



The 2000 Census Undercount and What it Means for New Mexico

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Introduction

Every ten years the U.S. Census Bureau counts the number of people living in the United States to apportion congressional seats and allocate funding for federal programs. Accuracy is important because an undercount means that states and localities will not receive enough funding for federal programs for an entire decade. A study of the 2000 Census determined that New Mexico's population was undercounted by 35,988 individuals. This means New Mexico was short changed \$110 million in funds for eight federal programs.

Census Undercount

PricewaterhouseCoopers, a professional consulting firm, conducted the study that determined 35,988 New Mexicans had not been counted. Of those individuals, 10,952 – or 30.4 percent – were children.¹

Had the 2000 Census been correct, New Mexico would have received nearly \$110 million over its current funding over a ten-year period for eight federal programs.² Two of those programs, which benefit many New Mexican families, are Medicaid and Child Care and Development Block Grants (CCDBG). Medicaid funding would have been just over \$103 million and CCDBG funding would have been \$432,000.³

Furthermore, the undercount rate in the 2000 census was higher for Hispanics, Native Americans, African Americans and Asian Americans than for

the overall population.⁴ Because New Mexico has the highest percentage of Hispanics⁵ and the second highest percentage of Native Americans⁶ (defined by the Census Bureau as American Indians and Alaska Natives), the undercounting of these ethnic and racial groups has a disproportionate effect on the state. The undercounting of Native Americans also exacerbates funding shortfalls for programs serving tribal families and children, such as the Indian Health Service (IHS). An already severely under-funded agency, the IHS does make allowances for the Census undercount.⁷ Unfortunately, the IHS was not one of the programs studied in the PricewaterhouseCoopers report.

What is New Mexico Losing?

The effect of such a shortage may be likened to freezes or cuts in federal funding. A shortfall in Medicaid funding can, for instance, affect the state's ability to expand coverage for more low-income New Mexicans and their children. Due to the "multiplier effect" from Medicaid expenditures, an infusion of federal Medicaid funding positively impacts a state's economy.⁸ As the national economy weakens, people will lose jobs and their employer-sponsored health insurance. Consequently, the demand for Medicaid and other public programs will increase.⁹

Additionally, many states, including New Mexico, are facing budget shortfalls, and reduced federal funding places a tighter squeeze on state budgets. The state Human Services Department slowed

its efforts to enroll more low-income adults and children after the Legislature allocated \$10 million less in the 2008 session than what was needed to fully fund Medicaid.¹⁰

Likewise, if New Mexico is not receiving funding due to a population undercount, then the childcare assistance program funded by CCDBGs may restrict eligibility, require low-income parents to pay higher rates for their children's care, place more families on waiting lists, or not increase reimbursement rates to childcare providers.¹¹ Parents who are trying to make ends meet need a safe, enriching environment for their children – that is also affordable – so they may work. When parents know their children are well cared for, they are more productive, and children have the necessary interactions with engaged caregivers needed for their development and school readiness.

Medicaid

Medicaid is a jointly funded federal and state program that pays for the health care of qualified low-income individuals.¹² States administer their own programs, subject to federal regulations, and receive reimbursement from the federal government.¹³ Generally, dependent children of low-income parents, pregnant women, disabled persons, and elderly individuals are eligible.¹⁴

Federal funding for Medicaid is derived from the federal medical assistance percentage (FMAP) formula, which uses the average per capita income (PCI) of the U.S. and each state.¹⁵ A state's PCI represents its ability to fund the program, which combines its resources and the number of low-income people residing in the state.¹⁶ The PCI is compiled by dividing the personal income of residents in a particular area by the resident population of that area.¹⁷ This is compiled by the U.S. Bureau of Economic Analysis (BEA) using the Census Bureau's population estimates.¹⁸

Child Care and Development Block Grants

The Child Care and Development Block Grants (CCDBG) provide financial assistance for childcare to qualified low-income families.¹⁹ They help states provide childcare for working parents and parents transitioning out of public assistance or enrolled in training or education programs.²⁰ Each state has flexibility when designing its childcare programs and policies.²¹ Funding for CCDBGs are through discretionary, mandatory, and matching funds and the combined total of this money is the Child Care and Development Fund.²² Matching funds are based on the number of children under age 13 in a state compared with the total number of such children in the U.S.²³ Discretionary funding is based on a proportional formula using the following three factors: the ratio of the number of children under age five in the state to the number of children under five in the U.S., the ratio of the number of children who qualify for the school lunch program to the number of such children in the U.S., and the national PCI divided by the state PCI.²⁴ The population estimates are from the Census Bureau, the number of students in the school lunch program comes from the U.S. Department of Education, and the PCI, as mentioned above, comes from the BEA.²⁵

Conclusion

With many New Mexicans struggling to care for their families, the funding that the state would have received from an accurate Census count could have meant more qualified families receiving Medicaid or childcare assistance. With the 2010 census nearing, it is important to keep this issue in mind. Data from the Census Bureau is the most comprehensive available for population and socioeconomic estimates, and accuracy should be ensured for the next census count.

Endnotes

- ¹ *Effect of Census 2000 Undercount on Federal Funding to States and Selected Counties, 2002-2012*, (Washington, DC: National Economic Consulting, PriceWaterhouseCoopers, 2001), Appendix A-2, http://www.govinfo.library.unt.edu/cmb/cmbp/reports/080601.pricewaterhouse/downloads/undercount_080601.pdf.
- ² *Effect of Census 2000 Undercount*, 14. The programs studied were Medicaid, CCDBG, Foster Care, Rehabilitation Services Basic Support, Adoption Assistance, Substance Abuse Prevention and Treatment Block Grants, Social Services Block Grants, and Vocational Education Basic Grants.
- ³ *Effect of Census 2000 Undercount*, Appendix D-3, D-5.
- ⁴ See Barry Edmonston, *The Undercount in the 2000 Census*, (Baltimore, MD: The Annie E. Casey Foundation, 2002), 1, http://www.aecf.org/kidscount/undercount_paper_final.pdf.
- ⁵ Betsy Guzman, U.S. Census Bureau, U.S. Dept. of Commerce, *The Hispanic Population 2000*, 3 (2001), <http://www.census.gov/prod/2001pubs/c2kbr01-3.pdf>.
- ⁶ American Community Survey, *The American Community: American Indians and Alaska Natives: 2004* (Washington, DC: U.S. Census Bureau, 2007), 5-6, <http://www.census.gov/prod/2007pubs/acs-07.pdf>.
- ⁷ Personal communication, Program Statistics Department, Indian Health Service, U.S. Department of Health and Human Services, Washington, D.C., May 2008.
- ⁸ Alicia Carbaugh, *The Role of Medicaid in State Economies A Look at the Research*, (Washington, DC: Kaiser Commission of Medicaid and the Uninsured, Kaiser Family Foundation, 2004), 2, <http://www.kff.org/medicaid/7075a.cfm>. A multiplier effect is defined as the subsequent spending that occurs when money is injected into the economy.
- ⁹ Iris J. Lav and Elizabeth Hudgins, *Facing Deficits, Many States are Imposing Cuts that Hurt Vulnerable Residents*, (Washington, DC: Center on Budget and Policy Priorities, 2008), 2, <http://www.cbpp.org/3-13-08sfpp.pdf>.
- ¹⁰ Winthrop Quigley, "Medicaid Budget Short," *Albuquerque Journal*, April 7, 2008, Sec. A1.
- ¹¹ Karen Schulman and Helen Blank, *Child Care Assistance Policies 2001-2004: Families Struggling To Move Forward, States Going Backward*, (Washington, DC: National Women's Law Center, 2004), 1, <http://www.nwlc.org/pdf/childcaresubsidyfinalreport.pdf>.
- ¹² Christine Scott, *Federal Medical Assistance Percentage (FMAP) for Medicaid*, (Washington, DC: Congressional Research Service, 2005), 1, <http://opencrs.com/document/RS21262/2005-03-01%2000:00:00>
- ¹³ *Effect of Census 2000 Undercount*, Appendix C-3.
- ¹⁴ Ibid.
- ¹⁵ Scott, *FMAP for Medicaid*, 2. The FMAP formula is $1.00 - 0.45 \left(\frac{\text{State Per Capita Income}}{\text{U.S. Per Capita Income}} \right)^2$. See Medicaid Formula: Differences in Funding Ability Among States Often Are Widened, (Washington, DC: U.S. General Accounting Office, 2003), 22.
- ¹⁶ *Medicaid Formula*, 22.
- ¹⁷ *Per Capita Personal Income*, (Washington, DC: Bureau of Economic Analysis, U.S. Department of Commerce, 2006), <http://www.bea.gov/regional/definitions/nextpage.cfm?key=Per%20capita%20personal%20income>.
- ¹⁸ Ibid.
- ¹⁹ Matt Kane, *Northeast-Midwest Guide to Federal Formula Grant Programs*, (Washington, DC: Northeast-Midwest Institute, 2001), 85, <http://www.nemw.org/Fedgrant2001.pdf>.
- ²⁰ Schulman and Blank, *Child Care Assistance Policies 2001-2004*, 2.
- ²¹ Kane, *Northeast-Midwest*, 85.
- ²² *Overview of the Child Care and Development Fund (Fiscal Years 2006-2007)*, (Washington, DC: Child Care Bureau, Administration for Children and Families, U.S. Department of Health and Human Services, 2006), http://www.acf.hhs.gov/programs/ccb/ccdf/ccdf06_07desc.doc.
- ²³ Ibid.
- ²⁴ Ibid.
- ²⁵ See *State After School Profiles: New Mexico*, (Washington, DC: Child Care Bureau, Administration for Children and Families, U.S. Department of Health and Human Services), <http://www.nccic.acf.hhs.gov/afterschool/PDFDocs/NM.pdf>.

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