799,000	-45%	-30%	-29%	-30%
	$12.12	$6.72	$8.53	$8.57	$8.48				
Centennial, CO	$380,000	$248,000	$223,000	$153,000	$150,000	-35%	-41%	-60%	-61%
	$3.82	$2.50	$2.24	$1.53	$1.51				
Colorado Springs, CO	$3,101,000	$2,886,000	$3,599,000	$3,248,000	$3,192,000	-7%	16%	5%	3%
	$8.35	$7.77	$9.69	$8.75	$8.60				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Denver, CO	$11,025,000	$9,697,000	$10,490,000	$10,888,000	$10,750,000	-12%	-5%	-1%	-2%
	$19.67	$17.30	$18.72	$19.43	$19.18				
Douglas County, CO	$694,000	$473,000	$401,000	$261,000	$257,000	-32%	-42%	-62%	-63%
	$4.06	$2.77	$2.35	$1.53	$1.51				
Fort Collins, CO	$1,219,000	$713,000	$893,000	$920,000	$902,000	-42%	-27%	-25%	-26%
	$9.78	$5.72	$7.17	$7.38	$7.23				
Grand Junction, CO	$407,000	$413,000	$503,000	$476,000	$466,000	1%	24%	17%	14%
	$9.43	$9.56	$11.65	$11.02	$10.79				
Greeley, CO	$1,031,000	$963,000	$1,218,000	$1,212,000	$1,189,000	-7%	18%	18%	15%
	$12.56	$11.73	$14.83	$14.76	$14.48				
Jefferson County, CO	$1,362,000	$1,058,000	$1,179,000	$890,000	$877,000	-22%	-13%	-35%	-36%
	$5.62	$4.36	$4.86	$3.67	$3.62				
Lakewood, CO	$1,125,000	$1,004,000	$1,167,000	$1,036,000	$1,025,000	-11%	4%	-8%	-9%
	$7.83	$6.98	$8.12	$7.20	$7.13				
Longmont, CO	$648,000	$643,000	$726,000	$507,000	$501,000	-1%	12%	-22%	-23%
	$8.23	$8.17	$9.22	$6.45	$6.37				
Loveland, CO	$347,000	$304,000	$372,000	$376,000	$370,000	-12%	7%	8%	7%
	$6.28	$5.50	$6.73	$6.81	$6.69				
Pueblo, CO	$1,971,000	$2,440,000	$2,305,000	$2,564,000	$2,503,000	24%	17%	30%	27%
	$19.06	$23.59	$22.29	$24.80	$24.20				
Westminster, CO	$681,000	$595,000	$607,000	$502,000	$501,000	-13%	-11%	-26%	-26%
	$6.57	$5.74	$5.86	$4.85	$4.84				
Colorado State Program	$13,006,000	$12,719,000	$12,275,000	$12,275,000	$13,278,000	-2%	-6%	-6%	2%
	$9.06	$8.86	$8.55	$8.55	$9.25				
TOTAL	**$44,916,000**	**$41,456,000**	**$43,955,000**	**$42,516,000**	**$43,120,000**	**-8%**	**-2%**	**-5%**	**-4%**
	$9.97	**$9.21**	**$9.76**	**$9.44**	**$9.57**				
Connecticut									
Bridgeport, CT	$3,946,000	$3,965,000	$3,660,000	$4,590,000	$4,499,000	0%	-7%	16%	14%
	$28.16	$28.30	$26.12	$32.76	$32.11				
Bristol, CT	$714,000	$539,000	$570,000	$666,000	$652,000	-25%	-20%	-7%	-9%
	$11.79	$8.90	$9.41	$11.00	$10.77				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Danbury, CT	$756,000	$707,000	$868,000	$984,000	$979,000	-6%	15%	30%	29%
	$9.83	$9.19	$11.28	$12.80	$12.72				
East Hartford, CT	$748,000	$754,000	$759,000	$920,000	$903,000	1%	1%	23%	21%
	$15.07	$15.19	$15.28	$18.53	$18.20				
Fairfield, CT	$628,000	$195,000	$217,000	$198,000	$194,000	-69%	-65%	-68%	-69%
	$10.88	$3.39	$3.76	$3.43	$3.36				
Greenwich, CT	$1,115,000	$333,000	$372,000	$283,000	$279,000	-70%	-67%	-75%	-75%
	$18.05	$5.38	$6.03	$4.59	$4.51				
Hamden Town, CT	$602,000	$470,000	$509,000	$498,000	$488,000	-22%	-15%	-17%	-19%
	$10.39	$8.11	$8.79	$8.60	$8.42				
Hartford, CT	$4,672,000	$5,642,000	$5,108,000	$6,513,000	$6,367,000	21%	9%	39%	36%
	$37.51	$45.30	$41.01	$52.29	$51.12				
Manchester, CT	$779,000	$576,000	$646,000	$662,000	$650,000	-26%	-17%	-15%	-17%
	$14.14	$10.46	$11.72	$12.02	$11.80				
Meriden, CT	$1,094,000	$935,000	$899,000	$1,092,000	$1,067,000	-15%	-18%	0%	-2%
	$18.65	$15.93	$15.32	$18.61	$18.19				
Middletown, CT	$533,000	$408,000	$398,000	$430,000	$422,000	-24%	-25%	-19%	-21%
	$12.07	$9.23	$9.01	$9.73	$9.57				
Milford Town, CT	$639,000	$246,000	$286,000	$248,000	$244,000	-61%	-55%	-61%	-62%
	$11.95	$4.61	$5.36	$4.64	$4.56				
New Britain, CT	$2,266,000	$2,121,000	$1,698,000	$2,226,000	$2,181,000	-6%	-25%	-2%	-4%
	$31.65	$29.62	$23.72	$31.09	$30.47				
New Haven, CT	$4,481,000	$4,446,000	$3,698,000	$4,823,000	$4,712,000	-1%	-17%	8%	5%
	$36.09	$35.81	$29.78	$38.84	$37.95				
New London, CT	$1,086,000	$727,000	$531,000	$693,000	$680,000	-33%	-51%	-36%	-37%
	$41.66	$27.90	$20.37	$26.60	$26.08				
Norwalk, CT	$1,107,000	$690,000	$899,000	$1,009,000	$999,000	-38%	-19%	-9%	-10%
	$13.16	$8.20	$10.69	$11.99	$11.87				
Norwich, CT	$1,215,000	$818,000	$627,000	$801,000	$785,000	-33%	-48%	-34%	-35%
	$33.75	$22.73	$17.41	$22.26	$21.80				
Stamford, CT	$1,300,000	$1,142,000	$1,397,000	$1,368,000	$1,362,000	-12%	7%	5%	5%
	$10.85	$9.53	$11.66	$11.41	$11.36				

	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
Jurisdiction Name	**FY 2004 Grant**	**Alternative 1**	**Alternative 2**	**Alternative 3**	**Alternative 4**	**Alt. 1**	**Alt. 2**	**Alt. 3**	**Alt. 4**
Stratford, CT	$796,000	$466,000	$377,000	$483,000	$474,000	-41%	-53%	-39%	-40%
	$15.87	$9.29	$7.51	$9.63	$9.44				
Waterbury, CT	$2,713,000	$2,712,000	$2,440,000	$3,172,000	$3,101,000	0%	-10%	17%	14%
	$25.15	$25.14	$22.61	$29.40	$28.74				
West Hartford, CT	$1,306,000	$371,000	$413,000	$334,000	$329,000	-72%	-68%	-74%	-75%
	$21.28	$6.04	$6.73	$5.44	$5.36				
West Haven, CT	$852,000	$580,000	$656,000	$737,000	$727,000	-32%	-23%	-13%	-15%
	$16.16	$10.99	$12.43	$13.98	$13.78				
Connecticut State Program	$15,862,000	$9,740,000	$9,496,000	$9,496,000	$9,865,000	-39%	-40%	-40%	-38%
	$8.41	$5.17	$5.04	$5.04	$5.23				
TOTAL	**$49,210,000**	**$38,584,000**	**$36,523,000**	**$42,227,000**	**$41,959,000**	**-22%**	**-26%**	**-14%**	**-15%**
	$14.22	**$11.15**	**$10.55**	**$12.20**	**$12.13**				
Delaware									
Dover, DE	$326,000	$327,000	$457,000	$420,000	$409,000	0%	40%	29%	26%
	$10.01	$10.03	$14.03	$12.88	$12.56				
New Castle County, DE	$2,888,000	$2,386,000	$2,951,000	$2,551,000	$2,508,000	-17%	2%	-12%	-13%
	$6.57	$5.43	$6.71	$5.80	$5.70				
Wilmington, DE	$2,999,000	$2,704,000	$2,106,000	$2,681,000	$2,617,000	-10%	-30%	-11%	-13%
	$41.36	$37.29	$29.04	$36.97	$36.10				
Delaware State Program	$2,296,000	$2,400,000	$2,597,000	$2,597,000	$2,688,000	5%	13%	13%	17%
	$8.75	$9.14	$9.90	$9.90	$10.24				
TOTAL	**$8,509,000**	**$7,817,000**	**$8,111,000**	**$8,249,000**	**$8,222,000**	**-8%**	**-5%**	**-3%**	**-3%**
	$10.54	**$9.68**	**$10.05**	**$10.22**	**$10.18**				
District of Columbia									
Washington, DC	$22,462,000	$18,635,000	$15,340,000	$15,807,000	$15,567,000	-17%	-32%	-30%	-31%
	$39.35	$32.64	$26.87	$27.69	$27.27				
Florida									
Boca Raton, FL	$540,000	$451,000	$465,000	$301,000	$296,000	-16%	-14%	-44%	-45%
	$6.98	$5.83	$6.01	$3.89	$3.82				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Boynton Beach, FL	$636,000	$676,000	$701,000	$722,000	$712,000	6%	10%	14%	12%
	$9.99	$10.61	$11.01	$11.34	$11.18				
Bradenton, FL	$582,000	$615,000	$756,000	$862,000	$844,000	6%	30%	48%	45%
	$11.33	$11.98	$14.72	$16.78	$16.42				
Brevard County, FL	$1,964,000	$1,774,000	$1,915,000	$1,525,000	$1,482,000	-10%	-2%	-22%	-25%
	$6.98	$6.31	$6.81	$5.42	$5.27				
Broward County, FL	$5,543,000	$6,033,000	$6,441,000	$5,350,000	$5,275,000	9%	16%	-3%	-5%
	$11.86	$12.91	$13.78	$11.44	$11.28				
Cape Coral, FL	$748,000	$690,000	$711,000	$722,000	$702,000	-8%	-5%	-3%	-6%
	$6.63	$6.11	$6.30	$6.39	$6.22				
Clearwater, FL	$1,143,000	$1,116,000	$1,371,000	$1,193,000	$1,168,000	-2%	20%	4%	2%
	$10.55	$10.30	$12.66	$11.01	$10.79				
Cocoa, FL	$278,000	$322,000	$410,000	$474,000	$460,000	16%	47%	70%	65%
	$16.95	$19.60	$24.99	$28.89	$28.02				
Collier County, FL	$2,628,000	$2,741,000	$2,695,000	$2,354,000	$2,328,000	4%	3%	-10%	-11%
	$10.31	$10.75	$10.58	$9.24	$9.13				
Coral Springs, FL	$1,092,000	$1,128,000	$1,194,000	$890,000	$880,000	3%	9%	-19%	-19%
	$8.69	$8.98	$9.50	$7.08	$7.00				
Davie, FL	$764,000	$727,000	$772,000	$629,000	$622,000	-5%	1%	-18%	-19%
	$9.57	$9.11	$9.67	$7.88	$7.78				
Daytona Beach, FL	$999,000	$1,127,000	$1,400,000	$1,551,000	$1,513,000	13%	40%	55%	51%
	$15.46	$17.45	$21.67	$24.01	$23.43				
Deerfield Beach, FL	$731,000	$772,000	$823,000	$696,000	$681,000	6%	13%	-5%	-7%
	$11.14	$11.77	$12.55	$10.61	$10.38				
Delray Beach, FL	$700,000	$745,000	$820,000	$689,000	$679,000	6%	17%	-2%	-3%
	$11.24	$11.97	$13.17	$11.07	$10.90				
Deltona, FL	$589,000	$605,000	$634,000	$630,000	$617,000	3%	8%	7%	5%
	$7.98	$8.20	$8.59	$8.54	$8.36				
Destin, FL	$72,000	$53,000	$55,000	$35,000	$34,000	-26%	-23%	-52%	-52%
	$6.18	$4.56	$4.74	$2.98	$2.95				
Escambia County, FL	$2,538,000	$2,685,000	$3,343,000	$3,291,000	$3,192,000	6%	32%	30%	26%
	$10.56	$11.18	$13.92	$13.70	$13.29				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Fort Pierce, FL	$829,000 $21.82	$995,000 $26.19	$1,201,000 $31.61	$1,361,000 $35.82	$1,323,000 $34.83	20%	45%	64%	60%
Fort Walton Beach, FL	$176,000 $8.76	$168,000 $8.37	$207,000 $10.28	$184,000 $9.16	$180,000 $8.95	-4%	17%	5%	2%
Fort Lauderdale, FL	$2,357,000 $14.90	$2,492,000 $15.76	$2,897,000 $18.31	$2,113,000 $13.36	$2,081,000 $13.16	6%	23%	-10%	-12%
Fort Myers, FL	$812,000 $16.25	$914,000 $18.29	$1,100,000 $22.02	$1,212,000 $24.26	$1,187,000 $23.75	13%	35%	49%	46%
Gainesville, FL	$1,483,000 $15.58	$1,062,000 $11.16	$1,423,000 $14.96	$1,503,000 $15.79	$1,465,000 $15.39	-28%	-4%	1%	-1%
Hialeah, FL	$5,147,000 $22.56	$6,277,000 $27.51	$6,335,000 $27.77	$6,030,000 $26.43	$6,067,000 $26.59	22%	23%	17%	18%
Hillsborough County, FL	$7,074,000 $9.58	$7,074,000 $9.58	$7,687,000 $10.41	$6,492,000 $8.79	$6,392,000 $8.65	0%	9%	-8%	-10%
Hollywood, FL	$1,846,000 $12.89	$1,966,000 $13.73	$2,171,000 $15.16	$1,900,000 $13.27	$1,881,000 $13.14	7%	18%	3%	2%
Jacksonville-Duval, FL	$8,166,000 $10.15	$8,443,000 $10.49	$10,942,000 $13.60	$10,563,000 $13.13	$10,345,000 $12.86	3%	34%	29%	27%
Kissimmee, FL	$724,000 $14.00	$791,000 $15.30	$867,000 $16.76	$887,000 $17.15	$879,000 $16.99	9%	20%	23%	21%
Lake County, FL	$1,013,000 $6.77	$957,000 $6.40	$1,010,000 $6.75	$926,000 $6.19	$900,000 $6.02	-5%	0%	-9%	-11%
Lakeland, FL	$933,000 $10.83	$964,000 $11.19	$1,273,000 $14.77	$1,134,000 $13.16	$1,104,000 $12.81	3%	36%	22%	18%
Largo, FL	$568,000 $8.04	$520,000 $7.36	$587,000 $8.31	$555,000 $7.86	$540,000 $7.65	-8%	3%	-2%	-5%
Lauderhill, FL	$990,000 $16.83	$1,146,000 $19.48	$1,255,000 $21.33	$1,262,000 $21.46	$1,250,000 $21.25	16%	27%	27%	26%
Lee County, FL	$2,568,000 $8.21	$2,493,000 $7.97	$2,553,000 $8.16	$1,985,000 $6.35	$1,941,000 $6.21	-3%	-1%	-23%	-24%
Manatee County, FL	$1,814,000 $8.20	$1,766,000 $7.98	$1,878,000 $8.49	$1,674,000 $7.56	$1,637,000 $7.40	-3%	4%	-8%	-10%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Margate, FL	$510,000	$524,000	$535,000	$491,000	$486,000	3%	5%	-4%	-5%
	$9.31	$9.57	$9.76	$8.96	$8.87				
Marion County, FL	$2,059,000	$2,152,000	$2,351,000	$2,105,000	$2,039,000	5%	14%	2%	-1%
	$9.40	$9.83	$10.74	$9.62	$9.31				
Melbourne, FL	$677,000	$642,000	$709,000	$699,000	$680,000	-5%	5%	3%	0%
	$9.17	$8.69	$9.61	$9.47	$9.22				
Miami, FL	$9,928,000	$11,963,000	$14,543,000	$15,636,000	$15,518,000	20%	46%	57%	56%
	$26.49	$31.92	$38.80	$41.72	$41.40				
Miami Beach, FL	$2,118,000	$2,292,000	$2,914,000	$1,947,000	$1,951,000	8%	38%	-8%	-8%
	$23.64	$25.58	$32.53	$21.74	$21.78				
Miami-Dade County, FL	$23,676,000	$27,354,000	$28,802,000	$21,127,000	$21,067,000	16%	22%	-11%	-11%
	$15.39	$17.78	$18.72	$13.73	$13.69				
Miramar, FL	$906,000	$964,000	$973,000	$919,000	$928,000	6%	7%	1%	2%
	$10.03	$10.66	$10.77	$10.17	$10.27				
Naples, FL	$137,000	$121,000	$120,000	$79,000	$77,000	-12%	-12%	-42%	-44%
	$6.47	$5.71	$5.68	$3.74	$3.65				
North Miami, FL	$1,503,000	$1,818,000	$2,027,000	$2,071,000	$2,067,000	21%	35%	38%	37%
	$25.04	$30.28	$33.76	$34.50	$34.42				
Ocala, FL	$576,000	$612,000	$754,000	$682,000	$662,000	6%	31%	18%	15%
	$12.27	$13.03	$16.06	$14.53	$14.10				
Orange County, FL	$7,330,000	$7,310,000	$7,875,000	$6,718,000	$6,620,000	0%	7%	-8%	-10%
	$10.30	$10.27	$11.07	$9.44	$9.30				
Orlando, FL	$2,657,000	$2,881,000	$3,475,000	$3,051,000	$3,005,000	8%	31%	15%	13%
	$13.72	$14.87	$17.94	$15.75	$15.51				
Palm Bay, FL	$716,000	$719,000	$795,000	$857,000	$837,000	0%	11%	20%	17%
	$8.62	$8.66	$9.58	$10.32	$10.08				
Palm Beach County, FL	$8,274,000	$8,506,000	$9,053,000	$8,079,000	$7,961,000	3%	9%	-2%	-4%
	$9.31	$9.57	$10.19	$9.09	$8.96				
Panama City, FL	$477,000	$591,000	$642,000	$662,000	$643,000	24%	35%	39%	35%
	$12.99	$16.10	$17.49	$18.02	$17.51				
Pasco County, FL	$2,935,000	$2,943,000	$3,176,000	$3,352,000	$3,243,000	0%	8%	14%	11%
	$8.37	$8.40	$9.06	$9.57	$9.25				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Pembroke Pines, FL	$1,086,000	$1,046,000	$1,039,000	$787,000	$788,000	-4%	-4%	-28%	-27%
	$7.41	$7.13	$7.08	$5.37	$5.37				
Pensacola, FL	$1,133,000	$1,204,000	$1,098,000	$994,000	$968,000	6%	-3%	-12%	-15%
	$20.51	$21.80	$19.88	$17.99	$17.52				
Pinellas County, FL	$3,701,000	$3,381,000	$3,915,000	$3,094,000	$3,014,000	-9%	6%	-16%	-19%
	$7.41	$6.77	$7.84	$6.20	$6.04				
Plantation, FL	$634,000	$570,000	$599,000	$404,000	$400,000	-10%	-6%	-36%	-37%
	$7.47	$6.72	$7.06	$4.76	$4.72				
Polk County, FL	$3,646,000	$3,925,000	$4,459,000	$4,006,000	$3,910,000	8%	22%	10%	7%
	$10.24	$11.03	$12.53	$11.26	$10.99				
Pompano Beach, FL	$1,252,000	$1,360,000	$1,442,000	$1,199,000	$1,180,000	9%	15%	-4%	-6%
	$14.37	$15.61	$16.54	$13.76	$13.53				
Port St. Lucie, FL	$715,000	$696,000	$717,000	$770,000	$750,000	-3%	0%	8%	5%
	$7.26	$7.06	$7.27	$7.82	$7.61				
Punta Gorda, FL	$97,000	$80,000	$80,000	$53,000	$52,000	-18%	-18%	-45%	-47%
	$6.06	$4.99	$4.97	$3.33	$3.23				
Sarasota, FL	$688,000	$701,000	$885,000	$906,000	$887,000	2%	29%	32%	29%
	$12.90	$13.14	$16.60	$17.00	$16.64				
Sarasota County, FL	$1,769,000	$1,551,000	$1,648,000	$1,357,000	$1,320,000	-12%	-7%	-23%	-25%
	$6.29	$5.51	$5.86	$4.82	$4.69				
Seminole County, FL	$2,886,000	$2,629,000	$2,922,000	$2,196,000	$2,159,000	-9%	1%	-24%	-25%
	$7.56	$6.89	$7.66	$5.75	$5.66				
St. Petersburg, FL	$2,716,000	$2,995,000	$3,868,000	$3,885,000	$3,804,000	10%	42%	43%	40%
	$10.93	$12.05	$15.56	$15.63	$15.30				
Sunrise, FL	$895,000	$965,000	$1,025,000	$1,033,000	$1,020,000	8%	14%	15%	14%
	$10.12	$10.90	$11.58	$11.67	$11.53				
Tallahassee, FL	$2,310,000	$1,499,000	$1,880,000	$1,791,000	$1,752,000	-35%	-19%	-22%	-24%
	$14.89	$9.66	$12.11	$11.54	$11.29				
Tamarac, FL	$509,000	$513,000	$535,000	$468,000	$459,000	1%	5%	-8%	-10%
	$8.86	$8.93	$9.31	$8.15	$7.99				
Tampa, FL	$4,505,000	$5,402,000	$6,592,000	$6,146,000	$6,025,000	20%	46%	36%	34%
	$14.30	$17.14	$20.92	$19.50	$19.12				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Titusville, FL	$406,000	$401,000	$499,000	$523,000	$509,000	-1%	23%	29%	25%
	$9.87	$9.76	$12.13	$12.71	$12.37				
Volusia County, FL	$2,677,000	$2,573,000	$3,055,000	$2,702,000	$2,628,000	-4%	14%	1%	-2%
	$8.41	$8.08	$9.60	$8.49	$8.26				
West Palm Beach, FL	$1,304,000	$1,420,000	$1,878,000	$2,192,000	$2,155,000	9%	44%	68%	65%
	$15.07	$16.42	$21.70	$25.34	$24.91				
Winterhaven, FL	$319,000	$341,000	$445,000	$377,000	$369,000	7%	39%	18%	16%
	$12.07	$12.90	$16.84	$14.27	$13.95				
Florida State Program	$33,334,000	$34,950,000	$30,703,000	$30,703,000	$32,498,000	5%	-8%	-8%	-3%
	$10.76	$11.28	$9.91	$9.91	$10.49				
TOTAL	**$189,108,000**	**$199,883,000**	**$215,919,000**	**$195,762,000**	**$195,084,000**	**6%**	**14%**	**4%**	**3%**
	$11.32	**$11.96**	**$12.92**	**$11.71**	**$11.67**				
Georgia									
Albany, GA	$1,402,000	$1,610,000	$2,112,000	$2,148,000	$2,087,000	15%	51%	53%	49%
	$18.37	$21.09	$27.67	$28.15	$27.35				
Athens-Clarke, GA	$1,765,000	$1,207,000	$1,632,000	$1,664,000	$1,628,000	-32%	-8%	-6%	-8%
	$16.99	$11.62	$15.71	$16.02	$15.67				
Atlanta, GA	$11,284,000	$10,879,000	$10,834,000	$10,019,000	$9,781,000	-4%	-4%	-11%	-13%
	$26.56	$25.61	$25.50	$23.58	$23.02				
Augusta, GA	$2,755,000	$3,098,000	$4,272,000	$4,445,000	$4,324,000	12%	55%	61%	57%
	$13.93	$15.66	$21.59	$22.47	$21.85				
Brunswick, GA	$548,000	$625,000	$562,000	$704,000	$685,000	14%	3%	28%	25%
	$35.13	$40.04	$36.02	$45.13	$43.91				
Clayton County, GA	$2,182,000	$2,303,000	$2,669,000	$2,776,000	$2,747,000	6%	22%	27%	26%
	$9.70	$10.24	$11.87	$12.34	$12.21				
Cobb County, GA	$3,921,000	$3,457,000	$3,640,000	$2,678,000	$2,653,000	-12%	-7%	-32%	-32%
	$6.65	$5.86	$6.17	$4.54	$4.50				
Columbus-Muscogee, GA	$2,189,000	$2,405,000	$2,763,000	$2,299,000	$2,231,000	10%	26%	5%	2%
	$11.77	$12.93	$14.86	$12.36	$12.00				
Dalton, GA	$487,000	$562,000	$593,000	$418,000	$416,000	15%	22%	-14%	-15%
	$16.29	$18.80	$19.84	$13.97	$13.91				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
DeKalb County, GA	$6,893,000	$7,025,000	$8,044,000	$7,002,000	$6,938,000	2%	17%	2%	1%
	$10.67	$10.87	$12.45	$10.83	$10.74				
Fulton County, GA	$3,149,000	$3,106,000	$3,648,000	$2,386,000	$2,352,000	-1%	16%	-24%	-25%
	$8.91	$8.78	$10.32	$6.75	$6.65				
Gainesville, GA	$470,000	$545,000	$594,000	$519,000	$510,000	16%	26%	10%	9%
	$16.80	$19.49	$21.25	$18.56	$18.25				
Gwinnett County, GA	$4,827,000	$4,536,000	$4,453,000	$2,790,000	$2,784,000	-6%	-8%	-42%	-42%
	$7.27	$6.83	$6.70	$4.20	$4.19				
Hinesville, GA	$367,000	$423,000	$503,000	$422,000	$410,000	15%	37%	15%	12%
	$12.02	$13.86	$16.47	$13.81	$13.44				
Macon, GA	$1,606,000	$2,457,000	$2,935,000	$3,452,000	$3,355,000	53%	83%	115%	109%
	$16.75	$25.63	$30.61	$36.01	$35.00				
Marietta, GA	$835,000	$850,000	$992,000	$906,000	$895,000	2%	19%	8%	7%
	$13.46	$13.70	$15.99	$14.61	$14.42				
Rome, GA	$620,000	$806,000	$844,000	$860,000	$840,000	30%	36%	39%	35%
	$17.60	$22.86	$23.94	$24.42	$23.83				
Roswell, GA	$550,000	$501,000	$496,000	$301,000	$299,000	-9%	-10%	-45%	-46%
	$6.96	$6.34	$6.28	$3.81	$3.79				
Savannah, GA	$3,323,000	$3,721,000	$3,378,000	$4,175,000	$4,071,000	12%	2%	26%	22%
	$26.02	$29.14	$26.46	$32.70	$31.88				
Valdosta, GA	$718,000	$751,000	$1,026,000	$962,000	$935,000	5%	43%	34%	30%
	$16.06	$16.81	$22.95	$21.52	$20.92				
Warner Robins, GA	$543,000	$594,000	$725,000	$696,000	$678,000	9%	34%	28%	25%
	$10.33	$11.30	$13.80	$13.24	$12.90				
Georgia State Program	$47,121,000	$51,398,000	$52,398,000	$52,398,000	$54,479,000	9%	11%	11%	16%
	$10.49	$11.44	$11.67	$11.67	$12.13				
TOTAL	**$97,555,000**	**$102,857,000**	**$109,113,000**	**$104,021,000**	**$105,098,000**	**5%**	**12%**	**7%**	**8%**
	$11.40	**$12.02**	**$12.75**	**$12.15**	**$12.28**				
Hawaii									
Honolulu, HI	$11,856,000	$12,725,000	$12,661,000	$9,617,000	$9,739,000	7%	7%	-19%	-18%
	$13.23	$14.20	$14.13	$10.73	$10.87				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Hawaii State Program	$6,137,000 $17.59	$6,423,000 $18.41	$3,619,000 $10.37	$3,619,000 $10.37	$4,569,000 $13.10	5%	-41%	-41%	-26%
TOTAL	**$17,993,000** **$14.45**	**$19,148,000** **$15.38**	**$16,280,000** **$13.08**	**$13,236,000** **$10.63**	**$14,308,000** **$11.49**	**6%**	**-10%**	**-26%**	**-20%**
Idaho									
Boise, ID	$1,562,000 $8.23	$1,389,000 $7.31	$1,765,000 $9.30	$1,440,000 $7.59	$1,418,000 $7.47	-11%	13%	-8%	-9%
Idaho Falls, ID	$491,000 $9.61	$491,000 $9.61	$656,000 $12.84	$584,000 $11.43	$572,000 $11.19	0%	34%	19%	16%
Lewiston, ID	$323,000 $10.59	$429,000 $14.08	$430,000 $14.10	$439,000 $14.40	$428,000 $14.04	33%	33%	36%	33%
Nampa, ID	$613,000 $10.17	$629,000 $10.44	$745,000 $12.36	$838,000 $13.91	$823,000 $13.66	3%	22%	37%	34%
Pocatello, ID	$604,000 $11.79	$803,000 $15.67	$868,000 $16.93	$861,000 $16.80	$842,000 $16.43	33%	44%	42%	39%
Idaho State Program	$10,549,000 $11.10	$10,876,000 $11.44	$10,290,000 $10.83	$10,290,000 $10.83	$11,084,000 $11.66	3%	-2%	-2%	5%
TOTAL	**$14,142,000** **$10.61**	**$14,618,000** **$10.96**	**$14,754,000** **$11.07**	**$14,453,000** **$10.84**	**$15,167,000** **$11.37**	**3%**	**4%**	**2%**	**7%**
Illinois									
Arlington Heights, IL	$363,000 $4.75	$270,000 $3.54	$235,000 $3.08	$177,000 $2.32	$176,000 $2.31	-25%	-35%	-51%	-51%
Aurora, IL	$1,470,000 $9.36	$1,533,000 $9.77	$1,847,000 $11.76	$1,819,000 $11.59	$1,804,000 $11.49	4%	26%	24%	23%
Belleville, IL	$862,000 $20.86	$677,000 $16.39	$610,000 $14.76	$757,000 $18.32	$738,000 $17.85	-21%	-29%	-12%	-14%
Berwyn, IL	$1,596,000 $29.94	$985,000 $18.48	$795,000 $14.91	$996,000 $18.68	$986,000 $18.49	-38%	-50%	-38%	-38%
Bloomington, IL	$730,000 $10.83	$637,000 $9.44	$630,000 $9.34	$607,000 $9.01	$597,000 $8.85	-13%	-14%	-17%	-18%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Bolingbrook, IL	$372,000	$339,000	$340,000	$288,000	$286,000	-9%	-9%	-23%	-23%
	$5.92	$5.40	$5.42	$4.58	$4.55				
Champaign, IL	$916,000	$657,000	$721,000	$778,000	$764,000	-28%	-21%	-15%	-17%
	$13.19	$9.47	$10.38	$11.21	$11.01				
Chicago, IL	$100,851,000	$98,448,000	$83,622,000	$101,911,000	$100,044,000	-2%	-17%	1%	-1%
	$34.94	$34.11	$28.97	$35.31	$34.66				
Chicago Heights, IL	$684,000	$771,000	$790,000	$949,000	$932,000	13%	15%	39%	36%
	$20.98	$23.65	$24.22	$29.11	$28.58				
Cicero, IL	$1,631,000	$1,786,000	$2,241,000	$2,535,000	$2,516,000	10%	37%	55%	54%
	$19.36	$21.20	$26.60	$30.09	$29.87				
Cook County, IL	$12,693,000	$12,415,000	$14,502,000	$11,698,000	$11,565,000	-2%	14%	-8%	-9%
	$7.58	$7.42	$8.67	$6.99	$6.91				
Danville, IL	$1,168,000	$1,220,000	$854,000	$959,000	$936,000	4%	-27%	-18%	-20%
	$35.01	$36.57	$25.59	$28.74	$28.04				
Decatur, IL	$1,772,000	$1,956,000	$1,659,000	$1,877,000	$1,825,000	10%	-6%	6%	3%
	$22.19	$24.50	$20.78	$23.51	$22.85				
DeKalb, IL	$495,000	$283,000	$359,000	$421,000	$416,000	-43%	-27%	-15%	-16%
	$12.34	$7.05	$8.96	$10.51	$10.36				
Des Plaines, IL	$416,000	$384,000	$395,000	$334,000	$334,000	-8%	-5%	-20%	-20%
	$7.08	$6.55	$6.72	$5.69	$5.69				
Downers Grove, IL	$262,000	$155,000	$161,000	$115,000	$114,000	-41%	-39%	-56%	-57%
	$5.36	$3.16	$3.29	$2.35	$2.32				
DuPage County, IL	$4,312,000	$3,804,000	$3,747,000	$2,448,000	$2,449,000	-12%	-13%	-43%	-43%
	$6.30	$5.56	$5.48	$3.58	$3.58				
East St Louis, IL	$2,261,000	$2,125,000	$1,430,000	$1,826,000	$1,774,000	-6%	-37%	-19%	-22%
	$72.95	$68.56	$46.13	$58.91	$57.24				
Elgin, IL	$1,015,000	$1,102,000	$1,265,000	$1,249,000	$1,248,000	9%	25%	23%	23%
	$10.51	$11.41	$13.10	$12.93	$12.92				
Evanston, IL	$2,395,000	$927,000	$886,000	$708,000	$699,000	-61%	-63%	-70%	-71%
	$32.62	$12.63	$12.07	$9.65	$9.52				
Joliet, IL	$1,092,000	$1,167,000	$1,482,000	$1,803,000	$1,768,000	7%	36%	65%	62%
	$9.22	$9.86	$12.52	$15.23	$14.93				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Kane County, IL	$1,423,000	$1,250,000	$1,284,000	$942,000	$933,000	-12%	-10%	-34%	-34%
	$5.73	$5.04	$5.17	$3.80	$3.76				
Kankakee, IL	$707,000	$817,000	$777,000	$979,000	$955,000	16%	10%	38%	35%
	$26.02	$30.09	$28.61	$36.04	$35.17				
Lake County, IL	$3,061,000	$2,611,000	$2,794,000	$2,073,000	$2,050,000	-15%	-9%	-32%	-33%
	$5.59	$4.77	$5.11	$3.79	$3.75				
Madison County, IL	$3,689,000	$3,536,000	$3,237,000	$3,721,000	$3,627,000	-4%	-12%	1%	-2%
	$13.92	$13.34	$12.22	$14.04	$13.69				
McHenry County, IL	$1,518,000	$1,252,000	$1,296,000	$1,061,000	$1,048,000	-18%	-15%	-30%	-31%
	$5.32	$4.38	$4.54	$3.71	$3.67				
Moline, IL	$1,070,000	$809,000	$641,000	$638,000	$626,000	-24%	-40%	-40%	-42%
	$24.76	$18.71	$14.83	$14.76	$14.48				
Mount Prospect, IL	$452,000	$448,000	$405,000	$276,000	$280,000	-1%	-11%	-39%	-38%
	$8.06	$7.98	$7.21	$4.93	$4.99				
Naperville, IL	$583,000	$424,000	$371,000	$238,000	$235,000	-27%	-36%	-59%	-60%
	$4.31	$3.13	$2.74	$1.76	$1.74				
Normal, IL	$487,000	$209,000	$267,000	$324,000	$317,000	-57%	-45%	-33%	-35%
	$10.34	$4.43	$5.67	$6.88	$6.73				
North Chicago, IL	$380,000	$410,000	$475,000	$519,000	$512,000	8%	25%	36%	35%
	$10.53	$11.36	$13.17	$14.37	$14.17				
Oak Lawn, IL	$346,000	$313,000	$334,000	$312,000	$304,000	-9%	-3%	-10%	-12%
	$6.24	$5.66	$6.04	$5.62	$5.49				
Oak Park, IL	$2,327,000	$523,000	$502,000	$409,000	$402,000	-78%	-78%	-82%	-83%
	$45.10	$10.14	$9.73	$7.92	$7.80				
Palatine Village, IL	$501,000	$473,000	$441,000	$267,000	$269,000	-5%	-12%	-47%	-46%
	$7.54	$7.13	$6.64	$4.02	$4.05				
Pekin, IL	$492,000	$377,000	$366,000	$406,000	$396,000	-23%	-26%	-17%	-20%
	$14.72	$11.29	$10.95	$12.15	$11.84				
Peoria, IL	$2,304,000	$2,750,000	$2,507,000	$2,748,000	$2,673,000	19%	9%	19%	16%
	$20.45	$24.41	$22.25	$24.39	$23.73				
Rantoul, IL	$445,000	$291,000	$164,000	$172,000	$168,000	-35%	-63%	-61%	-62%
	$34.22	$22.38	$12.61	$13.22	$12.90				

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	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Rock Island, IL	$1,409,000	$1,242,000	$796,000	$934,000	$911,000	-12%	-44%	-34%	-35%
	$36.09	$31.80	$20.38	$23.92	$23.34				
Rockford, IL	$2,546,000	$2,775,000	$2,758,000	$3,053,000	$2,983,000	9%	8%	20%	17%
	$16.85	$18.37	$18.26	$20.21	$19.75				
Schaumburg Village, IL	$434,000	$353,000	$333,000	$202,000	$205,000	-19%	-23%	-53%	-53%
	$5.79	$4.71	$4.44	$2.70	$2.73				
Skokie, IL	$648,000	$472,000	$486,000	$363,000	$362,000	-27%	-25%	-44%	-44%
	$10.27	$7.48	$7.71	$5.75	$5.73				
Springfield, IL	$1,540,000	$1,456,000	$1,593,000	$1,632,000	$1,590,000	-5%	3%	6%	3%
	$13.77	$13.02	$14.25	$14.59	$14.22				
St. Clair County, IL	$1,726,000	$1,800,000	$2,367,000	$2,532,000	$2,456,000	4%	37%	47%	42%
	$9.44	$9.85	$12.95	$13.85	$13.44				
Urbana, IL	$565,000	$430,000	$497,000	$611,000	$599,000	-24%	-12%	8%	6%
	$14.77	$11.24	$13.00	$15.98	$15.66				
Waukegan, IL	$1,287,000	$1,454,000	$1,680,000	$1,801,000	$1,786,000	13%	31%	40%	39%
	$14.09	$15.92	$18.40	$19.72	$19.56				
Wheaton City, IL	$293,000	$231,000	$221,000	$142,000	$141,000	-21%	-25%	-52%	-52%
	$5.29	$4.17	$4.00	$2.57	$2.54				
Will County, IL	$1,588,000	$1,235,000	$1,355,000	$1,247,000	$1,224,000	-22%	-15%	-21%	-23%
	$4.74	$3.69	$4.05	$3.73	$3.66				
Illinois State Program	$37,843,000	$32,694,000	$32,847,000	$32,847,000	$33,566,000	-14%	-13%	-13%	-11%
	$12.76	$11.02	$11.08	$11.08	$11.32				
TOTAL	**$207,020,000**	**$192,279,000**	**$179,367,000**	**$194,704,000**	**$192,587,000**	**-7%**	**-13%**	**-6%**	**-7%**
	$16.43	**$15.26**	**$14.23**	**$15.45**	**$15.28**				
Indiana									
Anderson, IN	$1,086,000	$1,013,000	$998,000	$1,091,000	$1,063,000	-7%	-8%	0%	-2%
	$18.45	$17.22	$16.95	$18.54	$18.06				
Bloomington, IN	$1,014,000	$719,000	$702,000	$824,000	$805,000	-29%	-31%	-19%	-21%
	$14.49	$10.27	$10.03	$11.77	$11.50				
Columbus, IN	$355,000	$418,000	$453,000	$462,000	$452,000	18%	28%	30%	27%
	$9.16	$10.78	$11.70	$11.93	$11.67				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
East Chicago, IN	$1,664,000	$1,622,000	$1,175,000	$1,517,000	$1,482,000	-3%	-29%	-9%	-11%
	$52.44	$51.13	$37.04	$47.80	$46.71				
Elkhart, IN	$882,000	$774,000	$941,000	$1,036,000	$1,017,000	-12%	7%	18%	15%
	$17.03	$14.94	$18.17	$20.01	$19.63				
Evansville, IN	$3,553,000	$2,992,000	$2,096,000	$2,451,000	$2,391,000	-16%	-41%	-31%	-33%
	$29.84	$25.13	$17.60	$20.58	$20.08				
Fort Wayne, IN	$3,053,000	$2,949,000	$3,178,000	$3,723,000	$3,634,000	-3%	4%	22%	19%
	$14.53	$14.04	$15.13	$17.72	$17.30				
Gary, IN	$4,469,000	$4,566,000	$3,488,000	$4,419,000	$4,308,000	2%	-22%	-1%	-4%
	$44.27	$45.24	$34.55	$43.78	$42.67				
Goshen, IN	$335,000	$286,000	$360,000	$360,000	$355,000	-15%	8%	8%	6%
	$11.29	$9.63	$12.14	$12.14	$11.96				
Hamilton County, IN	$710,000	$502,000	$541,000	$387,000	$380,000	-29%	-24%	-45%	-46%
	$4.38	$3.09	$3.34	$2.39	$2.34				
Hammond, IN	$2,774,000	$2,525,000	$1,808,000	$2,343,000	$2,296,000	-9%	-35%	-16%	-17%
	$34.07	$31.02	$22.21	$28.78	$28.20				
Indianapolis, IN	$11,328,000	$11,412,000	$11,874,000	$12,837,000	$12,556,000	1%	5%	13%	11%
	$14.27	$14.38	$14.96	$16.17	$15.82				
Kokomo, IN	$1,192,000	$1,060,000	$826,000	$978,000	$954,000	-11%	-31%	-18%	-20%
	$25.94	$23.07	$17.97	$21.29	$20.75				
La Porte, IN	$594,000	$402,000	$329,000	$365,000	$357,000	-32%	-45%	-39%	-40%
	$27.90	$18.87	$15.47	$17.15	$16.77				
Lafayette, IN	$782,000	$778,000	$867,000	$899,000	$882,000	-1%	11%	15%	13%
	$12.91	$12.84	$14.31	$14.83	$14.55				
Lake County, IN	$1,609,000	$1,357,000	$1,707,000	$1,440,000	$1,415,000	-16%	6%	-11%	-12%
	$5.90	$4.97	$6.25	$5.28	$5.19				
Michigan City, IN	$866,000	$673,000	$563,000	$639,000	$623,000	-22%	-35%	-26%	-28%
	$26.59	$20.66	$17.28	$19.62	$19.14				
Mishawaka, IN	$662,000	$532,000	$613,000	$672,000	$659,000	-20%	-7%	1%	0%
	$13.72	$11.03	$12.71	$13.92	$13.66				
Muncie, IN	$1,697,000	$1,977,000	$1,427,000	$1,955,000	$1,906,000	16%	-16%	15%	12%
	$25.25	$29.42	$21.24	$29.10	$28.36				

	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
Jurisdiction Name	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
New Albany, IN	$866,000	$802,000	$676,000	$833,000	$810,000	-7%	-22%	-4%	-6%
	$23.08	$21.37	$18.02	$22.19	$21.59				
South Bend, IN	$3,379,000	$2,977,000	$2,320,000	$2,766,000	$2,700,000	-12%	-31%	-18%	-20%
	$31.71	$27.94	$21.77	$25.96	$25.34				
Terre Haute, IN	$2,227,000	$1,961,000	$1,310,000	$1,616,000	$1,576,000	-12%	-41%	-27%	-29%
	$37.98	$33.45	$22.34	$27.55	$26.87				
West Lafayette, IN	$531,000	$324,000	$257,000	$306,000	$300,000	-39%	-52%	-42%	-44%
	$18.26	$11.13	$8.85	$10.51	$10.31				
Indiana State Program	$36,840,000	$29,195,000	$30,490,000	$30,490,000	$31,458,000	-21%	-17%	-17%	-15%
	$10.15	$8.04	$8.40	$8.40	$8.67				
TOTAL	**$82,468,000**	**$71,817,000**	**$69,002,000**	**$74,410,000**	**$74,378,000**	**-13%**	**-16%**	**-10%**	**-10%**
	$13.39	**$11.66**	**$11.20**	**$12.08**	**$12.08**				
Iowa									
Ames, IA	$589,000	$350,000	$388,000	$417,000	$408,000	-41%	-34%	-29%	-31%
	$11.57	$6.88	$7.61	$8.18	$8.02				
Cedar Falls, IA	$376,000	$342,000	$321,000	$345,000	$338,000	-9%	-15%	-8%	-10%
	$10.26	$9.33	$8.75	$9.41	$9.22				
Cedar Rapids, IA	$1,549,000	$1,075,000	$1,144,000	$1,149,000	$1,127,000	-31%	-26%	-26%	-27%
	$12.64	$8.78	$9.33	$9.38	$9.20				
Council Bluffs, IA	$1,302,000	$924,000	$839,000	$1,028,000	$1,007,000	-29%	-36%	-21%	-23%
	$22.20	$15.76	$14.31	$17.52	$17.16				
Davenport, IA	$2,098,000	$2,091,000	$1,768,000	$2,055,000	$2,005,000	0%	-16%	-2%	-4%
	$21.46	$21.39	$18.08	$21.02	$20.51				
Des Moines, IA	$5,108,000	$3,663,000	$3,025,000	$3,611,000	$3,549,000	-28%	-41%	-29%	-31%
	$25.79	$18.49	$15.27	$18.23	$17.92				
Dubuque, IA	$1,481,000	$1,056,000	$718,000	$800,000	$782,000	-29%	-51%	-46%	-47%
	$25.97	$18.51	$12.60	$14.03	$13.71				
Iowa City, IA	$804,000	$606,000	$559,000	$646,000	$634,000	-25%	-30%	-20%	-21%
	$12.60	$9.50	$8.76	$10.12	$9.93				
Sioux City, IA	$2,276,000	$1,746,000	$1,406,000	$1,446,000	$1,420,000	-23%	-38%	-36%	-38%
	$27.05	$20.75	$16.72	$17.18	$16.88				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Waterloo, IA	$1,647,000	$1,527,000	$1,231,000	$1,315,000	$1,284,000	-7%	-25%	-20%	-22%
	$24.31	$22.54	$18.18	$19.41	$18.96				
Iowa State Program	$30,975,000	$24,018,000	$22,886,000	$22,886,000	$23,453,000	-22%	-26%	-26%	-24%
	$14.76	$11.44	$10.90	$10.90	$11.17				
TOTAL	**$48,205,000**	**$37,399,000**	**$34,286,000**	**$35,697,000**	**$36,007,000**	**-22%**	**-29%**	**-26%**	**-25%**
	$16.42	**$12.74**	**$11.68**	**$12.16**	**$12.26**				
Kansas									
Johnson County, KS	$1,427,000	$1,093,000	$1,222,000	$840,000	$829,000	-23%	-14%	-41%	-42%
	$5.23	$4.01	$4.48	$3.08	$3.04				
Kansas City, KS	$2,869,000	$3,092,000	$3,248,000	$3,976,000	$3,890,000	8%	13%	39%	36%
	$19.52	$21.04	$22.10	$27.05	$26.46				
Lawrence, KS	$963,000	$701,000	$782,000	$822,000	$807,000	-27%	-19%	-15%	-16%
	$11.80	$8.59	$9.58	$10.08	$9.89				
Leavenworth, KS	$435,000	$307,000	$392,000	$477,000	$467,000	-30%	-10%	10%	7%
	$12.28	$8.66	$11.08	$13.48	$13.19				
Overland Park, KS	$778,000	$573,000	$554,000	$355,000	$351,000	-26%	-29%	-54%	-55%
	$4.91	$3.62	$3.50	$2.24	$2.22				
Shawnee, KS	$264,000	$191,000	$187,000	$131,000	$131,000	-27%	-29%	-50%	-51%
	$5.01	$3.63	$3.55	$2.49	$2.48				
Topeka, KS	$2,388,000	$2,157,000	$1,849,000	$1,972,000	$1,928,000	-10%	-23%	-17%	-19%
	$19.56	$17.66	$15.14	$16.15	$15.79				
Wichita, KS	$3,464,000	$4,111,000	$4,989,000	$4,912,000	$4,817,000	19%	44%	42%	39%
	$9.75	$11.58	$14.05	$13.83	$13.56				
Kansas State Program	$20,158,000	$18,627,000	$18,550,000	$18,550,000	$19,346,000	-8%	-8%	-8%	-4%
	$13.54	$12.51	$12.46	$12.46	$12.99				
TOTAL	**$32,746,000**	**$30,851,000**	**$31,774,000**	**$32,037,000**	**$32,567,000**	**-6%**	**-3%**	**-2%**	**-1%**
	$12.06	**$11.37**	**$11.71**	**$11.80**	**$12.00**				
Kentucky									
Ashland, KY	$842,000	$743,000	$489,000	$460,000	$446,000	-12%	-42%	-45%	-47%
	$38.98	$34.40	$22.64	$21.31	$20.66				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Bowling Green, KY	$676,000	$643,000	$863,000	$876,000	$852,000	-5%	28%	30%	26%
	$13.46	$12.79	$17.18	$17.45	$16.96				
Covington, KY	$2,018,000	$1,770,000	$1,169,000	$1,624,000	$1,585,000	-12%	-42%	-20%	-21%
	$46.95	$41.17	$27.19	$37.79	$36.89				
Elizabethtown, KY	$193,000	$193,000	$251,000	$198,000	$193,000	0%	30%	3%	0%
	$8.36	$8.35	$10.87	$8.60	$8.36				
Henderson, KY	$306,000	$426,000	$498,000	$576,000	$558,000	39%	63%	88%	82%
	$11.16	$15.55	$18.18	$21.00	$20.35				
Hopkinsville, KY	$346,000	$455,000	$579,000	$604,000	$586,000	31%	67%	74%	69%
	$11.82	$15.53	$19.78	$20.62	$20.01				
Jefferson County, KY	$3,009,000	$2,736,000	$3,365,000	$2,692,000	$2,622,000	-9%	12%	-11%	-13%
	$6.74	$6.12	$7.53	$6.03	$5.87				
Lexington-Fayette, KY	$2,505,000	$2,294,000	$2,948,000	$2,797,000	$2,729,000	-8%	18%	12%	9%
	$9.50	$8.70	$11.18	$10.61	$10.35				
Louisville, KY	$11,324,000	$10,748,000	$7,339,000	$9,303,000	$9,070,000	-5%	-35%	-18%	-20%
	$45.04	$42.75	$29.19	$37.00	$36.08				
Owensboro, KY	$635,000	$890,000	$934,000	$984,000	$956,000	40%	47%	55%	51%
	$11.72	$16.42	$17.24	$18.16	$17.65				
Kentucky State Program	$31,820,000	$39,521,000	$46,920,000	$46,920,000	$46,911,000	24%	47%	47%	47%
	$11.04	$13.71	$16.28	$16.28	$16.27				
TOTAL	**$53,674,000**	**$60,418,000**	**$65,355,000**	**$67,034,000**	**$66,508,000**	**13%**	**22%**	**25%**	**24%**
	$13.11	**$14.76**	**$15.97**	**$16.38**	**$16.25**				
Louisiana									
Alexandria, LA	$802,000	$1,310,000	$1,431,000	$1,416,000	$1,373,000	63%	78%	77%	71%
	$17.49	$28.56	$31.21	$30.89	$29.94				
Baton Rouge, LA	$5,096,000	$5,152,000	$6,804,000	$5,876,000	$5,722,000	1%	34%	15%	12%
	$13.18	$13.32	$17.60	$15.20	$14.80				
Bossier City, LA	$633,000	$691,000	$932,000	$923,000	$897,000	9%	47%	46%	42%
	$11.07	$12.09	$16.31	$16.14	$15.70				
Houma-Terrebonne, LA	$1,492,000	$1,768,000	$2,137,000	$1,964,000	$1,905,000	18%	43%	32%	28%
	$14.12	$16.73	$20.23	$18.59	$18.03				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Jefferson Parish, LA	$4,403,000	$4,762,000	$5,815,000	$4,997,000	$4,876,000	8%	32%	13%	11%
	$11.52	$12.46	$15.21	$13.07	$12.75				
Kenner, LA	$827,000	$914,000	$1,046,000	$881,000	$860,000	11%	26%	6%	4%
	$11.73	$12.97	$14.83	$12.49	$12.20				
Lafayette, LA	$1,976,000	$1,999,000	$2,515,000	$2,127,000	$2,073,000	1%	27%	8%	5%
	$11.84	$11.98	$15.07	$12.74	$12.42				
Lake Charles, LA	$1,009,000	$1,349,000	$1,524,000	$1,466,000	$1,427,000	34%	51%	45%	41%
	$14.27	$19.08	$21.54	$20.73	$20.17				
Monroe, LA	$1,063,000	$1,283,000	$1,652,000	$1,637,000	$1,585,000	21%	55%	54%	49%
	$20.30	$24.50	$31.54	$31.26	$30.26				
New Orleans, LA	$18,071,000	$21,818,000	$18,145,000	$20,758,000	$20,261,000	21%	0%	15%	12%
	$38.15	$46.06	$38.31	$43.82	$42.77				
Shreveport, LA	$3,167,000	$3,879,000	$5,062,000	$4,821,000	$4,683,000	22%	60%	52%	48%
	$15.91	$19.49	$25.43	$24.22	$23.53				
Slidell, LA	$240,000	$249,000	$294,000	$254,000	$246,000	4%	23%	6%	2%
	$9.07	$9.41	$11.13	$9.60	$9.29				
Thibodaux, LA	$248,000	$308,000	$355,000	$323,000	$314,000	24%	43%	30%	27%
	$17.09	$21.23	$24.44	$22.24	$21.62				
Louisiana State Program	$34,125,000	$40,007,000	$42,495,000	$42,495,000	$43,705,000	17%	25%	25%	28%
	$14.04	$16.46	$17.48	$17.48	$17.98				
TOTAL	**$73,152,000**	**$85,489,000**	**$90,207,000**	**$89,937,000**	**$89,925,000**	**17%**	**23%**	**23%**	**23%**
	$16.32	**$19.07**	**$20.13**	**$20.07**	**$20.06**				
Maine									
Auburn, ME	$763,000	$651,000	$439,000	$471,000	$460,000	-15%	-42%	-38%	-40%
	$32.97	$28.12	$18.97	$20.36	$19.89				
Bangor, ME	$1,252,000	$1,036,000	$625,000	$672,000	$656,000	-17%	-50%	-46%	-48%
	$39.69	$32.84	$19.83	$21.30	$20.80				
Lewiston, ME	$1,251,000	$1,344,000	$841,000	$1,038,000	$1,015,000	7%	-33%	-17%	-19%
	$35.09	$37.72	$23.60	$29.13	$28.47				
Portland, ME	$2,567,000	$1,879,000	$1,227,000	$1,389,000	$1,359,000	-27%	-52%	-46%	-47%
	$40.18	$29.42	$19.22	$21.75	$21.27				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
South Portland, ME	$542,000	$325,000	$217,000	$238,000	$233,000	-40%	-60%	-56%	-57%
	$23.31	$13.99	$9.31	$10.23	$10.00				
Maine State Program	$16,856,000	$14,217,000	$14,318,000	$14,318,000	$14,488,000	-16%	-15%	-15%	-14%
	$15.11	$12.75	$12.84	$12.84	$12.99				
TOTAL	**$23,231,000**	**$19,453,000**	**$17,667,000**	**$18,126,000**	**$18,211,000**	**-16%**	**-24%**	**-22%**	**-22%**
	$17.97	**$15.05**	**$13.67**	**$14.02**	**$14.09**				
Maryland									
Annapolis, MD	$414,000	$378,000	$533,000	$457,000	$447,000	-9%	29%	10%	8%
	$11.44	$10.44	$14.71	$12.63	$12.36				
Anne Arundel County, MD	$2,577,000	$2,128,000	$2,468,000	$2,007,000	$1,970,000	-17%	-4%	-22%	-24%
	$5.52	$4.56	$5.28	$4.30	$4.22				
Baltimore, MD	$28,468,000	$27,871,000	$20,156,000	$27,030,000	$26,378,000	-2%	-29%	-5%	-7%
	$44.58	$43.64	$31.56	$42.33	$41.31				
Baltimore County, MD	$5,094,000	$4,390,000	$5,969,000	$5,369,000	$5,265,000	-14%	17%	5%	3%
	$6.61	$5.70	$7.75	$6.97	$6.84				
Bowie City, MD	$202,000	$120,000	$117,000	$97,000	$97,000	-41%	-42%	-52%	-52%
	$3.88	$2.30	$2.25	$1.86	$1.86				
Cumberland, MD	$1,216,000	$1,110,000	$648,000	$785,000	$764,000	-9%	-47%	-35%	-37%
	$57.68	$52.66	$30.72	$37.22	$36.24				
Frederick, MD	$469,000	$345,000	$476,000	$574,000	$564,000	-27%	1%	22%	20%
	$8.37	$6.15	$8.49	$10.24	$10.06				
Gaithersburg, MD	$545,000	$552,000	$558,000	$526,000	$531,000	1%	2%	-3%	-3%
	$9.68	$9.81	$9.91	$9.35	$9.44				
Hagerstown, MD	$1,159,000	$1,128,000	$897,000	$1,108,000	$1,078,000	-3%	-23%	-4%	-7%
	$31.62	$30.76	$24.47	$30.24	$29.42				
Harford County, MD	$1,270,000	$1,082,000	$1,308,000	$1,254,000	$1,224,000	-15%	3%	-1%	-4%
	$5.58	$4.75	$5.74	$5.51	$5.37				
Howard County, MD	$1,409,000	$1,147,000	$1,216,000	$785,000	$776,000	-19%	-14%	-44%	-45%
	$5.42	$4.41	$4.67	$3.02	$2.98				
Montgomery County, MD	$6,221,000	$5,892,000	$6,220,000	$4,826,000	$4,817,000	-5%	0%	-22%	-23%
	$7.40	$7.01	$7.40	$5.74	$5.73				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Prince Georges County, MD	$7,445,000	$7,425,000	$8,930,000	$9,376,000	$9,364,000	0%	20%	26%	26%
	$9.54	$9.52	$11.44	$12.02	$12.00				
Salisbury, MD	$360,000	$406,000	$510,000	$617,000	$601,000	13%	42%	71%	67%
	$14.61	$16.46	$20.68	$25.04	$24.40				
Maryland State Program	$9,358,000	$8,243,000	$8,963,000	$8,963,000	$9,183,000	-12%	-4%	-4%	-2%
	$7.86	$6.92	$7.53	$7.53	$7.71				
TOTAL	**$66,207,000**	**$62,217,000**	**$58,967,000**	**$63,775,000**	**$63,061,000**	**-6%**	**-11%**	**-4%**	**-5%**
	$12.13	**$11.40**	**$10.80**	**$11.68**	**$11.55**				
Massachusetts									
Arlington, MA	$1,558,000	$285,000	$261,000	$259,000	$254,000	-82%	-83%	-83%	-84%
	$36.97	$6.77	$6.19	$6.14	$6.03				
Attleboro, MA	$565,000	$381,000	$393,000	$390,000	$383,000	-33%	-30%	-31%	-32%
	$13.09	$8.83	$9.11	$9.02	$8.88				
Barnstable, MA	$425,000	$368,000	$475,000	$470,000	$458,000	-13%	12%	11%	8%
	$8.70	$7.53	$9.72	$9.62	$9.37				
Boston, MA	$24,264,000	$20,365,000	$15,586,000	$18,890,000	$18,585,000	-16%	-36%	-22%	-23%
	$41.18	$34.56	$26.45	$32.06	$31.54				
Brockton, MA	$1,723,000	$1,802,000	$1,921,000	$2,467,000	$2,413,000	5%	11%	43%	40%
	$18.05	$18.88	$20.13	$25.85	$25.29				
Brookline, MA	$1,918,000	$747,000	$645,000	$529,000	$523,000	-61%	-66%	-72%	-73%
	$33.63	$13.10	$11.32	$9.27	$9.16				
Cambridge, MA	$3,817,000	$1,870,000	$1,556,000	$1,673,000	$1,650,000	-51%	-59%	-56%	-57%
	$37.49	$18.37	$15.28	$16.43	$16.21				
Chicopee, MA	$1,561,000	$1,276,000	$949,000	$1,090,000	$1,065,000	-18%	-39%	-30%	-32%
	$28.47	$23.28	$17.32	$19.87	$19.42				
Fall River, MA	$3,603,000	$3,532,000	$2,605,000	$3,656,000	$3,572,000	-2%	-28%	1%	-1%
	$38.88	$38.12	$28.11	$39.46	$38.55				
Fitchburg, MA	$1,414,000	$1,178,000	$889,000	$1,208,000	$1,182,000	-17%	-37%	-15%	-16%
	$35.59	$29.65	$22.37	$30.40	$29.75				
Framingham, MA	$645,000	$549,000	$724,000	$770,000	$760,000	-15%	12%	19%	18%
	$9.65	$8.21	$10.84	$11.52	$11.37				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Gloucester, MA	$942,000	$596,000	$452,000	$527,000	$515,000	-37%	-52%	-44%	-45%
	$30.72	$19.42	$14.75	$17.18	$16.79				
Haverhill, MA	$1,253,000	$913,000	$843,000	$1,027,000	$1,005,000	-27%	-33%	-18%	-20%
	$21.01	$15.32	$14.14	$17.22	$16.85				
Holyoke, MA	$1,636,000	$1,659,000	$1,429,000	$1,828,000	$1,784,000	1%	-13%	12%	9%
	$41.03	$41.60	$35.85	$45.84	$44.75				
Lawrence, MA	$2,046,000	$2,577,000	$2,583,000	$3,271,000	$3,202,000	26%	26%	60%	57%
	$28.24	$35.57	$35.65	$45.14	$44.20				
Leominster, MA	$618,000	$553,000	$582,000	$646,000	$632,000	-11%	-6%	4%	2%
	$14.75	$13.19	$13.89	$15.41	$15.09				
Lowell, MA	$2,815,000	$2,799,000	$2,632,000	$3,412,000	$3,347,000	-1%	-6%	21%	19%
	$26.83	$26.68	$25.09	$32.53	$31.91				
Lynn, MA	$3,007,000	$2,650,000	$2,288,000	$2,954,000	$2,899,000	-12%	-24%	-2%	-4%
	$33.56	$29.58	$25.53	$32.97	$32.36				
Malden, MA	$1,857,000	$1,087,000	$846,000	$1,082,000	$1,068,000	-41%	-54%	-42%	-42%
	$33.07	$19.35	$15.06	$19.26	$19.02				
Medford, MA	$2,126,000	$980,000	$504,000	$706,000	$693,000	-54%	-76%	-67%	-67%
	$38.56	$17.77	$9.15	$12.80	$12.56				
New Bedford, MA	$3,585,000	$3,914,000	$2,953,000	$4,125,000	$4,026,000	9%	-18%	15%	12%
	$38.10	$41.60	$31.39	$43.84	$42.79				
Newton, MA	$2,700,000	$535,000	$522,000	$419,000	$410,000	-80%	-81%	-84%	-85%
	$32.19	$6.38	$6.22	$4.99	$4.89				
Northampton, MA	$898,000	$543,000	$319,000	$311,000	$305,000	-39%	-64%	-65%	-66%
	$30.99	$18.75	$11.02	$10.74	$10.53				
Pittsfield, MA	$1,793,000	$1,334,000	$815,000	$982,000	$959,000	-26%	-55%	-45%	-47%
	$39.82	$29.63	$18.10	$21.82	$21.31				
Plymouth, MA	$478,000	$280,000	$359,000	$405,000	$396,000	-41%	-25%	-15%	-17%
	$8.89	$5.21	$6.67	$7.53	$7.36				
Quincy, MA	$2,513,000	$1,187,000	$957,000	$970,000	$960,000	-53%	-62%	-61%	-62%
	$28.18	$13.31	$10.73	$10.88	$10.76				
Salem, MA	$1,352,000	$827,000	$608,000	$743,000	$730,000	-39%	-55%	-45%	-46%
	$32.08	$19.61	$14.42	$17.64	$17.32				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Somerville, MA	$3,450,000 $44.85	$2,097,000 $27.26	$1,304,000 $16.96	$1,770,000 $23.01	$1,745,000 $22.68	-39%	-62%	-49%	-49%
Springfield, MA	$5,007,000 $32.96	$5,215,000 $34.33	$4,628,000 $30.46	$6,006,000 $39.53	$5,854,000 $38.53	4%	-8%	20%	17%
Taunton, MA	$1,022,000 $18.04	$848,000 $14.98	$819,000 $14.46	$954,000 $16.83	$930,000 $16.43	-17%	-20%	-7%	-9%
Waltham, MA	$1,280,000 $21.67	$813,000 $13.76	$562,000 $9.52	$700,000 $11.85	$694,000 $11.75	-37%	-56%	-45%	-46%
Westfield, MA	$539,000 $13.37	$532,000 $13.20	$546,000 $13.54	$560,000 $13.89	$547,000 $13.57	-1%	1%	4%	1%
Weymouth, MA	$940,000 $17.17	$535,000 $9.77	$434,000 $7.93	$491,000 $8.97	$480,000 $8.76	-43%	-54%	-48%	-49%
Worcester, MA	$5,607,000 $32.05	$5,314,000 $30.37	$4,181,000 $23.90	$5,554,000 $31.74	$5,432,000 $31.05	-5%	-25%	-1%	-3%
Yarmouth, MA	$175,000 $6.93	$146,000 $5.77	$180,000 $7.14	$192,000 $7.61	$187,000 $7.41	-17%	3%	10%	7%
Massachusetts State Program	$40,541,000 $11.36	$26,721,000 $7.49	$25,539,000 $7.16	$25,539,000 $7.16	$26,418,000 $7.40	-34%	-37%	-37%	-35%
TOTAL	**$129,673,000** **$20.17**	**$97,008,000** **$15.09**	**$82,890,000** **$12.90**	**$96,572,000** **$15.02**	**$96,063,000** **$14.95**	**-25%**	**-36%**	**-26%**	**-26%**
Michigan									
Ann Arbor, MI	$1,308,000 $11.35	$1,119,000 $9.71	$1,082,000 $9.40	$1,164,000 $10.10	$1,154,000 $10.01	-14%	-17%	-11%	-12%
Battle Creek, MI	$1,557,000 $29.02	$1,443,000 $26.90	$1,070,000 $19.94	$1,196,000 $22.29	$1,168,000 $21.78	-7%	-31%	-23%	-25%
Bay City, MI	$1,742,000 $48.60	$1,371,000 $38.25	$827,000 $23.07	$1,102,000 $30.75	$1,076,000 $30.03	-21%	-53%	-37%	-38%
Benton Harbor, MI	$572,000 $51.76	$725,000 $65.56	$625,000 $56.56	$806,000 $72.89	$783,000 $70.85	27%	9%	41%	37%
Canton Twp., MI	$434,000 $5.34	$358,000 $4.40	$351,000 $4.32	$223,000 $2.74	$220,000 $2.70	-17%	-19%	-49%	-49%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Clinton Twp., MI	$641,000	$575,000	$630,000	$602,000	$592,000	-10%	-2%	-6%	-8%
	$6.68	$5.99	$6.57	$6.28	$6.17				
Dearborn, MI	$2,485,000	$2,498,000	$2,133,000	$1,977,000	$1,930,000	1%	-14%	-20%	-22%
	$25.40	$25.54	$21.81	$20.21	$19.73				
Dearborn Heights, MI	$1,282,000	$867,000	$458,000	$369,000	$362,000	-32%	-64%	-71%	-72%
	$22.09	$14.93	$7.90	$6.35	$6.24				
Detroit, MI	$45,828,000	$50,410,000	$35,975,000	$47,496,000	$46,373,000	10%	-22%	4%	1%
	$49.54	$54.49	$38.89	$51.34	$50.13				
East Lansing, MI	$727,000	$438,000	$423,000	$552,000	$544,000	-40%	-42%	-24%	-25%
	$15.71	$9.46	$9.15	$11.93	$11.77				
Farmington Hills, MI	$463,000	$376,000	$371,000	$250,000	$246,000	-19%	-20%	-46%	-47%
	$5.69	$4.62	$4.55	$3.07	$3.03				
Flint, MI	$5,216,000	$5,373,000	$4,232,000	$5,447,000	$5,303,000	3%	-19%	4%	2%
	$42.84	$44.13	$34.76	$44.73	$43.55				
Genesee County, MI	$2,257,000	$2,111,000	$2,759,000	$3,276,000	$3,194,000	-6%	22%	45%	42%
	$7.23	$6.76	$8.84	$10.49	$10.23				
Grand Rapids, MI	$4,737,000	$4,641,000	$4,191,000	$5,200,000	$5,089,000	-2%	-12%	10%	7%
	$24.10	$23.61	$21.32	$26.45	$25.88				
Holland, MI	$386,000	$302,000	$391,000	$436,000	$430,000	-22%	1%	13%	11%
	$11.13	$8.72	$11.27	$12.58	$12.38				
Jackson, MI	$1,677,000	$1,478,000	$1,017,000	$1,394,000	$1,360,000	-12%	-39%	-17%	-19%
	$47.22	$41.63	$28.64	$39.25	$38.30				
Kalamazoo, MI	$2,166,000	$2,011,000	$1,558,000	$2,054,000	$2,009,000	-7%	-28%	-5%	-7%
	$28.55	$26.51	$20.54	$27.07	$26.49				
Kent County, MI	$1,838,000	$1,526,000	$1,778,000	$1,232,000	$1,209,000	-17%	-3%	-33%	-34%
	$5.78	$4.80	$5.59	$3.88	$3.80				
Lansing, MI	$2,536,000	$2,524,000	$2,485,000	$3,067,000	$2,998,000	0%	-2%	21%	18%
	$21.38	$21.28	$20.96	$25.86	$25.28				
Lincoln Park, MI	$989,000	$773,000	$450,000	$455,000	$447,000	-22%	-54%	-54%	-55%
	$24.94	$19.49	$11.36	$11.48	$11.27				
Livonia, MI	$487,000	$379,000	$384,000	$261,000	$256,000	-22%	-21%	-46%	-47%
	$4.85	$3.78	$3.83	$2.60	$2.55				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Macomb County, MI	$1,984,000	$1,691,000	$1,991,000	$2,061,000	$2,022,000	-15%	0%	4%	2%
	$5.87	$5.00	$5.89	$6.10	$5.99				
Midland, MI	$303,000	$257,000	$344,000	$257,000	$250,000	-15%	13%	-15%	-18%
	$7.20	$6.11	$8.16	$6.12	$5.94				
Monroe, MI	$629,000	$534,000	$412,000	$501,000	$489,000	-15%	-35%	-20%	-22%
	$28.55	$24.24	$18.70	$22.76	$22.21				
Muskegon, MI	$1,212,000	$1,196,000	$994,000	$1,292,000	$1,261,000	-1%	-18%	7%	4%
	$30.74	$30.33	$25.20	$32.77	$31.98				
Muskegon Heights, MI	$569,000	$727,000	$548,000	$740,000	$721,000	28%	-4%	30%	27%
	$47.99	$61.29	$46.18	$62.42	$60.82				
Niles, MI	$397,000	$303,000	$232,000	$291,000	$284,000	-24%	-42%	-27%	-28%
	$33.16	$25.29	$19.34	$24.28	$23.76				
Norton Shores, MI	$153,000	$135,000	$146,000	$116,000	$113,000	-12%	-5%	-24%	-26%
	$6.63	$5.83	$6.30	$5.01	$4.89				
Oakland County, MI	$3,811,000	$3,225,000	$3,837,000	$3,210,000	$3,154,000	-15%	1%	-16%	-17%
	$5.89	$4.99	$5.93	$4.96	$4.88				
Pontiac, MI	$1,900,000	$1,992,000	$1,876,000	$2,286,000	$2,240,000	5%	-1%	20%	18%
	$28.73	$30.12	$28.36	$34.56	$33.88				
Port Huron, MI	$1,023,000	$919,000	$724,000	$973,000	$948,000	-10%	-29%	-5%	-7%
	$31.67	$28.46	$22.42	$30.12	$29.33				
Portage, MI	$262,000	$203,000	$229,000	$164,000	$162,000	-22%	-13%	-37%	-38%
	$5.80	$4.50	$5.07	$3.64	$3.58				
Redford, MI	$1,161,000	$772,000	$374,000	$317,000	$313,000	-34%	-68%	-73%	-73%
	$22.65	$15.06	$7.30	$6.18	$6.10				
Rochester Hills, MI	$359,000	$292,000	$287,000	$202,000	$199,000	-19%	-20%	-44%	-45%
	$5.23	$4.25	$4.18	$2.94	$2.90				
Roseville, MI	$672,000	$548,000	$453,000	$543,000	$531,000	-18%	-33%	-19%	-21%
	$13.90	$11.33	$9.38	$11.24	$10.98				
Royal Oak, MI	$1,650,000	$258,000	$298,000	$277,000	$273,000	-84%	-82%	-83%	-83%
	$27.86	$4.35	$5.04	$4.67	$4.61				
Saginaw, MI	$3,016,000	$3,115,000	$2,398,000	$3,154,000	$3,071,000	3%	-20%	5%	2%
	$50.19	$51.83	$39.90	$52.49	$51.10				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	**Alternative 1**	**Alternative 2**	**Alternative 3**	**Alternative 4**	**Alt. 1**	**Alt. 2**	**Alt. 3**	**Alt. 4**
Southfield, MI	$629,000	$593,000	$702,000	$619,000	$611,000	-6%	12%	-2%	-3%
	$8.08	$7.62	$9.02	$7.96	$7.85				
St. Clair Shores, MI	$1,116,000	$680,000	$314,000	$337,000	$331,000	-39%	-72%	-70%	-70%
	$17.79	$10.83	$5.00	$5.37	$5.27				
Sterling Heights, MI	$828,000	$770,000	$757,000	$726,000	$714,000	-7%	-9%	-12%	-14%
	$6.56	$6.10	$6.00	$5.75	$5.66				
Taylor, MI	$620,000	$656,000	$839,000	$786,000	$767,000	6%	35%	27%	24%
	$9.41	$9.95	$12.74	$11.93	$11.64				
Troy City, MI	$429,000	$342,000	$310,000	$200,000	$201,000	-20%	-28%	-53%	-53%
	$5.30	$4.23	$3.83	$2.47	$2.48				
Warren, MI	$1,053,000	$1,000,000	$1,230,000	$1,433,000	$1,405,000	-5%	17%	36%	33%
	$7.65	$7.26	$8.94	$10.41	$10.21				
Washtenaw County, MI	$906,000	$850,000	$1,001,000	$876,000	$861,000	-6%	10%	-3%	-5%
	$8.60	$8.07	$9.50	$8.31	$8.17				
Waterford Twp., MI	$451,000	$365,000	$449,000	$436,000	$429,000	-19%	0%	-3%	-5%
	$6.12	$4.95	$6.10	$5.91	$5.83				
Wayne County, MI	$6,543,000	$6,330,000	$6,303,000	$6,981,000	$6,836,000	-3%	-4%	7%	4%
	$12.12	$11.72	$11.67	$12.93	$12.66				
Westland, MI	$1,270,000	$971,000	$744,000	$601,000	$593,000	-24%	-41%	-53%	-53%
	$14.72	$11.26	$8.63	$6.96	$6.87				
Wyoming, MI	$573,000	$540,000	$670,000	$650,000	$643,000	-6%	17%	13%	12%
	$8.15	$7.68	$9.52	$9.25	$9.15				
Michigan State Program	$42,906,000	$34,545,000	$36,630,000	$36,630,000	$37,950,000	-19%	-15%	-15%	-12%
	$10.47	$8.43	$8.94	$8.94	$9.26				
TOTAL	**$155,753,000**	**$145,106,000**	**$128,285,000**	**$145,217,000**	**$144,117,000**	**-7%**	**-18%**	**-7%**	**-7%**
	$15.51	**$14.45**	**$12.77**	**$14.46**	**$14.35**				
Minnesota									
Anoka County, MN	$1,359,000	$1,118,000	$1,199,000	$1,177,000	$1,162,000	-18%	-12%	-13%	-15%
	$5.49	$4.51	$4.84	$4.76	$4.69				
Bloomington, MN	$501,000	$394,000	$413,000	$302,000	$302,000	-21%	-18%	-40%	-40%
	$5.96	$4.69	$4.91	$3.59	$3.59				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Coon Rapids, MN	$374,000	$331,000	$374,000	$368,000	$362,000	-11%	0%	-2%	-3%
	$6.00	$5.31	$6.01	$5.90	$5.81				
Dakota County, MN	$2,058,000	$1,621,000	$1,810,000	$1,567,000	$1,552,000	-21%	-12%	-24%	-25%
	$5.35	$4.21	$4.71	$4.08	$4.04				
Duluth, MN	$3,402,000	$2,757,000	$1,641,000	$1,868,000	$1,829,000	-19%	-52%	-45%	-46%
	$39.37	$31.90	$18.99	$21.62	$21.17				
Hennepin County, MN	$3,514,000	$2,887,000	$3,120,000	$2,209,000	$2,195,000	-18%	-11%	-37%	-38%
	$5.85	$4.81	$5.20	$3.68	$3.66				
Minneapolis, MN	$16,313,000	$11,040,000	$8,333,000	$9,808,000	$9,660,000	-32%	-49%	-40%	-41%
	$43.43	$29.39	$22.18	$26.11	$25.72				
Moorhead, MN	$341,000	$254,000	$338,000	$381,000	$370,000	-26%	-1%	12%	9%
	$10.47	$7.79	$10.37	$11.68	$11.37				
Plymouth, MN	$317,000	$213,000	$205,000	$127,000	$127,000	-33%	-35%	-60%	-60%
	$4.71	$3.17	$3.04	$1.88	$1.89				
Ramsey County, MN	$1,286,000	$1,018,000	$1,137,000	$948,000	$937,000	-21%	-12%	-26%	-27%
	$5.67	$4.49	$5.02	$4.18	$4.13				
Rochester, MN	$674,000	$591,000	$780,000	$714,000	$701,000	-12%	16%	6%	4%
	$7.45	$6.52	$8.62	$7.89	$7.75				
St. Cloud, MN	$576,000	$382,000	$470,000	$458,000	$450,000	-34%	-18%	-20%	-22%
	$9.64	$6.39	$7.87	$7.67	$7.53				
St. Louis County, MN	$2,931,000	$2,122,000	$1,428,000	$1,505,000	$1,471,000	-28%	-51%	-49%	-50%
	$26.00	$18.82	$12.67	$13.35	$13.05				
St. Paul, MN	$9,526,000	$6,507,000	$5,907,000	$7,228,000	$7,105,000	-32%	-38%	-24%	-25%
	$33.54	$22.91	$20.80	$25.45	$25.01				
Washington County, MN	$960,000	$718,000	$763,000	$637,000	$628,000	-25%	-21%	-34%	-35%
	$4.65	$3.48	$3.69	$3.08	$3.04				
Minnesota State Program	$24,290,000	$19,719,000	$19,622,000	$19,622,000	$20,338,000	-19%	-19%	-19%	-16%
	$11.68	$9.48	$9.43	$9.43	$9.78				
TOTAL	**$68,422,000**	**$51,671,000**	**$47,542,000**	**$48,920,000**	**$49,191,000**	**-24%**	**-31%**	**-29%**	**-28%**
	$13.68	**$10.33**	**$9.51**	**$9.78**	**$9.84**				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Mississippi									
Biloxi, MS	$580,000	$687,000	$817,000	$773,000	$756,000	18%	41%	33%	30%
	$11.64	$13.79	$16.41	$15.52	$15.17				
Gulfport, MS	$928,000	$1,015,000	$1,319,000	$1,250,000	$1,216,000	9%	42%	35%	31%
	$12.80	$14.00	$18.19	$17.23	$16.77				
Hattiesburg, MS	$748,000	$795,000	$1,023,000	$1,066,000	$1,034,000	6%	37%	42%	38%
	$16.34	$17.38	$22.36	$23.28	$22.59				
Jackson, MS	$3,060,000	$3,573,000	$4,644,000	$4,687,000	$4,561,000	17%	52%	53%	49%
	$16.92	$19.75	$25.67	$25.91	$25.22				
Moss Point, MS	$214,000	$249,000	$341,000	$365,000	$355,000	17%	60%	70%	66%
	$13.83	$16.12	$22.06	$23.57	$22.95				
Pascagoula, MS	$376,000	$440,000	$561,000	$536,000	$520,000	17%	49%	43%	38%
	$14.47	$16.93	$21.59	$20.64	$20.02				
Mississippi State Program	$35,331,000	$41,512,000	$44,414,000	$44,414,000	$45,579,000	17%	26%	26%	29%
	$14.27	$16.76	$17.93	$17.93	$18.41				
TOTAL	**$41,237,000**	**$48,272,000**	**$53,119,000**	**$53,091,000**	**$54,022,000**	**17%**	**29%**	**29%**	**31%**
	$14.38	**$16.84**	**$18.53**	**$18.52**	**$18.84**				
Missouri									
Columbia, MO	$1,010,000	$793,000	$935,000	$954,000	$931,000	-21%	-7%	-6%	-8%
	$11.61	$9.12	$10.75	$10.96	$10.70				
Florissant, MO	$274,000	$226,000	$282,000	$279,000	$275,000	-18%	3%	2%	0%
	$5.48	$4.52	$5.64	$5.57	$5.50				
Independence, MO	$911,000	$964,000	$1,245,000	$1,473,000	$1,439,000	6%	37%	62%	58%
	$8.06	$8.53	$11.01	$13.03	$12.73				
Jefferson City, MO	$381,000	$383,000	$441,000	$403,000	$392,000	0%	16%	6%	3%
	$9.75	$9.79	$11.28	$10.31	$10.02				
Jefferson County, MO	$1,379,000	$1,279,000	$1,536,000	$1,648,000	$1,609,000	-7%	11%	20%	17%
	$6.78	$6.29	$7.56	$8.11	$7.91				
Joplin, MO	$814,000	$890,000	$794,000	$798,000	$777,000	9%	-2%	-2%	-5%
	$17.62	$19.27	$17.20	$17.27	$16.83				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Kansas City, MO	$10,741,000	$9,918,000	$8,379,000	$9,582,000	$9,377,000	-8%	-22%	-11%	-13%
	$24.22	$22.36	$18.89	$21.61	$21.14				
Lees Summit, MO	$367,000	$293,000	$329,000	$256,000	$250,000	-20%	-10%	-30%	-32%
	$4.90	$3.92	$4.39	$3.42	$3.34				
O'Fallon, MO	$269,000	$206,000	$197,000	$179,000	$176,000	-24%	-27%	-34%	-35%
	$4.51	$3.45	$3.31	$2.99	$2.94				
Springfield, MO	$1,637,000	$2,070,000	$2,230,000	$2,377,000	$2,317,000	26%	36%	45%	42%
	$10.84	$13.71	$14.77	$15.74	$15.34				
St. Charles, MO	$380,000	$328,000	$422,000	$385,000	$376,000	-14%	11%	1%	-1%
	$6.25	$5.39	$6.94	$6.34	$6.19				
St. Joseph, MO	$2,132,000	$1,833,000	$1,272,000	$1,410,000	$1,376,000	-14%	-40%	-34%	-35%
	$29.15	$25.05	$17.39	$19.28	$18.81				
St. Louis, MO	$24,897,000	$21,133,000	$12,465,000	$17,008,000	$16,607,000	-15%	-50%	-32%	-33%
	$73.58	$62.46	$36.84	$50.27	$49.08				
St. Louis County, MO	$6,480,000	$5,903,000	$8,265,000	$6,755,000	$6,601,000	-9%	28%	4%	2%
	$7.00	$6.38	$8.93	$7.30	$7.13				
St. Peters City, MO	$232,000	$165,000	$174,000	$153,000	$150,000	-29%	-25%	-34%	-35%
	$4.33	$3.07	$3.24	$2.85	$2.80				
Missouri State Program	$28,398,000	$33,048,000	$36,815,000	$36,815,000	$37,549,000	16%	30%	30%	32%
	$9.61	$11.19	$12.46	$12.46	$12.71				
TOTAL	**$80,302,000**	**$79,431,000**	**$75,781,000**	**$80,474,000**	**$80,201,000**	**-1%**	**-6%**	**0%**	**0%**
	$14.16	**$14.00**	**$13.36**	**$14.19**	**$14.14**				
Montana									
Billings, MT	$843,000	$940,000	$1,180,000	$1,179,000	$1,148,000	12%	40%	40%	36%
	$9.16	$10.22	$12.82	$12.81	$12.48				
Great Falls, MT	$1,157,000	$1,283,000	$1,066,000	$1,101,000	$1,074,000	11%	-8%	-5%	-7%
	$20.64	$22.88	$19.02	$19.64	$19.16				
Missoula, MT	$752,000	$983,000	$970,000	$1,071,000	$1,047,000	31%	29%	42%	39%
	$12.63	$16.52	$16.30	$17.99	$17.59				
Montana State Program	$8,012,000	$8,751,000	$9,158,000	$9,158,000	$9,444,000	9%	14%	14%	18%
	$12.07	$13.18	$13.79	$13.79	$14.22				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
TOTAL	**$10,764,000** **$12.35**	**$11,957,000** **$13.72**	**$12,374,000** **$14.20**	**$12,508,000** **$14.35**	**$12,712,000** **$14.59**	**11%**	**15%**	**16%**	**18%**
Nebraska									
Lincoln, NE	$2,131,000 $9.17	$1,784,000 $7.68	$2,242,000 $9.65	$2,223,000 $9.57	$2,185,000 $9.40	-16%	5%	4%	3%
Omaha, NE	$6,115,000 $15.31	$5,640,000 $14.12	$5,714,000 $14.31	$5,830,000 $14.60	$5,714,000 $14.31	-8%	-7%	-5%	-7%
Nebraska State Program	$14,711,000 $13.46	$12,803,000 $11.71	$12,661,000 $11.58	$12,661,000 $11.58	$13,095,000 $11.98	-13%	-14%	-14%	-11%
TOTAL	**$22,957,000** **$13.31**	**$20,226,000** **$11.73**	**$20,617,000** **$11.95**	**$20,714,000** **$12.01**	**$20,993,000** **$12.17**	**-12%**	**-10%**	**-10%**	**-9%**
Nevada									
Carson City, NV	$536,000 $9.87	$553,000 $10.19	$606,000 $11.16	$505,000 $9.30	$500,000 $9.20	3%	13%	-6%	-7%
Clark County, NV	$7,390,000 $11.01	$7,551,000 $11.25	$7,581,000 $11.29	$6,064,000 $9.03	$6,055,000 $9.02	2%	3%	-18%	-18%
Henderson, NV	$1,299,000 $6.30	$1,119,000 $5.43	$1,164,000 $5.65	$796,000 $3.86	$788,000 $3.82	-14%	-10%	-39%	-39%
Las Vegas, NV	$6,122,000 $12.04	$6,525,000 $12.83	$6,776,000 $13.32	$5,355,000 $10.53	$5,320,000 $10.46	7%	11%	-13%	-13%
North Las Vegas, NV	$1,841,000 $13.55	$2,131,000 $15.68	$2,156,000 $15.87	$2,128,000 $15.66	$2,111,000 $15.54	16%	17%	16%	15%
Reno, NV	$2,424,000 $12.74	$2,417,000 $12.71	$2,673,000 $14.05	$2,389,000 $12.56	$2,384,000 $12.53	0%	10%	-1%	-2%
Sparks, NV	$729,000 $9.89	$758,000 $10.27	$781,000 $10.59	$704,000 $9.55	$707,000 $9.59	4%	7%	-3%	-3%
Nevada State Program	$3,176,000 $9.74	$3,172,000 $9.73	$2,240,000 $6.87	$2,240,000 $6.87	$2,548,000 $7.82	0%	-29%	-29%	-20%
TOTAL	**$23,517,000** **$10.86**	**$24,226,000** **$11.18**	**$23,976,000** **$11.07**	**$20,181,000** **$9.32**	**$20,413,000** **$9.42**	**3%**	**2%**	**-14%**	**-13%**

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
New Hampshire									
Dover, NH	$425,000	$256,000	$256,000	$293,000	$287,000	-40%	-40%	-31%	-32%
	$15.30	$9.22	$9.23	$10.54	$10.33				
Manchester, NH	$2,227,000	$1,834,000	$1,652,000	$2,079,000	$2,037,000	-18%	-26%	-7%	-9%
	$20.54	$16.92	$15.24	$19.18	$18.79				
Nashua, NH	$890,000	$794,000	$872,000	$899,000	$882,000	-11%	-2%	1%	-1%
	$10.15	$9.05	$9.94	$10.25	$10.05				
Portsmouth, NH	$789,000	$300,000	$239,000	$233,000	$227,000	-62%	-70%	-70%	-71%
	$37.49	$14.25	$11.37	$11.06	$10.81				
Rochester, NH	$369,000	$296,000	$329,000	$428,000	$418,000	-20%	-11%	16%	13%
	$12.57	$10.10	$11.21	$14.58	$14.23				
New Hampshire State Program	$10,765,000	$7,003,000	$6,947,000	$6,947,000	$7,177,000	-35%	-35%	-35%	-33%
	$10.76	$7.00	$6.94	$6.94	$7.17				
TOTAL	**$15,465,000**	**$10,484,000**	**$10,295,000**	**$10,879,000**	**$11,027,000**	**-32%**	**-33%**	**-30%**	**-29%**
	$12.13	**$8.22**	**$8.07**	**$8.53**	**$8.65**				
New Jersey									
Asbury Park, NJ	$540,000	$722,000	$744,000	$933,000	$914,000	34%	38%	73%	69%
	$32.15	$43.02	$44.28	$55.56	$54.44				
Atlantic City, NJ	$1,651,000	$1,449,000	$1,269,000	$1,524,000	$1,502,000	-12%	-23%	-8%	-9%
	$41.10	$36.07	$31.58	$37.94	$37.38				
Atlantic County, NJ	$1,708,000	$1,658,000	$2,029,000	$1,766,000	$1,735,000	-3%	19%	3%	2%
	$7.95	$7.72	$9.45	$8.22	$8.08				
Bayonne, NJ	$2,255,000	$1,600,000	$1,095,000	$1,331,000	$1,307,000	-29%	-51%	-41%	-42%
	$36.60	$25.96	$17.78	$21.61	$21.22				
Bergen County, NJ	$12,648,000	$5,727,000	$7,166,000	$5,056,000	$5,019,000	-55%	-43%	-60%	-60%
	$14.13	$6.40	$8.01	$5.65	$5.61				
Bloomfield, NJ	$1,350,000	$733,000	$505,000	$563,000	$557,000	-46%	-63%	-58%	-59%
	$28.41	$15.42	$10.62	$11.85	$11.73				
Brick Twp., NJ	$438,000	$374,000	$419,000	$442,000	$433,000	-15%	-4%	1%	-1%
	$5.63	$4.81	$5.38	$5.68	$5.57				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Bridgeton, NJ	$521,000 $23.00	$652,000 $28.76	$678,000 $29.94	$849,000 $37.46	$828,000 $36.55	25%	30%	63%	59%
Burlington County, NJ	$1,960,000 $5.33	$1,607,000 $4.37	$1,915,000 $5.21	$1,566,000 $4.26	$1,539,000 $4.18	-18%	-2%	-20%	-21%
Camden, NJ	$3,425,000 $42.98	$4,249,000 $53.32	$3,876,000 $48.64	$4,868,000 $61.09	$4,758,000 $59.71	24%	13%	42%	39%
Camden County, NJ	$3,037,000 $10.66	$1,855,000 $6.51	$2,398,000 $8.42	$2,358,000 $8.28	$2,316,000 $8.13	-39%	-21%	-22%	-24%
Cherry Hill, NJ	$529,000 $7.52	$297,000 $4.23	$298,000 $4.24	$200,000 $2.85	$196,000 $2.79	-44%	-44%	-62%	-63%
Clifton, NJ	$1,705,000 $21.41	$1,167,000 $14.66	$878,000 $11.03	$905,000 $11.37	$896,000 $11.25	-32%	-48%	-47%	-47%
Dover Twp., NJ	$553,000 $5.95	$486,000 $5.23	$553,000 $5.96	$591,000 $6.36	$576,000 $6.20	-12%	0%	7%	4%
East Orange, NJ	$1,999,000 $28.66	$2,078,000 $29.80	$2,017,000 $28.92	$2,484,000 $35.62	$2,447,000 $35.08	4%	1%	24%	22%
Edison, NJ	$790,000 $7.91	$743,000 $7.43	$718,000 $7.19	$528,000 $5.29	$535,000 $5.36	-6%	-9%	-33%	-32%
Elizabeth, NJ	$2,480,000 $20.12	$2,973,000 $24.11	$3,402,000 $27.60	$4,027,000 $32.66	$3,982,000 $32.30	20%	37%	62%	61%
Essex County, NJ	$7,217,000 $21.01	$2,601,000 $7.57	$3,086,000 $8.98	$2,362,000 $6.88	$2,327,000 $6.77	-64%	-57%	-67%	-68%
Ewing Twp., NJ	$245,000 $6.78	$225,000 $6.24	$240,000 $6.64	$281,000 $7.76	$275,000 $7.62	-8%	-2%	15%	12%
Franklin Twp., NJ	$388,000 $6.97	$337,000 $6.05	$358,000 $6.44	$272,000 $4.89	$273,000 $4.91	-13%	-8%	-30%	-30%
Gloucester County, NJ	$1,783,000 $6.80	$1,517,000 $5.79	$1,913,000 $7.30	$2,012,000 $7.68	$1,966,000 $7.50	-15%	7%	13%	10%
Gloucester Twp., NJ	$432,000 $6.58	$370,000 $5.64	$431,000 $6.56	$413,000 $6.28	$405,000 $6.16	-14%	0%	-4%	-6%
Hamilton Twp., NJ	$674,000 $7.58	$482,000 $5.42	$575,000 $6.47	$619,000 $6.97	$610,000 $6.86	-28%	-15%	-8%	-9%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Hudson County, NJ	$4,402,000	$3,597,000	$3,596,000	$3,265,000	$3,230,000	-18%	-18%	-26%	-27%
	$23.95	$19.57	$19.57	$17.76	$17.57				
Irvington, NJ	$1,261,000	$1,446,000	$1,640,000	$1,944,000	$1,920,000	15%	30%	54%	52%
	$20.84	$23.89	$27.10	$32.13	$31.72				
Jersey City, NJ	$7,932,000	$7,979,000	$7,270,000	$8,997,000	$8,873,000	1%	-8%	13%	12%
	$33.04	$33.23	$30.28	$37.47	$36.96				
Lakewood Twp., NJ	$943,000	$1,163,000	$1,300,000	$1,450,000	$1,409,000	23%	38%	54%	49%
	$14.46	$17.83	$19.93	$22.23	$21.61				
Long Branch, NJ	$617,000	$650,000	$706,000	$876,000	$858,000	5%	14%	42%	39%
	$19.54	$20.60	$22.36	$27.76	$27.19				
Middlesex County, NJ	$2,370,000	$2,052,000	$2,257,000	$1,923,000	$1,919,000	-13%	-5%	-19%	-19%
	$6.36	$5.50	$6.05	$5.16	$5.15				
Middletown, NJ	$348,000	$239,000	$274,000	$226,000	$222,000	-31%	-21%	-35%	-36%
	$5.29	$3.63	$4.17	$3.44	$3.37				
Millville, NJ	$353,000	$447,000	$529,000	$501,000	$488,000	27%	50%	42%	38%
	$13.11	$16.61	$19.66	$18.62	$18.13				
Monmouth County, NJ	$3,780,000	$2,706,000	$3,332,000	$2,904,000	$2,841,000	-28%	-12%	-23%	-25%
	$7.42	$5.31	$6.54	$5.70	$5.57				
Morris County, NJ	$2,732,000	$1,632,000	$1,894,000	$1,372,000	$1,350,000	-40%	-31%	-50%	-51%
	$6.67	$3.98	$4.62	$3.35	$3.29				
New Brunswick, NJ	$971,000	$1,014,000	$1,221,000	$1,429,000	$1,417,000	4%	26%	47%	46%
	$19.66	$20.53	$24.72	$28.93	$28.68				
Newark, NJ	$10,651,000	$11,928,000	$10,333,000	$12,872,000	$12,598,000	12%	-3%	21%	18%
	$38.45	$43.06	$37.30	$46.47	$45.48				
North Bergen Twp., NJ	$795,000	$846,000	$1,084,000	$1,247,000	$1,235,000	6%	36%	57%	55%
	$13.47	$14.33	$18.37	$21.12	$20.93				
Ocean City, NJ	$364,000	$145,000	$141,000	$114,000	$112,000	-60%	-61%	-69%	-69%
	$23.46	$9.33	$9.06	$7.35	$7.20				
Ocean County, NJ	$1,713,000	$1,485,000	$1,649,000	$1,911,000	$1,857,000	-13%	-4%	12%	8%
	$5.69	$4.93	$5.48	$6.35	$6.17				
Old Bridge Twp., NJ	$397,000	$360,000	$363,000	$323,000	$321,000	-9%	-9%	-19%	-19%
	$6.30	$5.70	$5.76	$5.11	$5.09				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Parsippany-Troy Hills, NJ	$350,000 $6.87	$319,000 $6.25	$313,000 $6.15	$227,000 $4.46	$229,000 $4.49	-9%	-10%	-35%	-35%
Passaic, NJ	$1,405,000 $20.53	$1,936,000 $28.28	$2,361,000 $34.50	$2,780,000 $40.62	$2,748,000 $40.15	38%	68%	98%	96%
Paterson, NJ	$3,417,000 $22.67	$4,468,000 $29.64	$4,905,000 $32.54	$5,921,000 $39.27	$5,821,000 $38.62	31%	44%	73%	70%
Perth Amboy, NJ	$827,000 $17.18	$980,000 $20.35	$1,283,000 $26.65	$1,475,000 $30.63	$1,458,000 $30.29	18%	55%	78%	76%
Sayreville, NJ	$282,000 $6.75	$259,000 $6.19	$277,000 $6.63	$275,000 $6.57	$273,000 $6.54	-8%	-2%	-3%	-3%
Somerset County, NJ	$1,502,000 $6.05	$1,199,000 $4.83	$1,379,000 $5.55	$950,000 $3.82	$944,000 $3.80	-20%	-8%	-37%	-37%
Trenton, NJ	$3,686,000 $43.04	$3,331,000 $38.89	$2,639,000 $30.81	$3,431,000 $40.06	$3,362,000 $39.25	-10%	-28%	-7%	-9%
Union, NJ	$782,000 $14.08	$523,000 $9.42	$413,000 $7.44	$474,000 $8.53	$468,000 $8.42	-33%	-47%	-39%	-40%
Union City, NJ	$1,548,000 $23.14	$2,166,000 $32.38	$2,546,000 $38.06	$3,024,000 $45.20	$2,999,000 $44.83	40%	64%	95%	94%
Union County, NJ	$6,316,000 $17.95	$2,446,000 $6.95	$3,212,000 $9.13	$2,810,000 $7.98	$2,776,000 $7.89	-61%	-49%	-56%	-56%
Vineland, NJ	$666,000 $11.82	$694,000 $12.32	$923,000 $16.38	$802,000 $14.24	$787,000 $13.97	4%	39%	20%	18%
Wayne Twp., NJ	$245,000 $4.46	$180,000 $3.29	$180,000 $3.27	$127,000 $2.31	$124,000 $2.26	-26%	-27%	-48%	-49%
Woodbridge, NJ	$733,000 $7.30	$627,000 $6.25	$694,000 $6.91	$686,000 $6.83	$686,000 $6.83	-14%	-5%	-6%	-6%
New Jersey State Program	$9,403,000 $9.57	$6,688,000 $6.81	$6,725,000 $6.84	$6,725,000 $6.84	$7,099,000 $7.22	-29%	-28%	-28%	-25%
TOTAL	**$119,119,000** **$13.87**	**$97,405,000** **$11.34**	**$102,004,000** **$11.87**	**$107,011,000** **$12.46**	**$105,822,000** **$12.32**	**-18%**	**-14%**	**-10%**	**-11%**

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	**Alternative 1**	**Alternative 2**	**Alternative 3**	**Alternative 4**	**Alt. 1**	**Alt. 2**	**Alt. 3**	**Alt. 4**
New Mexico									
Albuquerque, NM	$5,249,000	$5,236,000	$6,473,000	$5,604,000	$5,496,000	0%	23%	7%	5%
	$11.32	$11.29	$13.96	$12.08	$11.85				
Farmington, NM	$520,000	$586,000	$648,000	$438,000	$428,000	13%	25%	-16%	-18%
	$12.82	$14.45	$15.97	$10.79	$10.55				
Las Cruces, NM	$1,189,000	$1,217,000	$1,506,000	$1,238,000	$1,202,000	2%	27%	4%	1%
	$15.85	$16.22	$20.08	$16.50	$16.02				
Rio Rancho, NM	$346,000	$306,000	$316,000	$258,000	$255,000	-11%	-9%	-25%	-26%
	$6.11	$5.41	$5.57	$4.56	$4.50				
Santa Fe, NM	$689,000	$678,000	$860,000	$734,000	$721,000	-2%	25%	6%	5%
	$10.58	$10.42	$13.21	$11.26	$11.07				
New Mexico State Program	$16,626,000	$19,297,000	$18,463,000	$18,463,000	$19,573,000	16%	11%	11%	18%
	$15.87	$18.42	$17.62	$17.62	$18.68				
TOTAL	**$24,619,000**	**$27,321,000**	**$28,267,000**	**$26,734,000**	**$27,675,000**	**11%**	**15%**	**9%**	**12%**
	$14.08	**$15.62**	**$16.16**	**$15.29**	**$15.82**				
New York									
Albany, NY	$4,531,000	$4,174,000	$2,631,000	$3,728,000	$3,649,000	-8%	-42%	-18%	-19%
	$48.32	$44.50	$28.05	$39.75	$38.91				
Amherst Town, NY	$726,000	$572,000	$726,000	$536,000	$523,000	-21%	0%	-26%	-28%
	$6.19	$4.88	$6.20	$4.58	$4.47				
Auburn, NY	$1,296,000	$984,000	$641,000	$767,000	$747,000	-24%	-51%	-41%	-42%
	$45.98	$34.90	$22.75	$27.21	$26.51				
Babylon Town, NY	$1,576,000	$1,510,000	$1,778,000	$2,039,000	$2,003,000	-4%	13%	29%	27%
	$7.31	$7.00	$8.24	$9.45	$9.28				
Binghamton, NY	$2,825,000	$2,658,000	$1,536,000	$2,011,000	$1,965,000	-6%	-46%	-29%	-30%
	$60.45	$56.88	$32.87	$43.02	$42.05				
Buffalo, NY	$19,551,000	$19,180,000	$11,863,000	$16,872,000	$16,473,000	-2%	-39%	-14%	-16%
	$67.96	$66.67	$41.23	$58.65	$57.26				
Cheektowaga Town, NY	$1,144,000	$1,041,000	$811,000	$882,000	$861,000	-9%	-29%	-23%	-25%
	$12.31	$11.20	$8.73	$9.49	$9.26				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Clay Town, NY	$356,000 $6.02	$302,000 $5.11	$393,000 $6.64	$344,000 $5.82	$336,000 $5.69	-15%	10%	-3%	-6%
Colonie Town, NY	$475,000 $5.94	$350,000 $4.38	$440,000 $5.50	$384,000 $4.80	$376,000 $4.70	-26%	-7%	-19%	-21%
Dunkirk, NY	$688,000 $53.58	$603,000 $46.92	$429,000 $33.40	$511,000 $39.79	$497,000 $38.73	-12%	-38%	-26%	-28%
Dutchess County, NY	$1,933,000 $8.13	$1,279,000 $5.38	$1,523,000 $6.41	$1,391,000 $5.85	$1,363,000 $5.73	-34%	-21%	-28%	-30%
Elmira, NY	$1,657,000 $54.48	$1,463,000 $48.09	$929,000 $30.53	$1,317,000 $43.31	$1,282,000 $42.16	-12%	-44%	-20%	-23%
Erie County, NY	$3,396,000 $12.65	$2,232,000 $8.31	$2,011,000 $7.49	$1,897,000 $7.07	$1,854,000 $6.91	-34%	-41%	-44%	-45%
Glens Falls, NY	$678,000 $47.77	$522,000 $36.74	$329,000 $23.17	$402,000 $28.34	$393,000 $27.67	-23%	-52%	-41%	-42%
Greece, NY	$522,000 $5.52	$439,000 $4.64	$549,000 $5.80	$504,000 $5.33	$492,000 $5.20	-16%	5%	-4%	-6%
Hamburg Town, NY	$529,000 $9.33	$270,000 $4.76	$338,000 $5.96	$310,000 $5.46	$303,000 $5.34	-49%	-36%	-41%	-43%
Huntington Town, NY	$1,115,000 $5.62	$947,000 $4.77	$1,066,000 $5.37	$816,000 $4.11	$797,000 $4.02	-15%	-4%	-27%	-29%
Irondequoit, NY	$1,174,000 $22.45	$647,000 $12.38	$404,000 $7.73	$395,000 $7.55	$385,000 $7.36	-45%	-66%	-66%	-67%
Islip Town, NY	$2,509,000 $7.61	$2,484,000 $7.54	$2,708,000 $8.21	$2,928,000 $8.88	$2,885,000 $8.75	-1%	8%	17%	15%
Ithaca, NY	$976,000 $32.56	$1,042,000 $34.76	$601,000 $20.05	$933,000 $31.14	$918,000 $30.64	7%	-38%	-4%	-6%
Jamestown, NY	$1,680,000 $54.14	$1,485,000 $47.86	$953,000 $30.72	$1,213,000 $39.08	$1,182,000 $38.10	-12%	-43%	-28%	-30%
Kingston, NY	$977,000 $41.85	$786,000 $33.68	$536,000 $22.94	$662,000 $28.35	$647,000 $27.71	-20%	-45%	-32%	-34%
Middletown, NY	$690,000 $26.77	$652,000 $25.30	$644,000 $25.00	$777,000 $30.15	$762,000 $29.57	-6%	-7%	13%	10%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Monroe County, NY	$1,799,000 $5.41	$1,252,000 $3.76	$1,524,000 $4.58	$1,227,000 $3.69	$1,200,000 $3.61	-30%	-15%	-32%	-33%
Mount Vernon, NY	$2,192,000 $31.95	$1,897,000 $27.65	$1,691,000 $24.64	$1,991,000 $29.02	$1,966,000 $28.65	-13%	-23%	-9%	-10%
Nassau County, NY	$18,477,000 $14.93	$8,018,000 $6.48	$9,774,000 $7.90	$9,187,000 $7.42	$9,063,000 $7.32	-57%	-47%	-50%	-51%
New Rochelle, NY	$2,035,000 $28.08	$1,591,000 $21.95	$1,284,000 $17.72	$993,000 $13.70	$981,000 $13.54	-22%	-37%	-51%	-52%
New York City, NY	$218,834,000 $27.07	$264,274,000 $32.69	$268,369,000 $33.20	$288,735,000 $35.72	$284,767,000 $35.22	21%	23%	32%	30%
Newburgh, NY	$1,015,000 $35.76	$1,193,000 $42.04	$1,124,000 $39.61	$1,424,000 $50.18	$1,399,000 $49.29	18%	11%	40%	38%
Niagara Falls, NY	$3,088,000 $56.81	$2,799,000 $51.49	$1,628,000 $29.95	$2,276,000 $41.88	$2,219,000 $40.83	-9%	-47%	-26%	-28%
Onondaga County, NY	$2,526,000 $9.88	$1,573,000 $6.15	$1,743,000 $6.82	$1,466,000 $5.73	$1,429,000 $5.59	-38%	-31%	-42%	-43%
Orange County, NY	$1,970,000 $7.34	$1,283,000 $4.78	$1,599,000 $5.96	$1,484,000 $5.53	$1,452,000 $5.41	-35%	-19%	-25%	-26%
Poughkeepsie, NY	$1,244,000 $41.37	$1,155,000 $38.41	$920,000 $30.59	$1,211,000 $40.27	$1,186,000 $39.42	-7%	-26%	-3%	-5%
Rochester, NY	$11,607,000 $53.45	$11,417,000 $52.57	$8,130,000 $37.44	$11,236,000 $51.74	$10,961,000 $50.47	-2%	-30%	-3%	-6%
Rockland County, NY	$2,552,000 $8.97	$2,672,000 $9.39	$2,946,000 $10.35	$2,245,000 $7.89	$2,208,000 $7.76	5%	15%	-12%	-13%
Rome, NY	$1,456,000 $41.95	$1,129,000 $32.53	$668,000 $19.24	$714,000 $20.58	$696,000 $20.04	-22%	-54%	-51%	-52%
Saratoga Springs, NY	$445,000 $16.47	$283,000 $10.47	$253,000 $9.37	$244,000 $9.03	$238,000 $8.81	-36%	-43%	-45%	-46%
Schenectady, NY	$3,112,000 $50.67	$2,747,000 $44.73	$1,849,000 $30.10	$2,610,000 $42.49	$2,548,000 $41.48	-12%	-41%	-16%	-18%
Suffolk County, NY	$4,474,000 $6.36	$3,939,000 $5.60	$4,509,000 $6.41	$4,723,000 $6.71	$4,625,000 $6.57	-12%	1%	6%	3%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Syracuse, NY	$7,444,000 $51.28	$7,098,000 $48.89	$4,824,000 $33.23	$6,693,000 $46.10	$6,529,000 $44.98	-5%	-35%	-10%	-12%
Tonawanda Town, NY	$2,247,000 $29.27	$1,564,000 $20.37	$756,000 $9.85	$799,000 $10.41	$780,000 $10.16	-30%	-66%	-64%	-65%
Troy, NY	$2,494,000 $51.09	$1,943,000 $39.79	$1,226,000 $25.11	$1,740,000 $35.65	$1,700,000 $34.83	-22%	-51%	-30%	-32%
Union Town, NY	$1,687,000 $30.20	$1,416,000 $25.36	$905,000 $16.20	$967,000 $17.32	$944,000 $16.91	-16%	-46%	-43%	-44%
Utica, NY	$3,550,000 $59.22	$3,597,000 $60.01	$2,228,000 $37.16	$3,008,000 $50.18	$2,933,000 $48.93	1%	-37%	-15%	-17%
West Seneca Town, NY	$353,000 $7.77	$239,000 $5.27	$269,000 $5.92	$267,000 $5.89	$261,000 $5.75	-32%	-24%	-24%	-26%
Westchester County, NY	$6,887,000 $13.32	$3,121,000 $6.03	$3,938,000 $7.61	$2,852,000 $5.51	$2,815,000 $5.44	-55%	-43%	-59%	-59%
White Plains, NY	$1,103,000 $19.91	$725,000 $13.08	$810,000 $14.62	$554,000 $10.01	$552,000 $9.96	-34%	-27%	-50%	-50%
Yonkers, NY	$4,485,000 $22.74	$4,588,000 $23.26	$4,735,000 $24.01	$4,942,000 $25.06	$4,866,000 $24.67	2%	6%	10%	9%
New York State Program	$57,278,000 $15.23	$46,991,000 $12.50	$46,800,000 $12.44	$46,800,000 $12.44	$47,666,000 $12.68	-18%	-18%	-18%	-17%
TOTAL	**$415,358,000** **$21.69**	**$424,123,000** **$22.15**	**$408,340,000** **$21.32**	**$442,007,000** **$23.08**	**$436,676,000** **$22.80**	**2%**	**-2%**	**6%**	**5%**
North Carolina									
Asheville, NC	$1,546,000 $22.34	$1,472,000 $21.28	$1,191,000 $17.22	$1,281,000 $18.51	$1,250,000 $18.06	-5%	-23%	-17%	-19%
Burlington, NC	$518,000 $11.26	$547,000 $11.88	$745,000 $16.18	$701,000 $15.24	$686,000 $14.91	6%	44%	35%	32%
Cary, NC	$522,000 $5.32	$402,000 $4.10	$379,000 $3.87	$237,000 $2.42	$236,000 $2.41	-23%	-27%	-55%	-55%
Chapel Hill, NC	$711,000 $13.77	$581,000 $11.25	$609,000 $11.79	$581,000 $11.26	$582,000 $11.27	-18%	-14%	-18%	-18%

	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
Jurisdiction Name	**FY 2004 Grant**	**Alternative 1**	**Alternative 2**	**Alternative 3**	**Alternative 4**	**Alt. 1**	**Alt. 2**	**Alt. 3**	**Alt. 4**
Charlotte, NC	$5,599,000	$5,526,000	$6,699,000	$5,350,000	$5,267,000	-1%	20%	-4%	-6%
	$9.64	$9.52	$11.54	$9.21	$9.07				
Concord, NC	$463,000	$473,000	$632,000	$682,000	$669,000	2%	36%	47%	44%
	$7.92	$8.08	$10.80	$11.66	$11.43				
Cumberland County, NC	$1,669,000	$1,766,000	$2,105,000	$1,996,000	$1,943,000	6%	26%	20%	16%
	$9.32	$9.86	$11.76	$11.15	$10.85				
Durham, NC	$2,304,000	$2,292,000	$3,038,000	$3,166,000	$3,107,000	-1%	32%	37%	35%
	$11.76	$11.70	$15.50	$16.16	$15.86				
Fayetteville, NC	$1,395,000	$1,490,000	$1,977,000	$1,657,000	$1,614,000	7%	42%	19%	16%
	$11.22	$11.99	$15.91	$13.34	$12.99				
Gastonia, NC	$772,000	$853,000	$1,157,000	$1,377,000	$1,341,000	10%	50%	78%	74%
	$11.38	$12.57	$17.06	$20.30	$19.77				
Goldsboro, NC	$488,000	$595,000	$768,000	$775,000	$752,000	22%	57%	59%	54%
	$12.68	$15.46	$19.97	$20.13	$19.55				
Greensboro, NC	$2,296,000	$2,163,000	$2,853,000	$2,478,000	$2,430,000	-6%	24%	8%	6%
	$10.06	$9.48	$12.50	$10.86	$10.65				
Greenville, NC	$962,000	$714,000	$977,000	$916,000	$892,000	-26%	2%	-5%	-7%
	$14.69	$10.90	$14.91	$13.99	$13.62				
Hickory, NC	$386,000	$380,000	$483,000	$359,000	$353,000	-1%	25%	-7%	-9%
	$9.82	$9.68	$12.29	$9.14	$8.98				
High Point, NC	$929,000	$961,000	$1,298,000	$1,278,000	$1,247,000	3%	40%	38%	34%
	$10.25	$10.60	$14.32	$14.10	$13.75				
Jacksonville, NC	$622,000	$676,000	$778,000	$732,000	$712,000	9%	25%	18%	15%
	$9.30	$10.10	$11.63	$10.95	$10.64				
Kannapolis, NC	$491,000	$455,000	$487,000	$595,000	$581,000	-7%	-1%	21%	18%
	$12.91	$11.97	$12.80	$15.63	$15.29				
Lenoir, NC	$180,000	$219,000	$281,000	$316,000	$307,000	21%	56%	75%	70%
	$9.96	$12.09	$15.55	$17.46	$16.97				
Morganton, NC	$183,000	$187,000	$233,000	$195,000	$190,000	2%	27%	7%	4%
	$10.57	$10.82	$13.44	$11.26	$10.99				
Raleigh, NC	$2,813,000	$2,438,000	$2,939,000	$2,645,000	$2,603,000	-13%	4%	-6%	-7%
	$9.16	$7.94	$9.57	$8.62	$8.48				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alternative Change in Funding Relative to FY 2004 Alt. 1	Alt. 2	Alt. 3	Alt. 4
Rocky Mount, NC	$804,000	$986,000	$1,331,000	$1,252,000	$1,217,000	23%	66%	56%	51%
	$14.35	$17.61	$23.77	$22.35	$21.72				
Salisbury, NC	$397,000	$406,000	$451,000	$432,000	$421,000	2%	13%	9%	6%
	$15.01	$15.36	$17.04	$16.32	$15.91				
Wake County, NC	$1,626,000	$1,460,000	$1,693,000	$1,467,000	$1,434,000	-10%	4%	-10%	-12%
	$6.28	$5.64	$6.54	$5.67	$5.54				
Wilmington, NC	$1,059,000	$1,453,000	$1,513,000	$1,567,000	$1,529,000	37%	43%	48%	44%
	$11.68	$16.03	$16.69	$17.29	$16.87				
Winston Salem, NC	$2,197,000	$2,292,000	$3,217,000	$3,028,000	$2,960,000	4%	46%	38%	35%
	$11.63	$12.13	$17.03	$16.03	$15.67				
North Carolina State Program	$52,454,000	$56,305,000	$63,936,000	$63,936,000	$65,960,000	7%	22%	22%	26%
	$9.87	$10.60	$12.04	$12.04	$12.42				
TOTAL	**$83,386,000**	**$87,091,000**	**$101,769,000**	**$98,998,000**	**$100,283,000**	**4%**	**22%**	**19%**	**20%**
	$10.03	**$10.48**	**$12.24**	**$11.91**	**$12.06**				
North Dakota									
Bismarck, ND	$415,000	$382,000	$484,000	$455,000	$445,000	-8%	17%	10%	7%
	$7.38	$6.80	$8.61	$8.09	$7.91				
Fargo, ND	$835,000	$744,000	$878,000	$837,000	$820,000	-11%	5%	0%	-2%
	$9.16	$8.16	$9.63	$9.18	$8.99				
Grand Forks, ND	$504,000	$413,000	$540,000	$512,000	$500,000	-18%	7%	2%	-1%
	$10.38	$8.52	$11.13	$10.55	$10.31				
North Dakota State Program	$5,717,000	$5,664,000	$5,633,000	$5,633,000	$5,711,000	-1%	-1%	-1%	0%
	$13.64	$13.51	$13.44	$13.44	$13.63				
TOTAL	**$7,471,000**	**$7,204,000**	**$7,535,000**	**$7,438,000**	**$7,477,000**	**-4%**	**1%**	**0%**	**0%**
	$12.14	**$11.71**	**$12.25**	**$12.09**	**$12.15**				
Ohio									
Akron, OH	$8,226,000	$7,406,000	$5,045,000	$6,906,000	$6,727,000	-10%	-39%	-16%	-18%
	$38.38	$34.55	$23.54	$32.22	$31.38				
Alliance, OH	$835,000	$734,000	$507,000	$688,000	$668,000	-12%	-39%	-18%	-20%
	$36.33	$31.92	$22.08	$29.92	$29.08				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Barberton, OH	$898,000 $32.46	$766,000 $27.69	$533,000 $19.26	$726,000 $26.26	$707,000 $25.57	-15%	-41%	-19%	-21%
Bowling Green, OH	$369,000 $12.52	$229,000 $7.76	$230,000 $7.80	$308,000 $10.43	$301,000 $10.21	-38%	-38%	-17%	-18%
Butler County, OH	$1,389,000 $6.05	$910,000 $3.96	$1,085,000 $4.72	$959,000 $4.18	$938,000 $4.09	-35%	-22%	-31%	-32%
Canton, OH	$3,512,000 $44.03	$3,179,000 $39.85	$2,116,000 $26.52	$2,930,000 $36.73	$2,853,000 $35.77	-9%	-40%	-17%	-19%
Cincinnati, OH	$16,103,000 $49.72	$14,688,000 $45.35	$9,750,000 $30.10	$12,302,000 $37.98	$12,014,000 $37.09	-9%	-39%	-24%	-25%
Cleveland, OH	$29,026,000 $62.04	$28,790,000 $61.54	$18,443,000 $39.42	$25,642,000 $54.81	$24,978,000 $53.39	-1%	-36%	-12%	-14%
Cleveland Heights, OH	$2,072,000 $41.66	$1,258,000 $25.30	$749,000 $15.06	$742,000 $14.91	$724,000 $14.57	-39%	-64%	-64%	-65%
Columbus, OH	$7,820,000 $10.78	$9,791,000 $13.50	$11,438,000 $15.77	$13,068,000 $18.02	$12,762,000 $17.60	25%	46%	67%	63%
Cuyahoga County, OH	$3,841,000 $6.45	$2,806,000 $4.71	$3,603,000 $6.05	$2,960,000 $4.97	$2,895,000 $4.86	-27%	-6%	-23%	-25%
Cuyahoga Falls, OH	$1,150,000 $22.88	$450,000 $8.96	$351,000 $6.99	$350,000 $6.96	$342,000 $6.80	-61%	-69%	-70%	-70%
Dayton, OH	$7,675,000 $47.18	$7,148,000 $43.94	$4,682,000 $28.78	$6,394,000 $39.31	$6,227,000 $38.28	-7%	-39%	-17%	-19%
East Cleveland, OH	$1,339,000 $50.24	$1,697,000 $63.69	$1,248,000 $46.83	$1,749,000 $65.64	$1,702,000 $63.84	27%	-7%	31%	27%
Elyria, OH	$772,000 $13.72	$706,000 $12.53	$796,000 $14.14	$947,000 $16.83	$920,000 $16.34	-9%	3%	23%	19%
Euclid, OH	$1,221,000 $23.52	$915,000 $17.62	$646,000 $12.45	$760,000 $14.64	$742,000 $14.29	-25%	-47%	-38%	-39%
Fairborn, OH	$322,000 $9.92	$257,000 $7.92	$357,000 $10.98	$408,000 $12.58	$397,000 $12.23	-20%	11%	27%	23%
Franklin County, OH	$2,222,000 $5.72	$1,838,000 $4.73	$2,330,000 $6.00	$1,792,000 $4.62	$1,750,000 $4.51	-17%	5%	-19%	-21%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Hamilton City, OH	$1,831,000	$1,609,000	$1,137,000	$1,534,000	$1,495,000	-12%	-38%	-16%	-18%
	$30.47	$26.77	$18.91	$25.52	$24.89				
Hamilton County, OH	$3,294,000	$2,680,000	$3,425,000	$3,306,000	$3,233,000	-19%	4%	0%	-2%
	$8.22	$6.68	$8.54	$8.25	$8.06				
Kent, OH	$366,000	$348,000	$399,000	$516,000	$503,000	-5%	9%	41%	37%
	$13.19	$12.53	$14.40	$18.61	$18.14				
Kettering, OH	$616,000	$231,000	$314,000	$248,000	$243,000	-63%	-49%	-60%	-61%
	$10.87	$4.07	$5.53	$4.37	$4.29				
Lake County, OH	$1,664,000	$1,186,000	$1,248,000	$1,240,000	$1,209,000	-29%	-25%	-25%	-27%
	$9.33	$6.65	$7.00	$6.95	$6.78				
Lakewood, OH	$2,609,000	$1,418,000	$835,000	$897,000	$880,000	-46%	-68%	-66%	-66%
	$47.19	$25.64	$15.10	$16.23	$15.92				
Lancaster, OH	$670,000	$588,000	$528,000	$711,000	$693,000	-12%	-21%	6%	3%
	$18.57	$16.31	$14.63	$19.70	$19.20				
Lima, OH	$1,454,000	$1,604,000	$1,211,000	$1,654,000	$1,609,000	10%	-17%	14%	11%
	$35.62	$39.29	$29.67	$40.53	$39.42				
Lorain, OH	$1,523,000	$1,495,000	$1,459,000	$1,839,000	$1,788,000	-2%	-4%	21%	17%
	$22.49	$22.09	$21.55	$27.17	$26.42				
Mansfield, OH	$1,152,000	$1,211,000	$1,008,000	$1,151,000	$1,120,000	5%	-12%	0%	-3%
	$22.70	$23.86	$19.87	$22.68	$22.07				
Marietta, OH	$534,000	$412,000	$294,000	$322,000	$312,000	-23%	-45%	-40%	-42%
	$37.82	$29.21	$20.85	$22.78	$22.12				
Massillon, OH	$889,000	$597,000	$447,000	$552,000	$537,000	-33%	-50%	-38%	-40%
	$28.17	$18.92	$14.16	$17.50	$17.03				
Mentor, OH	$216,000	$157,000	$177,000	$155,000	$151,000	-27%	-18%	-28%	-30%
	$4.30	$3.14	$3.52	$3.09	$3.02				
Middletown, OH	$799,000	$752,000	$781,000	$931,000	$905,000	-6%	-2%	17%	13%
	$15.61	$14.70	$15.25	$18.20	$17.69				
Montgomery County, OH	$2,278,000	$2,054,000	$2,800,000	$2,508,000	$2,444,000	-10%	23%	10%	7%
	$6.68	$6.03	$8.22	$7.36	$7.17				
Newark, OH	$1,020,000	$934,000	$794,000	$1,074,000	$1,045,000	-8%	-22%	5%	2%
	$21.96	$20.10	$17.09	$23.12	$22.49				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Parma, OH	$1,098,000	$725,000	$527,000	$548,000	$536,000	-34%	-52%	-50%	-51%
	$12.99	$8.57	$6.24	$6.48	$6.34				
Sandusky, OH	$967,000	$785,000	$589,000	$759,000	$739,000	-19%	-39%	-22%	-24%
	$35.35	$28.68	$21.54	$27.74	$27.00				
Springfield, OH	$2,400,000	$2,132,000	$1,478,000	$1,898,000	$1,848,000	-11%	-38%	-21%	-23%
	$37.42	$33.24	$23.04	$29.60	$28.82				
Stark County, OH	$1,729,000	$1,192,000	$1,479,000	$1,329,000	$1,293,000	-31%	-14%	-23%	-25%
	$7.04	$4.85	$6.02	$5.41	$5.26				
Steubenville, OH	$908,000	$924,000	$527,000	$574,000	$559,000	2%	-42%	-37%	-38%
	$46.12	$46.95	$26.75	$29.16	$28.37				
Summit County, OH	$1,252,000	$959,000	$1,109,000	$862,000	$841,000	-23%	-11%	-31%	-33%
	$4.90	$3.75	$4.34	$3.38	$3.30				
Toledo, OH	$9,459,000	$9,450,000	$7,374,000	$9,510,000	$9,262,000	0%	-22%	1%	-2%
	$30.60	$30.57	$23.86	$30.77	$29.96				
Warren, OH	$1,572,000	$1,529,000	$1,183,000	$1,405,000	$1,365,000	-3%	-25%	-11%	-13%
	$33.29	$32.37	$25.05	$29.74	$28.90				
Youngstown, OH	$4,897,000	$4,596,000	$2,687,000	$3,723,000	$3,620,000	-6%	-45%	-24%	-26%
	$61.19	$57.43	$33.58	$46.52	$45.23				
Ohio State Program	$57,071,000	$50,441,000	$52,330,000	$52,330,000	$53,158,000	-12%	-8%	-8%	-7%
	$10.88	$9.62	$9.98	$9.98	$10.14				
TOTAL	**$191,060,000**	**$173,576,000**	**$150,048,000**	**$171,209,000**	**$169,037,000**	**-9%**	**-21%**	**-10%**	**-12%**
	$16.73	**$15.20**	**$13.14**	**$14.99**	**$14.80**				
Oklahoma									
Broken Arrow, OK	$468,000	$406,000	$432,000	$344,000	$339,000	-13%	-8%	-26%	-28%
	$5.63	$4.88	$5.20	$4.15	$4.08				
Edmond, OK	$479,000	$379,000	$454,000	$316,000	$309,000	-21%	-5%	-34%	-36%
	$6.79	$5.37	$6.44	$4.48	$4.38				
Enid, OK	$678,000	$906,000	$854,000	$894,000	$870,000	34%	26%	32%	28%
	$14.57	$19.48	$18.34	$19.22	$18.70				
Lawton, OK	$1,056,000	$1,165,000	$1,523,000	$1,472,000	$1,431,000	10%	44%	39%	36%
	$11.56	$12.75	$16.67	$16.12	$15.67				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Midwest City, OK	$586,000	$637,000	$843,000	$886,000	$861,000	9%	44%	51%	47%
	$10.75	$11.69	$15.46	$16.26	$15.80				
Norman, OK	$1,026,000	$733,000	$958,000	$877,000	$858,000	-29%	-7%	-15%	-16%
	$10.49	$7.49	$9.79	$8.96	$8.77				
Oklahoma City, OK	$6,355,000	$7,117,000	$9,347,000	$9,174,000	$8,956,000	12%	47%	44%	41%
	$12.24	$13.71	$18.01	$17.67	$17.26				
Shawnee, OK	$482,000	$555,000	$562,000	$591,000	$574,000	15%	17%	23%	19%
	$16.44	$18.93	$19.18	$20.17	$19.59				
Tulsa, OK	$4,512,000	$4,648,000	$6,297,000	$5,506,000	$5,384,000	3%	40%	22%	19%
	$11.51	$11.86	$16.07	$14.05	$13.74				
Oklahoma State Program	$20,040,000	$23,419,000	$25,557,000	$25,557,000	$26,328,000	17%	28%	28%	31%
	$10.89	$12.72	$13.88	$13.88	$14.30				
TOTAL	**$35,682,000**	**$39,965,000**	**$46,826,000**	**$45,617,000**	**$45,910,000**	**12%**	**31%**	**28%**	**29%**
	$11.06	**$12.39**	**$14.52**	**$14.14**	**$14.24**				
Oregon									
Ashland, OR	$250,000	$242,000	$302,000	$278,000	$271,000	-3%	21%	11%	8%
	$12.37	$11.95	$14.95	$13.74	$13.39				
Beaverton, OR	$711,000	$668,000	$700,000	$514,000	$513,000	-6%	-2%	-28%	-28%
	$8.91	$8.38	$8.78	$6.44	$6.43				
Bend, OR	$491,000	$446,000	$556,000	$520,000	$509,000	-9%	13%	6%	4%
	$8.61	$7.83	$9.75	$9.13	$8.93				
Clackamas County, OR	$2,562,000	$2,366,000	$2,680,000	$2,145,000	$2,112,000	-8%	5%	-16%	-18%
	$7.18	$6.63	$7.51	$6.01	$5.92				
Corvallis, OR	$659,000	$574,000	$640,000	$730,000	$716,000	-13%	-3%	11%	9%
	$13.24	$11.53	$12.85	$14.67	$14.39				
Eugene, OR	$1,666,000	$1,538,000	$1,796,000	$1,672,000	$1,637,000	-8%	8%	0%	-2%
	$11.87	$10.96	$12.79	$11.91	$11.66				
Gresham, OR	$1,067,000	$1,132,000	$1,220,000	$1,217,000	$1,196,000	6%	14%	14%	12%
	$11.27	$11.95	$12.88	$12.85	$12.63				
Hillsboro, OR	$767,000	$778,000	$786,000	$675,000	$673,000	1%	2%	-12%	-12%
	$10.10	$10.25	$10.35	$8.89	$8.86				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Medford, OR	$739,000	$775,000	$1,055,000	$977,000	$956,000	5%	43%	32%	29%
	$11.43	$11.99	$16.31	$15.12	$14.79				
Multnomah County, OR	$360,000	$328,000	$387,000	$288,000	$283,000	-9%	8%	-20%	-21%
	$7.88	$7.17	$8.48	$6.30	$6.21				
Portland, OR	$12,105,000	$9,239,000	$8,736,000	$9,118,000	$8,979,000	-24%	-28%	-25%	-26%
	$22.44	$17.13	$16.19	$16.90	$16.65				
Salem, OR	$1,741,000	$1,832,000	$2,221,000	$1,945,000	$1,910,000	5%	28%	12%	10%
	$12.35	$12.99	$15.75	$13.80	$13.55				
Springfield, OR	$739,000	$805,000	$1,027,000	$1,190,000	$1,161,000	9%	39%	61%	57%
	$13.68	$14.89	$19.01	$22.03	$21.49				
Washington County, OR	$2,415,000	$2,238,000	$2,366,000	$1,826,000	$1,806,000	-7%	-2%	-24%	-25%
	$7.64	$7.08	$7.49	$5.78	$5.71				
Oregon State Program	$16,683,000	$17,378,000	$17,392,000	$17,392,000	$18,637,000	4%	4%	4%	12%
	$11.27	$11.74	$11.75	$11.75	$12.59				
TOTAL	**$42,955,000**	**$40,339,000**	**$41,862,000**	**$40,489,000**	**$41,360,000**	**-6%**	**-3%**	**-6%**	**-4%**
	$12.22	**$11.47**	**$11.91**	**$11.51**	**$11.76**				
Pennsylvania									
Abington, PA	$987,000	$253,000	$281,000	$228,000	$225,000	-74%	-71%	-77%	-77%
	$17.59	$4.51	$5.02	$4.07	$4.00				
Allegheny County, PA	$19,327,000	$14,677,000	$9,585,000	$9,084,000	$8,851,000	-24%	-50%	-53%	-54%
	$22.26	$16.90	$11.04	$10.46	$10.19				
Allentown, PA	$3,331,000	$3,313,000	$2,751,000	$3,673,000	$3,586,000	-1%	-17%	10%	8%
	$31.39	$31.23	$25.92	$34.62	$33.79				
Altoona, PA	$2,411,000	$2,019,000	$1,218,000	$1,537,000	$1,497,000	-16%	-49%	-36%	-38%
	$49.72	$41.63	$25.11	$31.69	$30.88				
Beaver County, PA	$4,672,000	$3,629,000	$2,345,000	$2,899,000	$2,823,000	-22%	-50%	-38%	-40%
	$26.15	$20.31	$13.13	$16.23	$15.80				
Bensalem Twp., PA	$465,000	$428,000	$495,000	$471,000	$464,000	-8%	6%	1%	0%
	$7.93	$7.29	$8.43	$8.02	$7.90				
Berks County, PA	$3,257,000	$1,638,000	$1,695,000	$1,620,000	$1,584,000	-50%	-48%	-50%	-51%
	$10.80	$5.43	$5.62	$5.37	$5.25				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Bethlehem, PA	$2,036,000 $28.38	$1,778,000 $24.78	$1,335,000 $18.61	$1,666,000 $23.22	$1,626,000 $22.66	-13%	-34%	-18%	-20%
Bristol Twp., PA	$787,000 $14.17	$607,000 $10.93	$506,000 $9.11	$584,000 $10.52	$572,000 $10.30	-23%	-36%	-26%	-27%
Bucks County, PA	$2,864,000 $5.77	$1,920,000 $3.87	$2,305,000 $4.64	$1,871,000 $3.77	$1,830,000 $3.69	-33%	-20%	-35%	-36%
Carlisle, PA	$511,000 $28.33	$406,000 $22.52	$304,000 $16.85	$358,000 $19.83	$349,000 $19.37	-21%	-41%	-30%	-32%
Chester, PA	$1,760,000 $47.49	$1,795,000 $48.44	$1,305,000 $35.21	$1,711,000 $46.17	$1,668,000 $45.02	2%	-26%	-3%	-5%
Chester County, PA	$3,319,000 $7.37	$2,190,000 $4.87	$2,633,000 $5.85	$2,001,000 $4.45	$1,962,000 $4.36	-34%	-21%	-40%	-41%
Dauphin County, PA	$1,840,000 $9.00	$1,266,000 $6.20	$1,574,000 $7.70	$1,506,000 $7.37	$1,473,000 $7.21	-31%	-14%	-18%	-20%
Delaware County, PA	$4,937,000 $12.75	$3,633,000 $9.38	$3,217,000 $8.31	$3,030,000 $7.82	$2,960,000 $7.65	-26%	-35%	-39%	-40%
Easton, PA	$1,164,000 $44.53	$885,000 $33.85	$580,000 $22.19	$818,000 $31.30	$799,000 $30.58	-24%	-50%	-30%	-31%
Erie, PA	$4,334,000 $42.44	$3,998,000 $39.15	$2,659,000 $26.04	$3,552,000 $34.78	$3,463,000 $33.91	-8%	-39%	-18%	-20%
Harrisburg, PA	$2,537,000 $52.27	$2,414,000 $49.74	$1,719,000 $35.41	$2,307,000 $47.52	$2,251,000 $46.37	-5%	-32%	-9%	-11%
Haverford, PA	$1,200,000 $24.86	$277,000 $5.75	$243,000 $5.03	$219,000 $4.53	$214,000 $4.43	-77%	-80%	-82%	-82%
Hazleton, PA	$1,147,000 $50.41	$895,000 $39.35	$528,000 $23.22	$646,000 $28.41	$630,000 $27.70	-22%	-54%	-44%	-45%
Johnstown, PA	$1,926,000 $82.91	$1,608,000 $69.21	$843,000 $36.28	$1,181,000 $50.84	$1,149,000 $49.48	-17%	-56%	-39%	-40%
Lancaster, PA	$2,157,000 $38.78	$2,071,000 $37.23	$1,669,000 $30.00	$2,246,000 $40.38	$2,196,000 $39.48	-4%	-23%	4%	2%
Lancaster County, PA	$4,057,000 $9.59	$2,685,000 $6.35	$3,149,000 $7.45	$3,055,000 $7.22	$2,978,000 $7.04	-34%	-22%	-25%	-27%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Lebanon, PA	$1,023,000 $42.60	$762,000 $31.73	$553,000 $23.02	$745,000 $31.04	$727,000 $30.25	-26%	-46%	-27%	-29%
Lower Merion, PA	$1,388,000 $23.14	$363,000 $6.05	$325,000 $5.42	$272,000 $4.54	$267,000 $4.44	-74%	-77%	-80%	-81%
Luzerne County, PA	$6,025,000 $26.05	$4,267,000 $18.45	$2,982,000 $12.89	$3,211,000 $13.88	$3,124,000 $13.51	-29%	-51%	-47%	-48%
McKeesport, PA	$1,486,000 $63.01	$1,295,000 $54.90	$770,000 $32.63	$1,071,000 $45.40	$1,043,000 $44.21	-13%	-48%	-28%	-30%
Millcreek Twp., PA	$302,000 $5.74	$245,000 $4.66	$301,000 $5.73	$223,000 $4.23	$216,000 $4.10	-19%	0%	-26%	-29%
Montgomery County, PA	$4,445,000 $7.46	$2,400,000 $4.03	$3,024,000 $5.07	$2,461,000 $4.13	$2,417,000 $4.06	-46%	-32%	-45%	-46%
Norristown, PA	$1,231,000 $39.32	$1,096,000 $34.99	$814,000 $26.00	$1,090,000 $34.81	$1,067,000 $34.08	-11%	-34%	-11%	-13%
Penn Hills, PA	$861,000 $18.42	$673,000 $14.39	$453,000 $9.70	$488,000 $10.45	$475,000 $10.17	-22%	-47%	-43%	-45%
Philadelphia, PA	$63,066,000 $42.26	$70,630,000 $47.33	$51,401,000 $34.45	$70,234,000 $47.07	$68,629,000 $45.99	12%	-18%	11%	9%
Pittsburgh, PA	$20,289,000 $61.88	$16,728,000 $51.02	$9,028,000 $27.53	$11,460,000 $34.95	$11,191,000 $34.13	-18%	-56%	-44%	-45%
Reading, PA	$3,756,000 $46.66	$3,961,000 $49.21	$3,158,000 $39.23	$4,250,000 $52.80	$4,150,000 $51.55	5%	-16%	13%	10%
Scranton, PA	$4,140,000 $55.41	$2,940,000 $39.36	$1,610,000 $21.54	$2,135,000 $28.57	$2,081,000 $27.86	-29%	-61%	-48%	-50%
Sharon, PA	$834,000 $52.58	$673,000 $42.44	$404,000 $25.46	$535,000 $33.75	$521,000 $32.84	-19%	-52%	-36%	-38%
State College, PA	$862,000 $22.63	$397,000 $10.42	$416,000 $10.92	$498,000 $13.06	$502,000 $13.19	-54%	-52%	-42%	-42%
Upper Darby, PA	$2,329,000 $28.77	$1,745,000 $21.56	$1,201,000 $14.84	$1,468,000 $18.14	$1,441,000 $17.80	-25%	-48%	-37%	-38%
Washington County, PA	$5,228,000 $25.56	$4,129,000 $20.19	$2,730,000 $13.35	$3,166,000 $15.48	$3,082,000 $15.07	-21%	-48%	-39%	-41%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Westmoreland County, PA	$5,282,000	$3,997,000	$3,242,000	$3,621,000	$3,517,000	-24%	-39%	-31%	-33%
	$16.26	$12.30	$9.98	$11.14	$10.82				
Wilkes-Barre, PA	$2,352,000	$1,766,000	$1,012,000	$1,421,000	$1,386,000	-25%	-57%	-40%	-41%
	$55.97	$42.03	$24.08	$33.83	$32.98				
Williamsport, PA	$1,536,000	$1,310,000	$790,000	$1,075,000	$1,049,000	-15%	-49%	-30%	-32%
	$51.06	$43.54	$26.25	$35.72	$34.87				
York, PA	$2,060,000	$2,023,000	$1,453,000	$2,015,000	$1,967,000	-2%	-29%	-2%	-4%
	$51.12	$50.20	$36.07	$50.01	$48.82				
York County, PA	$3,154,000	$1,747,000	$2,026,000	$2,009,000	$1,961,000	-45%	-36%	-36%	-38%
	$9.04	$5.01	$5.81	$5.76	$5.62				
Pennsylvania State Program	$59,971,000	$54,554,000	$52,545,000	$52,545,000	$53,112,000	-9%	-12%	-12%	-11%
	$14.70	$13.37	$12.88	$12.88	$13.02				
TOTAL	**$262,646,000**	**$232,087,000**	**$183,175,000**	**$212,257,000**	**$209,075,000**	**-12%**	**-30%**	**-19%**	**-20%**
	$21.29	**$18.82**	**$14.85**	**$17.21**	**$16.95**				
Rhode Island									
Cranston, RI	$1,266,000	$896,000	$778,000	$806,000	$788,000	-29%	-39%	-36%	-38%
	$15.61	$11.05	$9.59	$9.94	$9.72				
East Providence, RI	$941,000	$661,000	$591,000	$685,000	$669,000	-30%	-37%	-27%	-29%
	$18.95	$13.31	$11.90	$13.79	$13.47				
Pawtucket, RI	$2,472,000	$2,457,000	$1,908,000	$2,586,000	$2,528,000	-1%	-23%	5%	2%
	$33.39	$33.19	$25.77	$34.94	$34.14				
Providence, RI	$6,792,000	$7,715,000	$6,408,000	$8,469,000	$8,280,000	14%	-6%	25%	22%
	$38.61	$43.86	$36.43	$48.15	$47.07				
Warwick, RI	$1,034,000	$747,000	$697,000	$667,000	$652,000	-28%	-33%	-35%	-37%
	$11.88	$8.58	$8.01	$7.66	$7.49				
Woonsocket, RI	$1,605,000	$1,548,000	$1,221,000	$1,670,000	$1,628,000	-4%	-24%	4%	1%
	$36.58	$35.29	$27.83	$38.06	$37.10				
Rhode Island State Program	$6,156,000	$5,355,000	$5,279,000	$5,279,000	$5,440,000	-13%	-14%	-14%	-12%
	$11.03	$9.59	$9.46	$9.46	$9.75				
TOTAL	**$20,266,000**	**$19,379,000**	**$16,882,000**	**$20,163,000**	**$19,984,000**	**-4%**	**-17%**	**-1%**	**-1%**
	$18.95	**$18.12**	**$15.78**	**$18.85**	**$18.68**				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
South Carolina									
Aiken, SC	$256,000	$296,000	$373,000	$300,000	$291,000	16%	46%	17%	14%
	$9.83	$11.36	$14.34	$11.52	$11.16				
Anderson, SC	$920,000	$860,000	$582,000	$594,000	$577,000	-7%	-37%	-35%	-37%
	$35.81	$33.46	$22.65	$23.13	$22.44				
Charleston, SC	$1,288,000	$1,937,000	$1,877,000	$1,786,000	$1,742,000	50%	46%	39%	35%
	$13.04	$19.61	$19.00	$18.07	$17.63				
Charleston County, SC	$2,438,000	$2,602,000	$3,372,000	$3,057,000	$2,969,000	7%	38%	25%	22%
	$11.16	$11.91	$15.43	$13.99	$13.59				
Columbia, SC	$1,543,000	$1,846,000	$2,080,000	$2,220,000	$2,162,000	20%	35%	44%	40%
	$13.14	$15.73	$17.72	$18.91	$18.41				
Conway, SC	$154,000	$179,000	$250,000	$291,000	$282,000	16%	62%	89%	83%
	$12.81	$14.90	$20.79	$24.24	$23.48				
Florence, SC	$407,000	$485,000	$623,000	$512,000	$496,000	19%	53%	26%	22%
	$13.56	$16.14	$20.76	$17.05	$16.54				
Greenville, SC	$1,329,000	$1,324,000	$1,017,000	$931,000	$906,000	0%	-23%	-30%	-32%
	$23.66	$23.56	$18.11	$16.56	$16.13				
Greenville County, SC	$2,860,000	$2,813,000	$3,539,000	$2,883,000	$2,809,000	-2%	24%	1%	-2%
	$8.33	$8.19	$10.31	$8.40	$8.18				
Lexington County, SC	$1,185,000	$1,098,000	$1,278,000	$1,092,000	$1,062,000	-7%	8%	-8%	-10%
	$7.10	$6.58	$7.66	$6.54	$6.36				
Myrtle Beach, SC	$241,000	$211,000	$240,000	$180,000	$177,000	-13%	0%	-25%	-27%
	$9.83	$8.59	$9.78	$7.35	$7.22				
Richland County, SC	$1,647,000	$1,593,000	$1,934,000	$1,639,000	$1,600,000	-3%	17%	0%	-3%
	$8.54	$8.26	$10.03	$8.50	$8.30				
Rock Hill, SC	$553,000	$524,000	$718,000	$857,000	$838,000	-5%	30%	55%	52%
	$10.13	$9.59	$13.15	$15.70	$15.35				
Spartanburg, SC	$921,000	$1,055,000	$1,016,000	$1,053,000	$1,022,000	15%	10%	14%	11%
	$23.57	$27.02	$26.00	$26.95	$26.17				
Spartanburg County, SC	$1,558,000	$1,535,000	$1,944,000	$1,801,000	$1,755,000	-1%	25%	16%	13%
	$8.20	$8.08	$10.24	$9.48	$9.24				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Sumter, SC	$460,000	$516,000	$710,000	$638,000	$618,000	12%	54%	39%	34%
	$11.68	$13.10	$18.03	$16.20	$15.69				
South Carolina State Program	$27,822,000	$30,831,000	$33,880,000	$33,880,000	$34,753,000	11%	22%	22%	25%
	$11.26	$12.47	$13.71	$13.71	$14.06				
TOTAL	**$45,582,000**	**$49,704,000**	**$55,435,000**	**$53,714,000**	**$54,058,000**	**9%**	**22%**	**18%**	**19%**
	$11.10	**$12.10**	**$13.50**	**$13.08**	**$13.16**				
South Dakota									
Rapid City, SD	$596,000	$577,000	$775,000	$712,000	$694,000	-3%	30%	20%	16%
	$9.89	$9.58	$12.86	$11.82	$11.52				
Sioux Falls, SD	$980,000	$859,000	$1,154,000	$1,075,000	$1,053,000	-12%	18%	10%	7%
	$7.51	$6.59	$8.84	$8.24	$8.07				
South Dakota State Program	$7,774,000	$7,119,000	$7,019,000	$7,019,000	$7,173,000	-8%	-10%	-10%	-8%
	$14.73	$13.49	$13.30	$13.30	$13.59				
TOTAL	**$9,350,000**	**$8,555,000**	**$8,947,000**	**$8,806,000**	**$8,920,000**	**-9%**	**-4%**	**-6%**	**-5%**
	$13.01	**$11.91**	**$12.45**	**$12.25**	**$12.41**				
Tehnessee									
Bristol, TN	$278,000	$418,000	$431,000	$443,000	$430,000	50%	55%	59%	55%
	$11.17	$16.79	$17.31	$17.81	$17.29				
Chattanooga, TN	$2,265,000	$3,200,000	$3,241,000	$3,379,000	$3,287,000	41%	43%	49%	45%
	$14.57	$20.59	$20.85	$21.74	$21.15				
Clarksville, TN	$958,000	$969,000	$1,212,000	$1,091,000	$1,066,000	1%	27%	14%	11%
	$9.05	$9.15	$11.45	$10.30	$10.07				
Cleveland, TN	$405,000	$472,000	$567,000	$558,000	$542,000	16%	40%	38%	34%
	$10.83	$12.61	$15.18	$14.94	$14.50				
Jackson, TN	$709,000	$955,000	$1,165,000	$1,204,000	$1,172,000	35%	64%	70%	65%
	$11.69	$15.75	$19.21	$19.85	$19.33				
Johnson City, TN	$589,000	$811,000	$855,000	$800,000	$777,000	38%	45%	36%	32%
	$10.38	$14.28	$15.07	$14.09	$13.68				
Kingsport, TN	$496,000	$980,000	$941,000	$900,000	$873,000	98%	90%	81%	76%
	$11.18	$22.09	$21.22	$20.29	$19.68				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Knox County, TN	$1,203,000	$1,027,000	$1,259,000	$1,067,000	$1,036,000	-15%	5%	-11%	-14%
	$6.10	$5.20	$6.38	$5.41	$5.25				
Knoxville, TN	$2,262,000	$3,095,000	$3,272,000	$3,949,000	$3,841,000	37%	45%	75%	70%
	$13.03	$17.82	$18.84	$22.74	$22.12				
Memphis, TN	$9,742,000	$11,834,000	$15,938,000	$17,215,000	$16,785,000	21%	64%	77%	72%
	$15.01	$18.24	$24.56	$26.53	$25.87				
Morristown, TN	$349,000	$434,000	$511,000	$526,000	$512,000	24%	46%	51%	47%
	$13.88	$17.27	$20.32	$20.93	$20.36				
Murfreesboro, TN	$722,000	$550,000	$671,000	$685,000	$669,000	-24%	-7%	-5%	-7%
	$9.64	$7.34	$8.96	$9.15	$8.94				
Nashville-Davidson, TN	$5,954,000	$5,960,000	$8,048,000	$7,451,000	$7,280,000	0%	35%	25%	22%
	$10.43	$10.44	$14.10	$13.05	$12.75				
Oak Ridge, TN	$313,000	$599,000	$450,000	$414,000	$405,000	91%	44%	32%	29%
	$11.50	$21.99	$16.54	$15.21	$14.86				
Shelby County, TN	$1,366,000	$1,162,000	$1,261,000	$853,000	$834,000	-15%	-8%	-38%	-39%
	$5.32	$4.53	$4.91	$3.32	$3.25				
Tennessee State Program	$31,244,000	$34,182,000	$40,455,000	$40,455,000	$40,969,000	9%	29%	29%	31%
	$9.36	$10.24	$12.12	$12.12	$12.28				
TOTAL	**$58,855,000**	**$66,646,000**	**$80,279,000**	**$80,993,000**	**$80,478,000**	**13%**	**36%**	**38%**	**37%**
	$10.15	**$11.50**	**$13.85**	**$13.97**	**$13.88**				
Texas									
Abilene, TX	$1,329,000	$1,483,000	$1,792,000	$1,731,000	$1,692,000	12%	35%	30%	27%
	$11.53	$12.87	$15.55	$15.03	$14.68				
Allen, TX	$263,000	$205,000	$179,000	$126,000	$125,000	-22%	-32%	-52%	-53%
	$4.60	$3.59	$3.13	$2.20	$2.18				
Amarillo, TX	$2,168,000	$2,503,000	$3,152,000	$2,945,000	$2,885,000	15%	45%	36%	33%
	$12.25	$14.14	$17.81	$16.64	$16.30				
Arlington, TX	$3,825,000	$3,950,000	$4,121,000	$3,204,000	$3,198,000	3%	8%	-16%	-16%
	$10.93	$11.29	$11.78	$9.16	$9.14				
Austin, TX	$8,967,000	$8,400,000	$9,175,000	$7,697,000	$7,660,000	-6%	2%	-14%	-15%
	$13.35	$12.50	$13.66	$11.46	$11.40				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alternative Change in Funding Relative to FY 2004 Alt. 1	Alt. 2	Alt. 3	Alt. 4
Baytown City, TX	$1,003,000 $14.89	$1,178,000 $17.49	$1,359,000 $20.18	$1,442,000 $21.41	$1,422,000 $21.10	17%	36%	44%	42%
Beaumont, TX	$2,126,000 $18.84	$2,502,000 $22.16	$2,608,000 $23.11	$2,387,000 $21.15	$2,326,000 $20.61	18%	23%	12%	9%
Bexar County, TX	$2,067,000 $9.54	$2,243,000 $10.35	$2,422,000 $11.18	$1,998,000 $9.22	$1,958,000 $9.04	9%	17%	-3%	-5%
Brazoria County, TX	$2,329,000 $9.75	$2,482,000 $10.39	$2,653,000 $11.11	$2,380,000 $9.97	$2,347,000 $9.83	7%	14%	2%	1%
Brownsville, TX	$3,916,000 $26.03	$5,190,000 $34.50	$5,729,000 $38.09	$5,563,000 $36.98	$5,421,000 $36.03	33%	46%	42%	38%
Bryan, TX	$1,129,000 $16.93	$1,141,000 $17.11	$1,325,000 $19.87	$1,186,000 $17.78	$1,163,000 $17.44	1%	17%	5%	3%
Carrollton, TX	$950,000 $8.25	$949,000 $8.24	$933,000 $8.10	$648,000 $5.63	$653,000 $5.67	0%	-2%	-32%	-31%
College Station, TX	$1,345,000 $19.06	$628,000 $8.90	$667,000 $9.46	$619,000 $8.77	$607,000 $8.60	-53%	-50%	-54%	-55%
Conroe, TX	$656,000 $16.79	$766,000 $19.60	$832,000 $21.30	$865,000 $22.14	$853,000 $21.84	17%	27%	32%	30%
Corpus Christi, TX	$4,105,000 $14.74	$4,737,000 $17.01	$5,975,000 $21.45	$5,337,000 $19.16	$5,228,000 $18.77	15%	46%	30%	27%
Dallas, TX	$21,184,000 $17.49	$24,598,000 $20.30	$27,798,000 $22.95	$25,786,000 $21.28	$25,578,000 $21.11	16%	31%	22%	21%
Dallas County, TX	$2,252,000 $8.27	$2,272,000 $8.34	$2,480,000 $9.10	$1,987,000 $7.29	$1,974,000 $7.25	1%	10%	-12%	-12%
Denison, TX	$450,000 $19.42	$508,000 $21.91	$451,000 $19.46	$496,000 $21.39	$483,000 $20.86	13%	0%	10%	7%
Denton, TX	$1,005,000 $11.12	$763,000 $8.44	$902,000 $9.98	$1,013,000 $11.22	$1,000,000 $11.07	-24%	-10%	1%	0%
Edinburg, TX	$1,091,000 $20.68	$1,368,000 $25.94	$1,507,000 $28.57	$1,086,000 $20.58	$1,058,000 $20.05	25%	38%	0%	-3%
El Paso, TX	$10,236,000 $17.73	$12,705,000 $22.00	$15,000,000 $25.98	$12,500,000 $21.65	$12,207,000 $21.14	24%	47%	22%	19%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Flower Mound, TX	$246,000 $4.19	$184,000 $3.14	$159,000 $2.70	$104,000 $1.77	$101,000 $1.73	-25%	-36%	-58%	-59%
Fort Bend County, TX	$2,148,000 $8.94	$2,253,000 $9.38	$2,277,000 $9.48	$1,708,000 $7.11	$1,694,000 $7.05	5%	6%	-20%	-21%
Fort Worth, TX	$7,900,000 $13.92	$8,857,000 $15.61	$11,018,000 $19.41	$11,608,000 $20.45	$11,437,000 $20.15	12%	39%	47%	45%
Galveston, TX	$1,748,000 $30.84	$1,891,000 $33.35	$1,637,000 $28.88	$1,974,000 $34.83	$1,933,000 $34.09	8%	-6%	13%	11%
Garland, TX	$2,552,000 $11.62	$2,818,000 $12.83	$2,876,000 $13.09	$2,707,000 $12.32	$2,717,000 $12.37	10%	13%	6%	6%
Grand Prairie, TX	$1,639,000 $12.11	$1,838,000 $13.58	$1,996,000 $14.75	$1,893,000 $13.99	$1,883,000 $13.92	12%	22%	16%	15%
Harlingen, TX	$1,149,000 $19.35	$1,431,000 $24.10	$1,703,000 $28.67	$1,209,000 $20.35	$1,181,000 $19.89	25%	48%	5%	3%
Harris County, TX	$12,729,000 $9.62	$13,528,000 $10.22	$14,003,000 $10.58	$10,614,000 $8.02	$10,545,000 $7.97	6%	10%	-17%	-17%
Hidalgo County, TX	$10,116,000 $29.31	$13,693,000 $39.68	$14,521,000 $42.07	$15,476,000 $44.84	$15,020,000 $43.52	35%	44%	53%	48%
Houston, TX	$36,209,000 $18.02	$42,271,000 $21.03	$47,690,000 $23.73	$43,443,000 $21.62	$42,994,000 $21.39	17%	32%	20%	19%
Irving, TX	$2,755,000 $14.05	$2,998,000 $15.29	$3,040,000 $15.50	$2,384,000 $12.16	$2,413,000 $12.31	9%	10%	-13%	-12%
Killeen, TX	$1,126,000 $12.15	$1,249,000 $13.47	$1,372,000 $14.79	$1,225,000 $13.22	$1,210,000 $13.05	11%	22%	9%	7%
Laredo, TX	$4,336,000 $22.64	$5,630,000 $29.39	$6,225,000 $32.50	$5,213,000 $27.22	$5,098,000 $26.61	30%	44%	20%	18%
League City, TX	$316,000 $6.15	$288,000 $5.61	$279,000 $5.42	$183,000 $3.55	$181,000 $3.52	-9%	-12%	-42%	-43%
Lewisville, TX	$662,000 $7.88	$615,000 $7.33	$617,000 $7.35	$475,000 $5.66	$477,000 $5.68	-7%	-7%	-28%	-28%
Longview, TX	$928,000 $12.48	$1,029,000 $13.85	$1,301,000 $17.51	$1,131,000 $15.21	$1,103,000 $14.84	11%	40%	22%	19%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount: FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alternative Change in Funding Relative to FY 2004: Alt. 1	Alt. 2	Alt. 3	Alt. 4
Lubbock, TX	$2,782,000 $13.66	$2,657,000 $13.04	$3,248,000 $15.95	$2,915,000 $14.31	$2,852,000 $14.00	-4%	17%	5%	3%
Marshall, TX	$499,000 $20.81	$702,000 $29.28	$672,000 $28.03	$738,000 $30.77	$718,000 $29.94	41%	35%	48%	44%
McAllen, TX	$2,134,000 $18.74	$2,681,000 $23.54	$2,920,000 $25.65	$1,869,000 $16.41	$1,827,000 $16.04	26%	37%	-12%	-14%
McKinney, TX	$539,000 $7.38	$493,000 $6.74	$514,000 $7.03	$381,000 $5.22	$376,000 $5.15	-9%	-5%	-29%	-30%
Mesquite, TX	$1,097,000 $8.52	$1,099,000 $8.53	$1,174,000 $9.12	$1,104,000 $8.57	$1,101,000 $8.55	0%	7%	1%	0%
Midland, TX	$1,092,000 $11.40	$1,197,000 $12.49	$1,411,000 $14.73	$1,229,000 $12.82	$1,203,000 $12.55	10%	29%	13%	10%
Mission, TX	$985,000 $19.15	$1,267,000 $24.63	$1,363,000 $26.50	$903,000 $17.56	$878,000 $17.08	29%	38%	-8%	-11%
Missouri City, TX	$333,000 $5.63	$290,000 $4.89	$284,000 $4.79	$178,000 $3.00	$178,000 $3.01	-13%	-15%	-47%	-46%
Montgomery County, TX	$2,065,000 $7.70	$2,036,000 $7.60	$2,056,000 $7.67	$1,440,000 $5.37	$1,413,000 $5.27	-1%	0%	-30%	-32%
New Braunfels, TX	$396,000 $9.60	$417,000 $10.12	$493,000 $11.94	$440,000 $10.66	$432,000 $10.46	5%	24%	11%	9%
North Richland Hills, TX	$392,000 $6.62	$360,000 $6.09	$381,000 $6.44	$269,000 $4.55	$269,000 $4.54	-8%	-3%	-31%	-31%
Odessa, TX	$1,363,000 $14.98	$1,597,000 $17.56	$1,902,000 $20.91	$1,592,000 $17.50	$1,554,000 $17.09	17%	40%	17%	14%
Orange, TX	$543,000 $29.84	$604,000 $33.17	$520,000 $28.56	$549,000 $30.17	$534,000 $29.35	11%	-4%	1%	-2%
Pasadena, TX	$2,337,000 $16.11	$2,766,000 $19.07	$2,956,000 $20.38	$3,026,000 $20.87	$2,998,000 $20.67	18%	26%	30%	28%
Pharr, TX	$1,321,000 $25.76	$1,762,000 $34.37	$1,853,000 $36.14	$1,635,000 $31.88	$1,592,000 $31.04	33%	40%	24%	21%
Plano, TX	$1,477,000 $6.20	$1,328,000 $5.58	$1,273,000 $5.34	$765,000 $3.21	$762,000 $3.20	-10%	-14%	-48%	-48%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Port Arthur, TX	$1,666,000 $29.29	$1,937,000 $34.06	$1,845,000 $32.44	$2,211,000 $38.88	$2,158,000 $37.93	16%	11%	33%	30%
Richardson, TX	$777,000 $8.01	$688,000 $7.10	$659,000 $6.80	$418,000 $4.32	$421,000 $4.34	-11%	-15%	-46%	-46%
Round Rock, TX	$447,000 $6.05	$394,000 $5.34	$393,000 $5.32	$302,000 $4.09	$304,000 $4.12	-12%	-12%	-32%	-32%
San Angelo, TX	$1,084,000 $12.40	$1,170,000 $13.39	$1,527,000 $17.46	$1,451,000 $16.60	$1,416,000 $16.20	8%	41%	34%	31%
San Antonio, TX	$17,379,000 $14.55	$20,078,000 $16.81	$24,497,000 $20.51	$23,218,000 $19.44	$22,789,000 $19.08	16%	41%	34%	31%
San Benito, TX	$609,000 $25.30	$803,000 $33.38	$941,000 $39.08	$890,000 $36.98	$868,000 $36.08	32%	54%	46%	43%
San Marcos, TX	$618,000 $14.86	$405,000 $9.74	$450,000 $10.81	$490,000 $11.78	$485,000 $11.65	-34%	-27%	-21%	-22%
Sherman, TX	$391,000 $10.93	$453,000 $12.67	$558,000 $15.58	$550,000 $15.38	$540,000 $15.09	16%	43%	41%	38%
Sugar Land, TX	$388,000 $5.66	$343,000 $4.99	$340,000 $4.96	$211,000 $3.07	$209,000 $3.05	-12%	-12%	-46%	-46%
Tarrant County, TX	$3,800,000 $7.68	$3,695,000 $7.46	$3,923,000 $7.93	$2,866,000 $5.79	$2,842,000 $5.74	-3%	3%	-25%	-25%
Temple, TX	$618,000 $11.35	$662,000 $12.17	$903,000 $16.58	$742,000 $13.62	$725,000 $13.31	7%	46%	20%	17%
Texarkana, TX	$555,000 $15.76	$755,000 $21.44	$903,000 $25.64	$844,000 $23.99	$820,000 $23.30	36%	63%	52%	48%
Texas City, TX	$521,000 $12.10	$581,000 $13.50	$752,000 $17.46	$880,000 $20.44	$861,000 $19.99	12%	44%	69%	65%
Tyler, TX	$1,132,000 $13.01	$1,242,000 $14.28	$1,601,000 $18.40	$1,419,000 $16.30	$1,386,000 $15.93	10%	41%	25%	22%
Victoria, TX	$762,000 $12.49	$862,000 $14.12	$1,063,000 $17.42	$919,000 $15.06	$900,000 $14.74	13%	40%	21%	18%
Waco, TX	$2,006,000 $17.33	$2,232,000 $19.28	$2,672,000 $23.09	$3,022,000 $26.11	$2,950,000 $25.49	11%	33%	51%	47%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Wichita Falls, TX	$1,641,000	$1,593,000	$1,501,000	$1,500,000	$1,463,000	-3%	-9%	-9%	-11%
	$15.94	$15.47	$14.58	$14.57	$14.22				
Williamson County, TX	$1,215,000	$1,089,000	$1,157,000	$1,004,000	$994,000	-10%	-5%	-17%	-18%
	$6.03	$5.40	$5.74	$4.98	$4.93				
Texas State Program	$86,718,000	$98,206,000	$89,187,000	$89,187,000	$95,771,000	13%	3%	3%	10%
	$13.18	$14.92	$13.55	$13.55	$14.55				
TOTAL	**$300,637,000**	**$339,587,000**	**$359,667,000**	**$333,502,000**	**$336,410,000**	**13%**	**20%**	**11%**	**12%**
	$13.80	**$15.59**	**$16.51**	**$15.31**	**$15.45**				
Utah									
Clearfield, UT	$279,000	$254,000	$297,000	$324,000	$319,000	-9%	6%	16%	14%
	$10.60	$9.66	$11.28	$12.31	$12.11				
Layton, UT	$409,000	$386,000	$406,000	$333,000	$328,000	-6%	-1%	-19%	-20%
	$6.81	$6.42	$6.75	$5.54	$5.46				
Logan, UT	$705,000	$553,000	$704,000	$719,000	$708,000	-22%	0%	2%	0%
	$16.43	$12.88	$16.41	$16.75	$16.50				
Ogden, UT	$1,367,000	$1,653,000	$1,698,000	$1,896,000	$1,863,000	21%	24%	39%	36%
	$17.38	$21.02	$21.59	$24.11	$23.69				
Orem, UT	$727,000	$713,000	$741,000	$591,000	$580,000	-2%	2%	-19%	-20%
	$8.69	$8.52	$8.85	$7.07	$6.94				
Provo, UT	$2,039,000	$1,487,000	$1,596,000	$1,585,000	$1,573,000	-27%	-22%	-22%	-23%
	$19.39	$14.14	$15.18	$15.07	$14.96				
Salt Lake City, UT	$4,891,000	$3,897,000	$3,509,000	$3,373,000	$3,325,000	-20%	-28%	-31%	-32%
	$26.98	$21.50	$19.36	$18.61	$18.34				
Salt Lake County, UT	$2,969,000	$2,803,000	$3,006,000	$2,446,000	$2,417,000	-6%	1%	-18%	-19%
	$7.33	$6.92	$7.42	$6.04	$5.97				
Sandy City, UT	$475,000	$406,000	$403,000	$313,000	$307,000	-15%	-15%	-34%	-35%
	$5.32	$4.55	$4.52	$3.51	$3.44				
St. George, UT	$548,000	$555,000	$577,000	$454,000	$445,000	1%	5%	-17%	-19%
	$10.14	$10.27	$10.67	$8.40	$8.24				
Taylorsville, UT	$457,000	$445,000	$456,000	$420,000	$418,000	-3%	0%	-8%	-8%
	$7.73	$7.53	$7.71	$7.11	$7.08				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
West Jordan, UT	$486,000	$459,000	$443,000	$428,000	$424,000	-6%	-9%	-12%	-13%
	$6.63	$6.25	$6.04	$5.84	$5.77				
West Valley, UT	$1,112,000	$1,202,000	$1,260,000	$1,283,000	$1,273,000	8%	13%	15%	14%
	$10.00	$10.81	$11.33	$11.53	$11.44				
Utah State Program	$7,525,000	$7,517,000	$6,431,000	$6,431,000	$7,001,000	0%	-15%	-15%	-7%
	$8.04	$8.03	$6.87	$6.87	$7.48				
TOTAL	**$23,989,000**	**$22,329,000**	**$21,526,000**	**$20,596,000**	**$20,982,000**	**-7%**	**-10%**	**-14%**	**-13%**
	$10.40	**$9.68**	**$9.33**	**$8.93**	**$9.10**				
Vermont									
Burlington, VT	$1,044,000	$1,036,000	$711,000	$965,000	$945,000	-1%	-32%	-8%	-9%
	$26.45	$26.25	$18.01	$24.44	$23.95				
Vermont State Program	$8,692,000	$6,962,000	$6,787,000	$6,787,000	$6,927,000	-20%	-22%	-22%	-20%
	$15.06	$12.06	$11.76	$11.76	$12.00				
TOTAL	**$9,736,000**	**$7,998,000**	**$7,498,000**	**$7,752,000**	**$7,872,000**	**-18%**	**-23%**	**-20%**	**-19%**
	$15.79	**$12.97**	**$12.16**	**$12.57**	**$12.77**				
Virginia									
Alexandria, VA	$1,499,000	$1,527,000	$1,700,000	$1,108,000	$1,114,000	2%	13%	-26%	-26%
	$11.46	$11.67	$13.00	$8.47	$8.51				
Arlington County, VA	$2,248,000	$2,027,000	$2,240,000	$1,465,000	$1,479,000	-10%	0%	-35%	-34%
	$11.21	$10.10	$11.17	$7.30	$7.37				
Blacksburg, VA	$774,000	$280,000	$347,000	$425,000	$413,000	-64%	-55%	-45%	-47%
	$19.30	$6.98	$8.65	$10.60	$10.29				
Bristol, VA	$348,000	$377,000	$314,000	$350,000	$339,000	8%	-10%	1%	-3%
	$20.33	$22.01	$18.37	$20.47	$19.81				
Charlottesville, VA	$643,000	$585,000	$617,000	$810,000	$793,000	-9%	-4%	26%	23%
	$14.67	$13.34	$14.08	$18.47	$18.09				
Chesapeake, VA	$1,476,000	$1,450,000	$1,790,000	$1,593,000	$1,557,000	-2%	21%	8%	5%
	$7.14	$7.02	$8.66	$7.71	$7.53				
Chesterfield County, VA	$1,475,000	$1,226,000	$1,388,000	$1,145,000	$1,121,000	-17%	-6%	-22%	-24%
	$5.44	$4.52	$5.12	$4.22	$4.13				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Christiansburg, VA	$124,000	$111,000	$154,000	$135,000	$131,000	-11%	24%	9%	5%
	$7.07	$6.32	$8.78	$7.68	$7.46				
Colonial Heights, VA	$106,000	$104,000	$137,000	$134,000	$132,000	-2%	29%	26%	24%
	$6.21	$6.10	$8.02	$7.84	$7.71				
Danville, VA	$1,258,000	$1,521,000	$1,259,000	$1,339,000	$1,301,000	21%	0%	6%	3%
	$26.43	$31.95	$26.46	$28.13	$27.33				
Fairfax County, VA	$7,310,000	$6,812,000	$6,558,000	$4,113,000	$4,139,000	-7%	-10%	-44%	-43%
	$7.17	$6.68	$6.43	$4.03	$4.06				
Fredericksburg, VA	$279,000	$209,000	$255,000	$322,000	$313,000	-25%	-9%	15%	12%
	$13.90	$10.40	$12.68	$16.03	$15.61				
Hampton, VA	$1,330,000	$1,326,000	$1,824,000	$1,782,000	$1,741,000	0%	37%	34%	31%
	$9.11	$9.09	$12.50	$12.21	$11.93				
Harrisonburg, VA	$648,000	$346,000	$440,000	$490,000	$479,000	-47%	-32%	-24%	-26%
	$15.84	$8.46	$10.76	$11.98	$11.71				
Henrico County, VA	$1,760,000	$1,516,000	$1,907,000	$1,526,000	$1,499,000	-14%	8%	-13%	-15%
	$6.56	$5.65	$7.11	$5.69	$5.59				
Hopewell, VA	$253,000	$308,000	$410,000	$497,000	$484,000	22%	62%	96%	91%
	$11.23	$13.66	$18.19	$22.05	$21.47				
Loudoun County, VA	$949,000	$718,000	$697,000	$533,000	$530,000	-24%	-27%	-44%	-44%
	$4.65	$3.52	$3.41	$2.61	$2.60				
Lynchburg, VA	$1,100,000	$1,286,000	$1,209,000	$1,322,000	$1,288,000	17%	10%	20%	17%
	$17.02	$19.91	$18.72	$20.46	$19.93				
Newport News, VA	$1,961,000	$2,081,000	$2,913,000	$3,170,000	$3,094,000	6%	49%	62%	58%
	$10.88	$11.54	$16.16	$17.58	$17.16				
Norfolk, VA	$6,249,000	$5,665,000	$4,856,000	$5,536,000	$5,406,000	-9%	-22%	-11%	-13%
	$26.14	$23.70	$20.32	$23.16	$22.61				
Petersburg, VA	$819,000	$876,000	$835,000	$1,053,000	$1,026,000	7%	2%	29%	25%
	$24.73	$26.45	$25.21	$31.79	$30.97				
Portsmouth, VA	$2,174,000	$2,364,000	$2,058,000	$2,562,000	$2,497,000	9%	-5%	18%	15%
	$21.79	$23.69	$20.63	$25.68	$25.03				
Prince William County, VA	$2,238,000	$2,031,000	$2,122,000	$2,058,000	$2,045,000	-9%	-5%	-8%	-9%
	$6.22	$5.64	$5.89	$5.72	$5.68				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Radford, VA	$248,000 $15.83	$174,000 $11.09	$152,000 $9.68	$204,000 $13.04	$200,000 $12.79	-30%	-39%	-18%	-19%
Richmond, VA	$5,945,000 $30.11	$5,855,000 $29.65	$4,968,000 $25.16	$5,933,000 $30.05	$5,787,000 $29.31	-2%	-16%	0%	-3%
Roanoke, VA	$2,207,000 $23.51	$2,277,000 $24.26	$1,918,000 $20.43	$2,306,000 $24.57	$2,246,000 $23.93	3%	-13%	4%	2%
Suffolk, VA	$652,000 $9.32	$761,000 $10.88	$994,000 $14.21	$1,067,000 $15.25	$1,036,000 $14.80	17%	52%	64%	59%
Virginia Beach, VA	$3,012,000 $6.94	$2,790,000 $6.43	$3,199,000 $7.37	$2,543,000 $5.86	$2,496,000 $5.75	-7%	6%	-16%	-17%
Winchester, VA	$306,000 $12.63	$307,000 $12.69	$339,000 $14.00	$334,000 $13.79	$327,000 $13.50	0%	11%	9%	7%
Virginia State Program	$22,735,000 $8.21	$25,911,000 $9.36	$28,900,000 $10.44	$28,900,000 $10.44	$29,354,000 $10.61	14%	27%	27%	29%
TOTAL	**$72,126,000** **$9.89**	**$72,820,000** **$9.98**	**$76,500,000** **$10.49**	**$74,755,000** **$10.25**	**$74,364,000** **$10.20**	**1%**	**6%**	**4%**	**3%**
Washington									
Anacortes, WA	$128,000 $8.42	$113,000 $7.41	$142,000 $9.36	$136,000 $8.92	$132,000 $8.72	-12%	11%	6%	4%
Auburn, WA	$482,000 $10.92	$498,000 $11.28	$627,000 $14.21	$604,000 $13.69	$594,000 $13.45	3%	30%	25%	23%
Bellevue, WA	$859,000 $7.61	$771,000 $6.83	$732,000 $6.48	$430,000 $3.81	$431,000 $3.82	-10%	-15%	-50%	-50%
Bellingham, WA	$1,022,000 $14.50	$973,000 $13.80	$976,000 $13.85	$1,052,000 $14.93	$1,032,000 $14.64	-5%	-5%	3%	1%
Bremerton, WA	$631,000 $17.38	$1,009,000 $27.79	$955,000 $26.29	$1,259,000 $34.67	$1,233,000 $33.96	60%	51%	99%	95%
Clark County, WA	$1,576,000 $7.03	$1,507,000 $6.72	$1,684,000 $7.51	$1,581,000 $7.05	$1,548,000 $6.90	-4%	7%	0%	-2%
Everett, WA	$1,127,000 $11.61	$1,178,000 $12.13	$1,511,000 $15.56	$1,734,000 $17.86	$1,710,000 $17.61	4%	34%	54%	52%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Federal Way, WA	$867,000	$902,000	$984,000	$994,000	$988,000	4%	14%	15%	14%
	$10.55	$10.98	$11.98	$12.10	$12.02				
Kennewick, WA	$679,000	$753,000	$837,000	$697,000	$685,000	11%	23%	3%	1%
	$11.72	$13.00	$14.45	$12.02	$11.82				
Kent City, WA	$953,000	$1,001,000	$1,104,000	$1,138,000	$1,127,000	5%	16%	19%	18%
	$11.66	$12.25	$13.51	$13.93	$13.80				
King County, WA	$5,325,000	$4,911,000	$5,416,000	$3,489,000	$3,461,000	-8%	2%	-34%	-35%
	$7.28	$6.71	$7.40	$4.77	$4.73				
Kitsap County, WA	$1,402,000	$1,295,000	$1,507,000	$1,300,000	$1,274,000	-8%	8%	-7%	-9%
	$7.06	$6.52	$7.59	$6.54	$6.41				
Lakewood, WA	$785,000	$838,000	$1,041,000	$948,000	$931,000	7%	33%	21%	19%
	$13.36	$14.26	$17.71	$16.12	$15.84				
Longview, WA	$443,000	$542,000	$684,000	$675,000	$658,000	22%	54%	52%	49%
	$12.49	$15.27	$19.29	$19.04	$18.57				
Mount Vernon, WA	$385,000	$421,000	$484,000	$524,000	$517,000	9%	26%	36%	34%
	$14.15	$15.48	$17.80	$19.26	$18.99				
Olympia, WA	$472,000	$496,000	$528,000	$545,000	$536,000	5%	12%	15%	13%
	$10.85	$11.39	$12.13	$12.52	$12.31				
Pasco, WA	$698,000	$854,000	$958,000	$1,020,000	$1,006,000	22%	37%	46%	44%
	$19.71	$24.11	$27.04	$28.79	$28.40				
Pierce County, WA	$3,555,000	$3,390,000	$3,877,000	$3,277,000	$3,223,000	-5%	9%	-8%	-9%
	$7.49	$7.14	$8.17	$6.91	$6.79				
Renton City, WA	$545,000	$537,000	$635,000	$635,000	$632,000	-2%	17%	17%	16%
	$10.25	$10.09	$11.95	$11.95	$11.88				
Richland, WA	$323,000	$306,000	$405,000	$302,000	$296,000	-5%	26%	-6%	-8%
	$7.78	$7.38	$9.77	$7.28	$7.14				
Seattle, WA	$14,803,000	$7,755,000	$7,645,000	$7,102,000	$7,028,000	-48%	-48%	-52%	-53%
	$25.95	$13.60	$13.40	$12.45	$12.32				
Shoreline, WA	$427,000	$386,000	$452,000	$452,000	$448,000	-10%	6%	6%	5%
	$8.09	$7.32	$8.56	$8.56	$8.48				
Snohomish County, WA	$3,677,000	$3,379,000	$3,591,000	$3,533,000	$3,502,000	-8%	-2%	-4%	-5%
	$7.07	$6.50	$6.90	$6.79	$6.73				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Spokane, WA	$4,583,000	$4,841,000	$4,022,000	$4,511,000	$4,411,000	6%	-12%	-2%	-4%
	$23.35	$24.66	$20.49	$22.98	$22.47				
Spokane County, WA	$1,831,000	$1,642,000	$2,019,000	$1,826,000	$1,784,000	-10%	10%	0%	-3%
	$7.92	$7.10	$8.73	$7.90	$7.72				
Tacoma, WA	$3,354,000	$3,489,000	$3,937,000	$4,306,000	$4,222,000	4%	17%	28%	26%
	$16.98	$17.66	$19.93	$21.80	$21.37				
Vancouver, WA	$1,606,000	$1,668,000	$2,018,000	$2,084,000	$2,046,000	4%	26%	30%	27%
	$10.72	$11.13	$13.47	$13.91	$13.65				
Yakima, WA	$1,389,000	$1,647,000	$2,146,000	$1,939,000	$1,908,000	19%	55%	40%	37%
	$18.95	$22.47	$29.28	$26.46	$26.03				
Washington State Program	$18,647,000	$19,471,000	$18,653,000	$18,653,000	$20,195,000	4%	0%	0%	8%
	$12.22	$12.76	$12.23	$12.23	$13.24				
TOTAL	**$72,574,000**	**$66,571,000**	**$69,572,000**	**$66,744,000**	**$67,556,000**	**-8%**	**-4%**	**-8%**	**-7%**
	$12.02	**$11.02**	**$11.52**	**$11.05**	**$11.19**				
West Virginia									
Charleston, WV	$2,271,000	$1,932,000	$1,088,000	$907,000	$882,000	-15%	-52%	-60%	-61%
	$43.92	$37.37	$21.05	$17.53	$17.06				
Huntington, WV	$2,546,000	$2,574,000	$1,455,000	$1,685,000	$1,640,000	1%	-43%	-34%	-36%
	$51.01	$51.58	$29.16	$33.75	$32.86				
Martinsburg, WV	$495,000	$492,000	$386,000	$502,000	$488,000	-1%	-22%	1%	-1%
	$32.74	$32.57	$25.53	$33.20	$32.29				
Morgantown, WV	$675,000	$1,058,000	$669,000	$917,000	$899,000	57%	-1%	36%	33%
	$24.69	$38.70	$24.46	$33.54	$32.90				
Parkersburg, WV	$1,276,000	$1,250,000	$838,000	$1,032,000	$1,001,000	-2%	-34%	-19%	-22%
	$39.51	$38.70	$25.93	$31.95	$30.98				
Weirton, WV	$592,000	$467,000	$251,000	$243,000	$235,000	-21%	-58%	-59%	-60%
	$29.56	$23.30	$12.55	$12.12	$11.75				
Wheeling, WV	$1,799,000	$1,490,000	$796,000	$863,000	$841,000	-17%	-56%	-52%	-53%
	$59.24	$49.06	$26.21	$28.42	$27.70				

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
West Virginia State Program	$19,912,000 $12.64	$27,709,000 $17.59	$30,106,000 $19.11	$30,106,000 $19.11	$29,988,000 $19.04	39%	51%	51%	51%
TOTAL	**$29,566,000** **$16.41**	**$36,973,000** **$20.52**	**$35,589,000** **$19.75**	**$36,254,000** **$20.12**	**$35,975,000** **$19.97**	**25%**	**20%**	**23%**	**22%**
Wisconsin									
Appleton, WI	$723,000 $10.24	$440,000 $6.22	$541,000 $7.65	$520,000 $7.37	$512,000 $7.25	-39%	-25%	-28%	-29%
Beloit, WI	$813,000 $22.79	$736,000 $20.64	$660,000 $18.49	$850,000 $23.81	$833,000 $23.34	-9%	-19%	5%	2%
Dane County, WI	$1,317,000 $6.29	$946,000 $4.52	$1,160,000 $5.54	$999,000 $4.77	$987,000 $4.71	-28%	-12%	-24%	-25%
Eau Claire, WI	$771,000 $12.36	$793,000 $12.72	$714,000 $11.44	$813,000 $13.04	$798,000 $12.80	3%	-7%	6%	3%
Fond du Lac, WI	$670,000 $15.84	$395,000 $9.35	$395,000 $9.35	$433,000 $10.25	$424,000 $10.03	-41%	-41%	-35%	-37%
Green Bay, WI	$1,128,000 $11.11	$1,136,000 $11.19	$1,366,000 $13.46	$1,478,000 $14.56	$1,453,000 $14.32	1%	21%	31%	29%
Janesville, WI	$651,000 $10.69	$451,000 $7.40	$521,000 $8.55	$507,000 $8.32	$497,000 $8.16	-31%	-20%	-22%	-24%
Kenosha, WI	$1,287,000 $13.91	$1,076,000 $11.63	$1,214,000 $13.12	$1,539,000 $16.64	$1,510,000 $16.32	-16%	-6%	20%	17%
La Crosse, WI	$1,204,000 $23.51	$924,000 $18.05	$695,000 $13.57	$842,000 $16.45	$825,000 $16.11	-23%	-42%	-30%	-31%
Madison, WI	$2,398,000 $11.14	$2,355,000 $10.94	$2,330,000 $10.83	$2,519,000 $11.71	$2,489,000 $11.56	-2%	-3%	5%	4%
Milwaukee, WI	$20,715,000 $35.06	$21,157,000 $35.80	$17,382,000 $29.42	$22,612,000 $38.27	$22,098,000 $37.40	2%	-16%	9%	7%
Milwaukee County, WI	$1,956,000 $8.18	$1,054,000 $4.41	$1,338,000 $5.60	$1,099,000 $4.60	$1,079,000 $4.52	-46%	-32%	-44%	-45%
Neenah, WI	$253,000 $10.34	$158,000 $6.45	$191,000 $7.81	$171,000 $6.99	$168,000 $6.87	-38%	-24%	-32%	-34%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Oshkosh, WI	$979,000 $15.43	$735,000 $11.59	$660,000 $10.40	$831,000 $13.10	$815,000 $12.85	-25%	-33%	-15%	-17%
Racine, WI	$2,388,000 $29.59	$2,028,000 $25.13	$1,696,000 $21.01	$2,152,000 $26.66	$2,107,000 $26.10	-15%	-29%	-10%	-12%
Sheboygan, WI	$1,251,000 $25.30	$737,000 $14.90	$637,000 $12.88	$728,000 $14.72	$714,000 $14.45	-41%	-49%	-42%	-43%
Superior, WI	$1,042,000 $38.29	$750,000 $27.56	$470,000 $17.28	$573,000 $21.05	$559,000 $20.53	-28%	-55%	-45%	-46%
Waukesha, WI	$516,000 $7.80	$358,000 $5.42	$437,000 $6.60	$394,000 $5.95	$392,000 $5.92	-31%	-15%	-24%	-24%
Waukesha County, WI	$1,257,000 $4.15	$878,000 $2.89	$885,000 $2.92	$635,000 $2.09	$624,000 $2.06	-30%	-30%	-50%	-50%
Wausau, WI	$843,000 $22.34	$736,000 $19.52	$624,000 $16.54	$673,000 $17.82	$658,000 $17.44	-13%	-26%	-20%	-22%
Wauwatosa, WI	$1,431,000 $30.63	$267,000 $5.72	$270,000 $5.79	$234,000 $5.01	$229,000 $4.90	-81%	-81%	-84%	-84%
West Allis, WI	$1,661,000 $27.39	$928,000 $15.31	$578,000 $9.53	$680,000 $11.22	$667,000 $11.00	-44%	-65%	-59%	-60%
Wisconsin State Program	$33,072,000 $11.43	$22,965,000 $7.94	$22,709,000 $7.85	$22,709,000 $7.85	$23,534,000 $8.13	-31%	-31%	-31%	-29%
TOTAL	**$78,326,000** **$14.44**	**$62,006,000** **$11.43**	**$57,473,000** **$10.59**	**$63,993,000** **$11.80**	**$63,973,000** **$11.79**	**-21%**	**-27%**	**-18%**	**-18%**
Wyoming									
Casper, WY	$551,000 $11.01	$573,000 $11.45	$631,000 $12.62	$623,000 $12.45	$605,000 $12.10	4%	15%	13%	10%
Cheyenne, WY	$663,000 $12.36	$609,000 $11.35	$574,000 $10.69	$593,000 $11.04	$579,000 $10.79	-8%	-13%	-11%	-13%
Wyoming State Program	$3,754,000 $9.67	$3,811,000 $9.82	$4,195,000 $10.81	$4,195,000 $10.81	$4,369,000 $11.26	2%	12%	12%	16%
TOTAL	**$4,968,000** **$10.10**	**$4,993,000** **$10.15**	**$5,400,000** **$10.98**	**$5,411,000** **$11.00**	**$5,553,000** **$11.29**	**0%**	**9%**	**9%**	**12%**

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Puerto Rico									
Aguadilla Municipio, PR	$2,249,000 $34.28	$2,988,000 $45.54	$3,529,000 $53.78	$2,862,000 $43.62	$2,760,000 $42.07	33%	57%	27%	23%
Arecibo Municipio, PR	$3,313,000 $32.71	$4,438,000 $43.82	$5,149,000 $50.84	$5,765,000 $56.92	$5,565,000 $54.94	34%	55%	74%	68%
Bayamon Municipio, PR	$5,539,000 $24.65	$7,250,000 $32.27	$8,038,000 $35.78	$6,821,000 $30.36	$6,608,000 $29.41	31%	45%	23%	19%
Cabo Rojo Municipio, PR	$1,491,000 $30.77	$1,969,000 $40.63	$2,196,000 $45.32	$1,838,000 $37.92	$1,775,000 $36.62	32%	47%	23%	19%
Caguas Municipio, PR	$4,097,000 $28.91	$5,425,000 $38.29	$6,100,000 $43.05	$5,602,000 $39.54	$5,424,000 $38.28	32%	49%	37%	32%
Canovanas Municipio, PR	$1,609,000 $36.15	$2,181,000 $49.01	$2,393,000 $53.76	$2,614,000 $58.74	$2,527,000 $56.78	36%	49%	62%	57%
Carolina Municipio, PR	$4,708,000 $25.11	$6,101,000 $32.54	$6,760,000 $36.06	$4,995,000 $26.64	$4,855,000 $25.90	30%	44%	6%	3%
Cayey Municipio, PR	$1,581,000 $33.28	$2,138,000 $45.01	$2,439,000 $51.35	$2,739,000 $57.65	$2,644,000 $55.67	35%	54%	73%	67%
Cidra Municipio, PR	$1,427,000 $32.39	$1,930,000 $43.80	$2,081,000 $47.24	$2,048,000 $46.48	$1,983,000 $45.02	35%	46%	44%	39%
Fajardo Municipio, PR	$1,169,000 $28.25	$1,540,000 $37.23	$1,798,000 $43.46	$1,676,000 $40.51	$1,622,000 $39.20	32%	54%	43%	39%
Guayama Municipio, PR	$1,490,000 $33.29	$2,017,000 $45.06	$2,349,000 $52.47	$1,934,000 $43.21	$1,867,000 $41.71	35%	58%	30%	25%
Guaynabo Municipio, PR	$2,317,000 $22.88	$2,997,000 $29.59	$3,381,000 $33.38	$2,221,000 $21.93	$2,160,000 $21.33	29%	46%	-4%	-7%
Humacao Municipio, PR	$1,893,000 $31.71	$2,517,000 $42.17	$2,838,000 $47.55	$2,943,000 $49.30	$2,845,000 $47.67	33%	50%	55%	50%
Isabela Municipio, PR	$1,579,000 $34.80	$2,151,000 $47.40	$2,426,000 $53.46	$1,983,000 $43.69	$1,908,000 $42.05	36%	54%	26%	21%
Juana Diaz Municipio, PR	$1,916,000 $37.23	$2,603,000 $50.57	$2,889,000 $56.13	$3,053,000 $59.32	$2,948,000 $57.28	36%	51%	59%	54%

Jurisdiction Name	Total Grant Amount/ Per Capita Grant Amount					Alternative Change in Funding Relative to FY 2004			
	FY 2004 Grant	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Manati Municipio, PR	$1,591,000	$2,155,000	$2,461,000	$2,638,000	$2,550,000	35%	55%	66%	60%
	$34.13	$46.23	$52.78	$56.58	$54.70				
Mayaguez Municipio, PR	$3,451,000	$4,258,000	$5,125,000	$4,791,000	$4,651,000	23%	49%	39%	35%
	$35.26	$43.50	$52.36	$48.95	$47.51				
Ponce Municipio, PR	$6,256,000	$8,416,000	$9,992,000	$8,489,000	$8,201,000	35%	60%	36%	31%
	$33.61	$45.22	$53.69	$45.61	$44.06				
Rio Grande Municipio, PR	$1,725,000	$2,303,000	$2,525,000	$2,683,000	$2,600,000	33%	46%	56%	51%
	$32.21	$43.00	$47.14	$50.10	$48.55				
San German Municipio, PR	$1,263,000	$1,685,000	$1,957,000	$1,690,000	$1,638,000	33%	55%	34%	30%
	$33.71	$44.97	$52.22	$45.11	$43.72				
San Juan Municipio, PR	$12,558,000	$16,263,000	$20,449,000	$14,290,000	$13,920,000	30%	63%	14%	11%
	$28.97	$37.52	$47.18	$32.97	$32.12				
San Sebastian Municipio, PR	$1,668,000	$2,279,000	$2,514,000	$2,428,000	$2,340,000	37%	51%	46%	40%
	$36.94	$50.46	$55.66	$53.77	$51.82				
Toa Alta Municipio, PR	$1,847,000	$2,452,000	$2,654,000	$2,389,000	$2,318,000	33%	44%	29%	26%
	$27.18	$36.08	$39.06	$35.16	$34.12				
Toa Baja Municipio, PR	$2,569,000	$3,411,000	$3,789,000	$3,453,000	$3,336,000	33%	48%	34%	30%
	$27.08	$35.96	$39.94	$36.40	$35.17				
Trujillo Alto Municipio, PR	$1,884,000	$2,444,000	$2,700,000	$1,927,000	$1,869,000	30%	43%	2%	-1%
	$24.02	$31.15	$34.42	$24.56	$23.83				
Vega Baja Municipio, PR	$2,077,000	$2,817,000	$3,200,000	$3,544,000	$3,419,000	36%	54%	71%	65%
	$32.99	$44.75	$50.82	$56.28	$54.30				
Yauco Municipio, PR	$1,769,000	$2,412,000	$2,717,000	$2,185,000	$2,112,000	36%	54%	24%	19%
	$37.53	$51.18	$57.65	$46.36	$44.80				
Puerto Rico State Program	$55,714,000	$74,172,000	$61,831,000	$61,831,000	$65,100,000	33%	11%	11%	17%
	$41.03	$54.62	$45.53	$45.53	$47.94				
TOTAL	**$130,750,000**	**$173,312,000**	**$176,279,000**	**$161,431,000**	**$161,547,000**	**33%**	**35%**	**23%**	**24%**
	$33.88	**$44.91**	**$45.68**	**$41.83**	**$41.86**				

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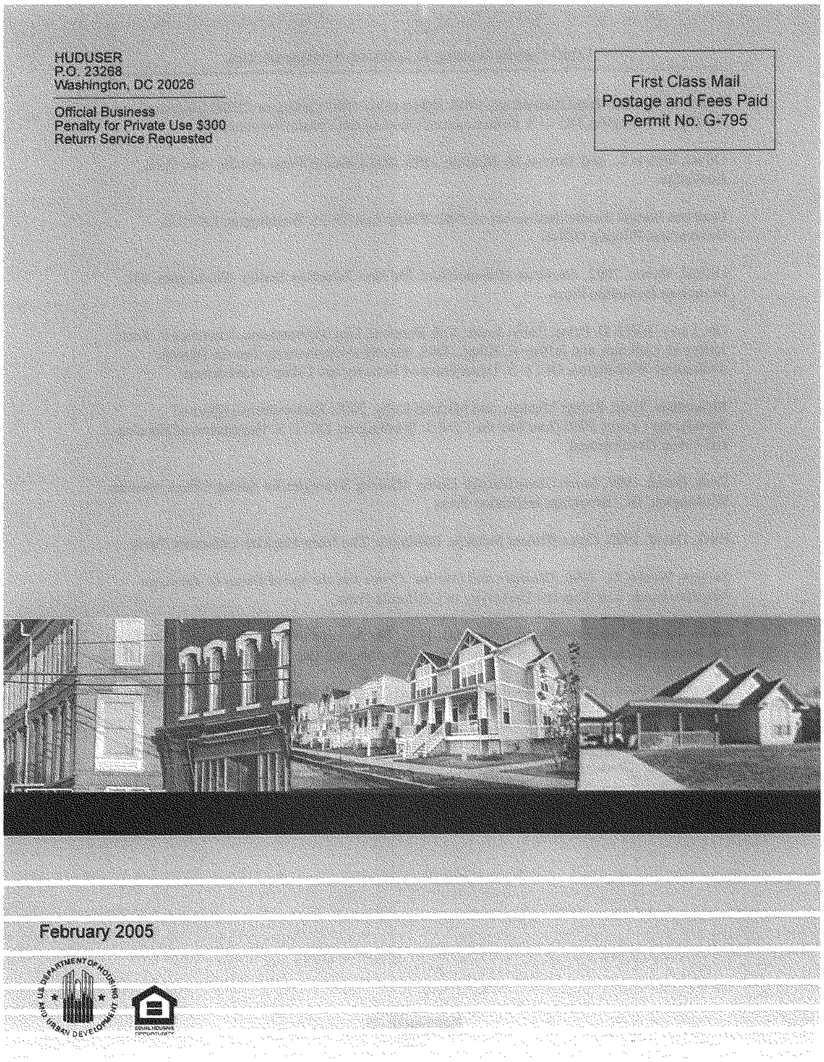

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