FAQ. Data Source for Needs Component of the IHBG Formula. November 23, 2015

(1) Why doesn't HUD continue to use the Census 2000 data in the formula?

By the time the newer data proposed in the rule would be implemented (FY 2018), the Census 2000 data would be over 17 years old. The Census 2000 data may have been reasonably accurate in 2000 but there is no evidence that they will be accurate in 2018. There has been considerable change in community characteristics between 2000 and 2010, some of which is documented in the report "Continuity and Change: Demographic, Socioeconomic, and Housing Conditions of American Indians and Alaska Natives" (see link: http://www.huduser.gov/portal/publications/commdevl/housing_conditions.html) . This change includes AIAN alone population growth of 18 percent, twice the rate of the US; a substantial decline in married couple families; a significant improvement in educational attainment; and the impact of the great recession which was particularly hard on Native Americans but affected tribes in different ways.

To capture these and many other changes, it is necessary to use more current data that is available from the U.S. Census Bureau.

(2) What is HUD including in the proposed rule in respect to the data source for the needs component of the IHBG formula?

Update the data used in the needs formula from the current data – primarily IHS aged Census 2000 data – with:

a. The most current decennial Census data (the 2010 Census) for AIAN persons with an adjustment for the Census Bureau's acknowledged undercount on Reservations.

b. The most current American Community Survey (ACS) data for the needs variables – with those needs variables reweighted so that ACS AIAN population counts match the latest (aged) Decennial Census population counts.

(3) What are the issues with 2010 Census and ACS identified by the Study Group that HUD is trying to address?

Census 2010 stated issues in the Study Group report:

- "There are biases in data collection. It is impossible to measure every person in the U.S. because of non-response. Census data cannot identify the specific subset of the population (enrolled members of federally recognized tribes) that are deemed eligible to receive services under section 201(b) of NAHASDA. Finally, the Decennial Census cannot incorporate new formula variables." Page 34.

- "Undercount in some areas; definition of Native American not limited to IHBG eligible tribes and/or tribal members". Page 54.

- "While largely comprehensive in coverage, there was an undercount in some tribal areas. The race question for AIAN is not limited to Native Americans eligible for IHBG assistance." Page 56

- "However, the Census Bureau acknowledges that there are likely undercounts (that is, not 100 percent counts) in some tribal areas and other rural areas, in part due to both an incomplete Master Address File (MAF) and/or respondent nonresponse. " Page 57

At the Data Characterization Phase, HUD noted:

- "that the Congressional Research Service reports that the Census established a Census Coverage Measurement (CCM) program that estimates the over or under count of particular populations. The CCM estimates that the AIAN population off reservations is over counted by 1.95% and undercounted on Indian reservations by 4.88%.[1]". See: http://ihbgrulemaking.firstpic.org/index.php/documents-menu/workgroups1. Final Data Source Characterization: Most Recent Decennial Census. Page 5.

ACS stated issues in the Study Group report:

- "Small sample sizes over the 5-year data collection period in some areas is currently too small to be accurate and it is too early to know if the new sampling procedures will improve this; undercount in some areas due to non-response or incomplete addresses; the definition of Native American is not limited to IHBG eligible tribes." Page 35.

- "Small sample sizes in some areas; undercount in some areas; definition of Native American not limited to IHBG eligible tribes and/or tribal members". Page 54.

[1] http://fas.org/sgp/crs/misc/R40551.pdf

- "Concern remains about small sample sizes in some places as well as quality and completeness of responses. In the first five year samples, small sample sizes appeared to lead to over 100 tribal areas having AIAN population counts less than their 2010 Decennial Census count, and a similar number with counts above the 2010 Decennial Census AIAN population count. If the ACS is undercounting or over counting AIAN population, it also undercounts or over counts the corresponding data used for the need variables." Page 58.

See: http://ihbgrulemaking.firstpic.org/images/Library/IHBG%20Negotiated%20Rulemaking%20Data%20Study%20Group%20Report_080315%20FINAL%20(1)_rev%20....pdf

(4) What were the recommendations of the study group?

The Study Group presented two recommendations to the full committee that received consensus within the Study Group:

- AIAN person count be the greater of the following data: (i) most recent Census, (ii) American Community Survey; or (iii) Tribal Census Challenge data aged using the HIS factor to 2016.

- Total Development Cost, Tribal Enrollment, and Formula Response Form to be used as they are presently used in the formula.

(5) What other data options did the study group consider?

In addition to the recommendations presented to the full committee, the Study Group considered multiple options for data for the remaining 6 needs variables. That discussion produced the following options that it could not reach consensus:

- Option 1. Use the aged Census 2000 or Tribal Census Challenge data.
- Option 2. Use ACS data, but reweight those data upward if the Census 2010 or Tribal Census Challenge person count exceeds the ACS person count.
- Option 3. Adopt the ACS data with no adjustment.

Simulations for the impact of options considered by the Study Group are available here:
http://ihbgrulemaking.firstpic.org/images/Library/Data_Study_Group_Simulation_8-11-2015_with_Volatility.pdf

Ultimately, the full committee did not reach consensus on either the Study Group recommendations or any of the other options.

The *concept* of reweighting the ACS data was considered by the Study Group as Option 2 above. The *specific* reweighting HUD is including in the proposed rule, however, is different than the proposals discussed.

(6) Why didn't HUD include in the proposed rule one of the study group's options?

Absent consensus, the responsibility for a recommendation shifted from the Negotiated Rulemaking Committee to HUD. This additional responsibility entailed HUD to further investigate if it could unearth the source(s) of the underlying problems in the Census 2010 and ACS identified by the study group.

In that further research, HUD identified two things that it felt were important enough that HUD should include in the proposed rule data corrections to address them:

(a) *Documented evidence of the Census 2010 undercount.* There is documented evidence by the Census Bureau that the 2010 Census undercounted Native Americans in Reservation areas. Although HUD raised this issue at the Data Characterization phase the issue was not carried forward into the Study Group report.

(b) *Inaccuracies at small geographies due to the ACS weighting methodology.* The reason the ACS population counts are often different than the Census 2010 population is because of a very important change in how the ACS weights the survey data versus how the 2000 Census weights the survey data. The technical experts identified a difference in the data but were unable to determine why there were such big differences. Only after the study group was complete and HUD met with the Census Bureau to discuss these discrepancies did the issues with the ACS's weighting approach, and the impact it has on formula allocations, became evident.

At the time the study group recommendations were prepared it was not clear why the ACS counts and 2010 Census counts were different. For this reason the Study Group had recommended a "best of" approach.

The Full Committee did not accept this "best of" approach.

With the additional information gained as noted above, HUD concluded that as the study group had concluded, a data adjustment is needed. But HUD determined that there was a more accurate approach to adjusting the data than the "best of" approach. HUD's concern with the "best of" approach is that tribal service areas with the largest positive error in the ACS would benefit at the expense of all other tribes with less or negative error.

The approach HUD is including in the proposed rule adopts adjustments based on the (i) documented undercount and (ii) recognition that the ACS weighting scheme is different than Census 2000 and is a less precise way to weight the data for purposes of the IHBG formula.

(7) What is the first year that the data in the proposed rule would be used in the formula?

The first year that the Census 2010 and American Community Survey data would be used in the formula is the FY 2018 allocation. Assuming this were to occur, HUD anticipates that it would use the five year estimates from the ACS 2012-16 data collection. We anticipate three benefits of using these data over the 2006-10 data that have been used in simulations during the negotiated rulemaking:

- Currency. The data would be much more reflective of conditions in tribal areas today.
- Sample Size. The ACS sample size in rural areas was expanded beginning in 2011/12 meaning that the accuracy of the data should be improved.
- Sampling Frame. In some tribal areas the Master Address File is not updated except at the time of the Decennial Census. ACS data collection using any new addresses found as part of the 2010 Census were not incorporated into the ACS until 2012. This addition should improve the quality of the data.

(8) What happens after Census 2020?

HUD is committed to working with the Census Bureau, the Office of Management Budget, and other federal agencies to continue to improve the quality of data in tribal areas. We are optimistic that when the Decennial Census 2020 data are available for the IHBG formula – the FY 2023 allocation is likely to be the earliest possible – there will not be an undercount and that many of the other issues identified by the Study Group will also have been addressed.