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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/29/10

SPONSOR Picraux LAST UPDATED \_\_\_\_\_ HB 149

SHORT TITLE UNM Federal Census Accuracy Project SM \_\_\_\_\_

ANALYST Pava

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	\$150.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

House Bill 149 (HB149) would appropriate \$150,000 from the General Fund to the Board of Regents of the University of New Mexico (UNM) for expenditure in Fiscal Year 2011 to fund the Bureau of Business and Economic Research's ongoing data collection in support of its federal census accuracy project. Any unexpended or unencumbered balance at the end of Fiscal Year 2011 would revert to the General Fund.

### SIGNIFICANT ISSUES

Census information affects the numbers of seats each state occupies in the U.S. House of Representatives and determines how more than \$400 billion dollars of federal funding each year is spent on infrastructure and services. A PricewaterhouseCoopers study of the 2000 Census determined that New Mexico's population was undercounted by 35,988 individuals, of which an estimated 30% were children. It concluded New Mexico was "short changed" \$110 million in funds for eight federal programs, most notably Medicaid.

Accuracy is very important because an undercount means that states will not receive funding for federal programs for an entire decade equal to the population and resulting demand for federal programs. According to the study and multiple organizations, more than \$9 billion could be at stake nationally in undercounting.

HED indicates the following:

BBER collects and disseminates socioeconomic information, develops measures and forecasts of economic performance and population growth, and conducts in-depth socioeconomic research for businesses, governments, and nonprofit organizations in New Mexico. Founded in 1945, it maintains a major depository of data that is open to the public.

BBER has provided research and data through two special programs funded by the New Mexico State Legislature's Census Dissemination and Demographic Analysis Program and the Resource Geographic Information System Program. The former allows BBER to add value to basic Census Bureau data, while the latter promotes and utilizes technologies for better data dissemination and research.

Federally supported programs that would be significantly underfunded by census undercounting in New Mexico are:

- Medicaid
- Foster care
- Rehabilitation services basic support
- Adoption assistance
- Child care and development block grant
- Substance abuse prevention and treatment
- Social services block grant
- Vocational education basic grants

These programs do not take into account Indian education and health services that are the most affected by undercounting population.

New Mexico as a rural state has a high risk of undercounting and also has large populations that are traditionally underreported demographic groups. According to the US Census Bureau, the entire US population was under reported by 1.18 percent. New Mexico was estimated to be under reported by 1.94 percent.

According to key staff at BBER, the intended use of the one-year increase in funding is to help local governmental jurisdictions in New Mexico prepare and define practices and appeal counts to the US Census Bureau. They would assist local jurisdictions, including tribal, to formulate the count dispute process as yet to be determined by the U.S. Census Bureau for Census 2010. The process in Census 2000 was titled the Count Question Resolution (CQR).

The CQR Program is a planned administrative review program that will handle external challenges to particular official Census 2000 counts of housing units and group quarters population counts received from state, local or tribal officials of governmental entities.

DOH indicates the following:

The role of BBER in the CQR program would be to analyze the official 2010 US Census counts for New Mexico to identify possible issues with these counts; and to coordinate and provide evidentiary support to state and local entities interested in filing CQR complaints to the US Census Bureau. BBER reports that it did not play this role following the 2000 decennial US censuses; and that there was no coordinated New Mexico response to the 2000 census CQR program.

Population undercounts are a particular problem in New Mexico. In the 1990 decennial census, New Mexico had the highest percent undercount among states (3.1%), with a 9.1% undercount among American Indians (US Census, 2002). In the most recent (2000) decennial census, New Mexico had the fourth highest percent undercount (1.9%), missing an estimated 35,988 New Mexicans (US Census Monitoring Board, 2001).

### **PERFORMANCE IMPLICATIONS**

Complete accuracy of census counting may never be achievable. However, an estimated \$110 million impact over 10 years divided by the estimated 36,000 individuals undercounted would amount to a fiscal impact of \$305 per person per year in just the programs listed here.

### **FISCAL IMPLICATIONS**

HB 149 requires any unexpended or unencumbered balance remaining at the end of fiscal year 2011 revert to the General Fund. BBER receives \$476,000 in recurring HB2 appropriations.

DOH indicates the following:

Numerous federal programs, including Medicaid, use allocation formulas that are directly driven by state populations estimate from the US Census. An undercount in the decennial census reduces the level of federal funding a state receives for the remainder of the decade. The best available estimate of the financial impact of 2000 census population undercounts on New Mexico estimated that this undercount would cost New Mexico almost \$110 million in federal funding over the period 2002-2012 (US Census Monitoring Board, 2001). The majority of this funding would have gone to Medicaid, with additional allocations going to Rehabilitation Services, the Substance Abuse Block Grant, and other programs (US Census Monitoring Board, 2001, Figure A).

### **ADMINISTRATIVE IMPLICATIONS**

HED notes: BBER would administer the programs.

### **OTHER SUBSTANTIVE ISSUES**

American Indians in New Mexico have been substantially undercounted in previous US censuses. For example, in the 1990 decennial census, New Mexico had a 9.1% undercount among American Indians, more than twice the US undercount rate among American Indians and Alaskan Natives.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?**

Failure to enact HB149 could cause the state to seek other methods that may not be as effective to ensure full counting of all New Mexicans in the 2010 census, or risk lost of over \$100 million in federal funding for basic support programs of New Mexico's most vulnerable.