

## **Notes on File Labeled “State and Local Allocation Output 02.25.21”**

Below is a brief summary of the local estimates produced in the “State and Local Allocation Output 02.25.21” file, including any underlying methodological assumptions and potential deviations for how local funding would be distributed in practice.

### **Metro Cities Section**

This update includes a correction for an error in the way the CDBG allocations were weighted across metro cities, counties, and nonentitlement areas. This resulted in increases in the projected assistance to each metro city by about 9% (the nature of the error did not produce any offsetting decreases elsewhere).

Island territories other than Puerto Rico were also removed from the metro city list, consistent with the “state” definition originally used in the text.

Methodology: The list of “metro cities” as defined in the proposal and the allocation amounts provided to those cities were generated from the FY2020 CDBG entitlement awards distributed to those cities as shown on the [HUD website](#). Select city governments that qualify but have chosen not to participate in the CDBG entitlement program have been added, as that information has been made available, with allocation amounts estimated by CRS using the limited data available for those cities.

### **Potential Deviations in Distribution:**

- Funds may be distributed to metro cities based on the formula for FY2021, for which award data is not yet available.
- Other cities that qualify and have chosen not to participate in the CDBG entitlement program may elect to receive assistance as a metro city, which would reduce amounts otherwise available to the remaining metro cities.

### **Other Non-Counties Section**

This update now uses 2019 Census data (identical to other local inputs) and reflects two changes made by the Manager’s Amendment:

- (1) a change in the definition of eligible nonentitlement governments; and
- (2) a change in how nonentitlement payments are distributed from the federal government to states (no change in how states distribute to individual governments).

The combination of both nonentitlement language changes and the new methodology increases the precision of the estimates, allowing for only one run for each government.

Island territories other than Puerto Rico were also removed from the nonentitlement allocations, consistent with the “state” definition originally used in the text.

Methodology: The list of eligible governments and their respective populations was generated from the [2019 City and Town dataset](#) from the Census Bureau, which includes data on both “incorporated areas” and “minor civil divisions.”

- The list of governments for 38 states and DC represent all incorporated areas coded as having active governments, less incorporated areas that are metro cities. This includes:
  - 30 states and DC that do not have governments classified as minor civil divisions: and
  - 8 states which are described by [Census](#) as having minor civil division governments that “for the most part, perform less of a governmental role” (IL, IN, KS, MO, NE, ND, OH, SD).
- The list of governments for the remaining 12 states (CT, ME, MA, MI, MN, NH, NJ, NY, PA, RI, VT, WI) includes both incorporated areas and minor civil divisions with active governments, less governments that are metro cities. Minor civil division governments were included for these states, as [Census](#) describes their activity as mostly resembling “general-purpose local governments.”

In all cases, the list of nonentitlement governments intends to accurately capture the *total population eligible for assistance in each state, rather than the total number of governments eligible for assistance*, as the total state population is used to calculate the amount every nonentitlement government will receive.

Estimates also do not account for the cap on nonentitlement assistance equal to 75% of the government’s previous annual budget.

#### Potential Deviations in Distribution:

- 2020 city and town populations may be used to calculate distribution amounts, for which data is not yet available.
- Government eligibility decisions made by the U.S. Department of Treasury in implementing the law may differ from the assumptions used in states with minor civil divisions.
- Projected amounts may be distributed to more than one nonentitlement government to the extent that eligible nonentitlement governments have overlapping populations (for example, residents of a village government and town government in New York).
- Governments described in the “Metro Cities” section as relinquishing CDBG entitlement program eligibility but choosing to receive metro city funding in this program may be included on this list. Removal of such governments would increase amounts provided to other state nonentitlement governments.
- Every effort has been made to remove metro cities and their sub-local governments from this list, but such efforts may not be comprehensive. To the extent such entities remain and do not receive nonentitlement funding, amounts for other state nonentitlement governments would subsequently increase.

- Governments with assistance amounts subject to the 75% annual budget cap would have their assistance subsequently reduced. Amounts to other state nonentitlements would subsequently increase.

### **Counties Section**

As mentioned in the Metro Cities Section, this update includes a correction for an error in the way the CDBG allocations were weighted across metro cities, counties, and nonentitlement areas. This resulted in a greater number of urban counties getting the CDBG markup (up to 14, from 11 previously) and a subsequent reduction in the amounts received by other counties.

Methodology: County population data draws from the 2019 [Census county population dataset](#). CDBG award data for counties classified as “urban counties” in that program drew from the same [HUD information](#) mentioned in the “Metro Cities” section.

### Potential Deviations in Distribution:

- 2020 county populations may be used to calculate distribution amounts, for which data is not yet available.
- In some cases, governments that relinquish the metro cities designation but choose to classify as metro city for this program may alter the adjustments made to urban counties for purposes of the county distribution. Such effects are likely to be small, however, as only 14 of more than 3,100 counties are currently estimated to have their allocations affected by CDBG participation.
- No adjustment is made to account for areas without active county governments. Amounts in those cases are redistributed to other local governments within the county based on population.