**The implications of the Census 2020 Citizenship Question for Medicaid funding and gerrymandering?**

The Census 2020 question on citizenship could potentially impact any public program that relies on “census-guided” federal dollars. The concern is that that particular question could result in an undercount of actual residents if people choose to not respond to the survey, which translates into a lower census number used in a variety of calculations that determine how much federal money goes to a particular state for a particular program. For example, the Federal Medical Assistance Percentage (FMAP) is the formula used to determine the state and federal shares of Medicaid costs, and hinges on states’ per capita personal income (PCI) relative to the U.S average. The lower a state’s per capita income relative to the U.S. per capita income, the greater the federal portion of Medicaid financing:

FMAP = 1 – .45 x [(State PCI)2 / (U.S. PCI) 2]

The PCI variable, in turn, is calculated from two separate variables: income and population.[[1]](#footnote-1) Per Vic Miller, a Medicaid finance expert, the federal income and population data are combined in the following way:

*“Per capita personal income data used in the FMAP calculation are in fact two separable data streams, income and population, which are calculated respectively by two separate Department of Commerce units, the BEA and the Bureau of the Census. BEA combines the two streams to produce* ***per capita*** *estimates. Both the income and population data are periodically adjusted to reflect new information, definitions or data structures. One of the major changes occurs once a decade, after the decennial population census population data counts are released for April 1 of the decennial year.”1*

Further, a state’s PCI variable used in the FMAP formula is constructed as a 3-year average:

*“The personal income data used to develop the FMAPs are based on a three-year average of data published by the Department of Commerce’s Bureau of Economic Analysis (BEA).  FMAPs are recalculated each year and published annually between October 1 and November 30 in the Federal Register for the federal fiscal year that begins the following October.  For example, the FMAPs that apply in FY 2012, which began October 1, 2011, were published in November 2010, and were calculated using the latest per capita personal income available at that time, for calendar years 2007, 2008, and 2009.” 1*

If the 2020 decennial census results in a biased count of residents (biased in the sense of an undercount), that lower population number would be used by the BEA in their PCI calculation beginning in 2020, which holding the income (numerator) constant, would result in an artificially higher PCI value. The interpretation is that a state’s per capita income is higher than it actually is because the denominator (population) is artificially low. Going forward, the population denominator and hence future PCI values would bias the 3-year average construction of the PCI in the FMAP formula. This could translate into less federal funding for Medicaid if a state’s average PCI value becomes higher than it was and the year-to-year FMAP then declines. For example, a decline in a state’s FMAP from 63% to 62%, even though it is only a 1% drop, could result in millions of dollars in decreased federal funds flow to the state, since that percentage is applied to the total dollars spent on states’ Medicaid program. For the sake of illustration, Georgia is used as an example of how a decline in FMAP year-to-year would result in a loss of more than $86 million in federal funds flow, conditional on a constant year-to-year Medicaid spending value:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Total Medicaid spending in FY16, $: | 9,837,218,481 |  |  |  |  |
|  | FY18 | | FY19 | | Change in Federal Portion |
|  | State % | Federal % | State % | Federal % |  |
| FMAP | 31.5% | 68.5% | 32.38% | 67.62% | -0.88 |
| Multiplier (*Federal %/State %*) |  | 2.1746 |  | 2.0883 | -0.0863 |
| Share of Medicaid costs | $3,098,723,822 | $6,738,494,659 | $3,185,291,344 | $6,651,927,137 |  |
| Change in Medicaid costs due to change in FMAP |  |  | $ 86,567,523 | $ (86,567,523) |  |

In conclusion, the potential undercount in population because of a question on citizenship can have a real and significant effect on census-guided funding programs, in particular Medicaid, the largest federal assistance program for states.[[2]](#footnote-2)

1. Miller, Vic. FMAPS and the Impact of Decennial Census Data. FY 2013 Federal Medical Assistance Percentages; Decennial Census Data Affect the Flow of Medicaid Funds. <http://medicaiddirectors.org/publications/fmaps-and-the-impact-of-decennial-census-data/> [↑](#footnote-ref-1)
2. Alicia Parlapiano. “Are You a U.S. Citizen? How a 2020 Census Question Could Affect States.” April 3, 2018. The New York Times. <https://www.nytimes.com/interactive/2018/03/30/us/impact-of-citizenship-question-on-census.html> [↑](#footnote-ref-2)