THE AMERICAN COMMUNITY SURVEY IS ESSENTIAL

The American Community Survey (ACS) provides crucial information for both businesses and federal and state statistical agencies. Economic analysis based on the ACS generates the information needed to monitor and evaluate programs and target resources, providing data to inform economic and policy decisions that encourage economic growth.   Without the ACS, private enterprises and public policy-makers alike would lose a vital and reliable source of data.

The ACS is the successor to the U.S. Census Long-Form that has been used since 1940 to collect essential information about the U.S. economy and society. Since 2005, the ACS has been fielded annually rather than every 10 years, to provide reliable and timely information on local areas and communities, including employment, earnings, geographic mobility, race, gender, age, ethnicity, education, and household composition. Some questions are similar to those that have been asked in the Census since the early 1800s, allowing assessment of long-run trends as well as current issues.[1]

The Committee on Government Relations of the American Economic Association believes that the American Community Survey is an essential tool that enables evidence-based decisions about the distribution of government resources, promotes private sector investments in our communities, and provides essential data to promote economic growth. We highlight here just a few of the ways that the ACS provides a foundation for economic analysis that has a large and positive impact on the functioning of federal, state, and local governments and enhances the productivity of private businesses.

- **Federal government data reporting agencies rely on the ACS.** It is used in the Bureau of Economic Analysis's per capita income series, the Census Bureau population estimates, and the Current Population Survey (CPS) monthly estimates of unemployment rates and poverty.

- **The ACS is central to the distribution of billions of dollars in federal funding.** One study found that 184 federal programs used ACS-related datasets to allocate $416 billion in 2008, 29 percent of all federal assistance.[2] Without accurate information about state and local populations, these resources cannot be accurately allocated.

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[1] Committee on National Statistics, *Benefits, Burdens, and Prospects of the American Community Survey: Summary of a Workshop*, Division on Behavioral and Social Sciences and Education, National Research Council National Academies Press, Feb 26, 2013.
[2] Reamer, Andrew D., "Surveying for Dollars: The Role of the American Community Survey in the Geographic Distribution of Federal Funds," Brooking Institution, 2010.

- **State and local governments use the ACS for planning.** The questions about commute time, for example, are used by state and federal transportation agencies to make decisions about road construction and public transportation investments. State and local agencies use the ACS to assess housing quality, while law enforcement agencies use the data to map crime patterns.[3]

- **Businesses use the ACS data to analyze community workforce capacity when considering new investment opportunities.** A recent comprehensive study of the ACS showed that firms used the ACS to examine potential investment sites and that state and local agencies used the information it provided on the local labor force to attract business investments and jobs.[4] Widely-used mapping software relies on the ACS.

The ACS is essential for assessing the effects of economic decisions and policies across geographic areas, including enterprise and empowerment zones, education aid, immigration and globalization, environmental regulation, military spending, and welfare reform. Almost everything we know about occupational segregation, poverty, and unemployment at the local level comes from the ACS. If the government were forced to rely solely on data collected during the decennial census, we would lose critical and timely insight into how state and local economies adjust to changes that are regional, as in the case of the shale gas development boom, and national, as in the case of the financial crisis of 2008 and its aftermath. The value of the ACS will only continue to grow as more data sources come on-line.

There is some concern about the mandatory nature of the ACS. The National Research Council report on the ACS suggested a variety of reforms, emphasizing the tradeoffs between costs and data quality.[5] According to a 2012 study by the U.S. Census Bureau, making the ACS voluntary would increase costs by $36 million to $90 million per year,[6] and would likely lead to a 20% non-response rate, adding uncertainty about the populations who are underrepresented.

The American Community Survey is among the most valuable data sources for economic analysis to help inform private businesses and government agencies alike. Without the ACS, the American public would lose a vital source of detailed local data on which to base economic and social policies that promote economic growth. This would not only be a great loss today, but would sever an invaluable link between our country's past and our economic future.

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[3] Reamer, Andrew D., *op cit.*, 2010.
[4] Committee on National Statistics, *op cit.*, Feb 26, 2013.
[5] Committee on National Statistics, *op cit.*, Feb 26, 2013.
[6] $36 million would be required for surveying more people in order to maintain the same sample size, while $90 million would be required to approximate the current statistical accuracy. See Griffin, Deborah, and Todd Hughes, American Community Survey Research and Evaluation Report Memorandum Series #ACS12-RER-32, November 1, 2012.

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