



WikiLeaks Document Release

<http://wikileaks.org/wiki/CRS-RL32675>

February 2, 2009

Congressional Research Service

Report RL32675

*Metropolitan Area Designations by OMB: History, Current
Definitions, and Uses*

Jennifer D. Williams, Government and Finance Division and James R. Riehl, Information Research
Division

November 15, 2004

Abstract. Many Members of Congress at times have questions about metropolitan areas, especially when the uniform criteria, or standards, for defining these areas are revised and constituents ask how the changes might affect the federal funds distributed to their jurisdictions on the basis of certain grant program formulas that use the definitions. This report presents the history of standard metropolitan area definitions; notes the December 27, 2000, announcement of the current standards for defining these areas and the June 6, 2003, release of lists showing the actual delineations of the areas; gives details about the 2000 standards; and discusses the difficulty of ascertaining how metropolitan area designations affect federal funds allocation.

WikiLeaks

CRS Report for Congress

Received through the CRS Web

Metropolitan Area Designations by OMB: History, Current Definitions, and Uses

November 15, 2004

Jennifer D. Williams
Government and Finance Division

James R. Riehl
Information Research Division

<http://wikileaks.org/wiki/CRS-RL32675>

Metropolitan Area Designations by OMB: History, Current Definitions, and Uses

Summary

On December 27, 2000, the Office of Management and Budget (OMB) announced its uniform criteria, or “standards,” for defining metropolitan and micropolitan statistical areas in the current decade. These areas together are termed “core based statistical areas” (CBSAs). Also announced were the standards for defining New England city and town areas (NECTAs), which are conceptually similar to CBSAs. The 2000 standards superseded those for defining metropolitan statistical areas in the 1990s.

CBSAs consist of counties and county-equivalents in the United States and Puerto Rico. Each CBSA must contain at least one urbanized area of 50,000 or more persons (metropolitan statistical area) or at least one urban cluster of 10,000 to 49,999 persons (micropolitan statistical area). CBSAs have one or more principal cities and central counties. Outlying counties are included in CBSAs on the basis of commuting data. Counties that do not meet the criteria for inclusion in CBSAs are classified as “outside core based statistical areas.” NECTAs are classified similarly to CBSAs and designated as either “metropolitan” or “micropolitan” NECTAs.

OMB issued, effective June 6, 2003, the actual lists of CBSAs — the titles of the areas, with their principal city and county components. NECTAs and their components are listed as well. The lists were derived by applying the OMB standards to population and commuting data from the 2000 decennial census, conducted by the Bureau of the Census. Each year until 2010, OMB will announce any revisions to CBSAs that are justified by the Census Bureau’s annual population estimates. The most recent revisions were announced on February 18, 2004.

In principle, standard metropolitan area definitions are to be used solely for descriptive, statistical purposes. In practice, however, they have other applications, including their use in formulas for allocating federal grant program funds.

No straightforward procedure exists for calculating the exact amount of money distributed through all federal grant programs that use metropolitan area definitions, or for determining the effects of changes in these definitions on the total amount of funds allocated to a specific jurisdiction. Even identifying comprehensively which programs use metropolitan area designations would require reviewing the statutes, regulations, and formulas associated with the programs. Assuming that such an identification were feasible, it would be only the first step toward determining whether inclusion in, or exclusion from, a particular metropolitan area or its components directly translates into an increase or decrease in the federal funds a particular jurisdiction might receive from all federal grant programs that rely on these designations. Again, the question would have to be addressed on a program-by-program basis and posed to department or agency program staff.

This report will be updated to incorporate any relevant legislative developments or announcements by OMB.

Contents

Background	1
Brief History of Metropolitan Area Standards	1
Introduction to the Current Standards	2
The 2000 Standards in Detail	2
Metropolitan and Micropolitan Categories	3
Principal Cities of CBSAs	3
Central and Outlying Counties of CBSAs	4
Combining CBSAs	5
Divisions of Metropolitan Statistical Areas and NECTAs	5
Titles of CBSAs, Combined Statistical Areas, Metropolitan Divisions, and NECTA Divisions	6
Updating CBSAs During the Current Decade	6
Intended and Unintended Uses of the Standards	7
Difficulty of Determining How the Standards Affect Federal Funds	
Distribution	8
Limitations of Searching the <i>Catalog of Federal Domestic Assistance</i>	9
Other Strategies	9
Metropolitan Area Status and Eligibility for Federal Funds	10

Metropolitan Area Designations by OMB: History, Current Definitions, and Uses

Background

Many Members of Congress at times have questions about metropolitan areas, especially when the uniform criteria, or “standards,” for defining these areas are revised and constituents ask how the changes might affect the federal funds distributed to their jurisdictions on the basis of certain grant program formulas that use the definitions. This report briefly presents the history of standard metropolitan area definitions; notes the December 27, 2000, announcement of the current standards for defining these areas and the June 6, 2003, release of lists showing the actual delineations of the areas; gives details about the 2000 standards; and discusses the difficulty of ascertaining how metropolitan area designations affect federal funds allocation.

Brief History of Metropolitan Area Standards

Standard metropolitan area definitions represent an attempt to describe systematically the linkage between a large population concentration and the territory surrounding it. These definitions came about because of the realization, during the 1940s, that “... the value of metropolitan data produced by Federal agencies would be greatly enhanced if agencies used a single set of geographic definitions for the Nation’s largest centers of population and activity.” At the time, agencies were defining “... a variety of statistical geographic areas at the metropolitan level ... using different criteria applied to different geographic units.” The result was that “... one agency’s statistics were not directly comparable with another agency’s statistics for any given area.”¹

Accordingly, in 1949, the Bureau of the Budget issued the first standard definitions of metropolitan areas. The bureau, and then its successor, OMB, have been in charge of designating these areas since 1949, except for the period from 1977 to 1981, when this responsibility rested with the Office of Federal Statistical Policy and Standards in the Department of Commerce. In addition to the 2000 revisions, the standards underwent modifications in 1990, 1980, 1975, 1971, and 1958.²

¹Office of Management and Budget, “Standards for Defining Metropolitan and Micropolitan Statistical Areas,” *Federal Register*, vol. 65, no. 249, Dec. 27, 2000, p. 82228.

²Bureau of the Census, “About Metropolitan and Micropolitan Statistical Areas,” available at [<http://www.census.gov/population/www/estimates/aboutmetro.html>], visited Sept. 24, 2004.

Introduction to the Current Standards

On December 27, 2000, the Office of Management and Budget (OMB) announced the standards for defining metropolitan and micropolitan statistical areas in the current decade.³ These areas together are termed generically “core based statistical areas” (CBSAs); “core” refers to a large population concentration that is integrated with surrounding territory. This term, like “micropolitan,” is new. The 2000 standards superseded those adopted in 1990 for defining metropolitan statistical areas.

The December 27, 2000, notice also contained the standards for defining New England city and town areas (NECTAs), which are conceptually similar to CBSAs.

OMB issued, effective June 6, 2003, lists showing the actual delineations of CBSAs — the titles of the areas, as well as their principal city and county components.⁴ NECTAs and their components are listed too. Producing these lists involved applying the OMB standards to population and commuting data from the 2000 decennial census, conducted by the Bureau of the Census. Hence, although OMB sets the criteria for defining metropolitan areas, the identification of the specific areas is census based.

The designations matter to Congress because they matter to congressional constituents. OMB noted that “... the Metropolitan and Micropolitan Statistical Areas defined through these standards represent areas in which people reside, work, and spend their lives and to which they attach a considerable amount of pride.”⁵ CBSA designations also can influence decisions by businesses about where to locate or how to identify their markets. Thus, variables like the territory included in an area, the territory excluded, and the area’s title can generate great interest among diverse constituents, including local officials, business groups, and nonprofit organizations. This interest is heightened insofar as the standards are used in ways unintended by OMB, especially to implement nonstatistical programs and allocate program funds.

The 2000 Standards in Detail

A core based statistical area is a “geographic entity associated with at least one core of 10,000 or more population, plus adjacent territory that has a high degree of

³Office of Management and Budget, “Standards for Defining Metropolitan and Micropolitan Statistical Areas,” pp. 82228-82238.

⁴Office of Management and Budget, “Revised Definitions of Metropolitan Statistical Areas, New Definitions of Micropolitan Statistical Areas and Combined Statistical Areas, and Guidance on Uses of the Statistical Definitions of These Areas,” *OMB Bulletin No. 03-04*, June 6, 2003, available at [<http://www.whitehouse.gov/omb/bulletins/b03-04.html>], visited Sept. 24, 2004. For the lists of areas, scroll to the bottom of the first page of the *Bulletin* and click on “Attachment.”

⁵Office of Management and Budget, “Standards for Defining Metropolitan and Micropolitan Statistical Areas,” p. 82232.

social and economic integration with the core as measured by commuting ties.”⁶ CBSAs are made up of counties and county-equivalents in the United States and Puerto Rico. Counties that do not meet the criteria for inclusion in CBSAs are classified as “outside core based statistical areas.”⁷

OMB defined, besides CBSAs, a set of New England city and town areas, acknowledging the particular importance of these jurisdictions to this six-state census division. NECTAs are intended to be used, if appropriate, for New England, but OMB recommended that persons who need areas defined according to nationally consistent geographic components (counties) use CBSAs in New England.

Following are the highlights of the 2000 standards.

Metropolitan and Micropolitan Categories

Each CBSA must contain “... a Census Bureau defined urbanized area of at least 50,000 population or a Census Bureau defined urban cluster of at least 10,000 population.” Urbanized areas and urban clusters are collectively called “urban areas.”⁸ CBSAs are categorized as “metropolitan” or “micropolitan” according to the criteria below.

- Metropolitan statistical areas have urbanized areas of 50,000 or more persons.
- Micropolitan statistical areas have urban clusters of at least 10,000 but fewer than 50,000 persons. They represent an acknowledgment that certain entities, while less populous than metropolitan statistical areas, resemble them in some characteristics and are not well described as simply “nonmetropolitan.”

A New England city and town area is classified similarly to a CBSA and is designated either a “metropolitan” or a “micropolitan” NECTA.

Principal Cities of CBSAs

CBSAs have one or more principal cities, which include:

- the largest incorporated place in the CBSA with a 2000 census population of at least 10,000 persons, or, if the CBSA contains no such place, the largest incorporated place or census designated place (CDP);⁹

⁶Ibid., p. 82236.

⁷Ibid.

⁸Ibid. For a detailed discussion of urban areas, see Bureau of the Census, “Urban Area Criteria for Census 2000,” *Federal Register*, vol. 67, no. 51, Mar. 15, 2002, pp. 11663-11670; and Bureau of the Census, “Urban Area Criteria for Census 2000; Correction,” *Federal Register*, vol. 67, no. 164, Aug. 23, 2002, p. 54631.

⁹A census designated place is “a statistical entity, defined for each decennial census according to Census Bureau guidelines, comprising a densely settled concentration of
(continued...)

- any additional incorporated place or CDP in which the 2000 census population is at least 250,000 persons, or in which at least 100,000 persons work;
- any additional incorporated place or CDP whose 2000 census population is at least 50,000 but under 250,000 persons, and whose number of jobs equals or exceeds the number of employed residents; and
- any additional incorporated place or CDP whose 2000 census population is at least 10,000 but under 50,000 persons, whose population size is at least one-third that of the largest place in the CBSA, and whose number of jobs equals or exceeds the number of employed residents.

Central and Outlying Counties of CBSAs

CBSAs have one or more central counties. A central county receives this designation under either of the following conditions:

- at least 50% of the residents live in urban areas of 10,000 or more persons; or
- the county boundaries contain a population of at least 5,000 persons, located in a single urban area of 10,000 or more persons.

To qualify as an outlying county of a CBSA, a county must meet either of two requirements, both of which concern commuting to and from work:

- at least 25% of the outlying county's employed residents must work in the central county or counties of the CBSA; or
- workers who live in the central county or counties of the CBSA must hold at least 25% of the outlying county's jobs.

The counties of a CBSA must be contiguous, and a county may be included in only one CBSA. If a county qualifies as central in one CBSA and outlying in another, it is assigned to the CBSA in which it is central. A county that qualifies as outlying in more than one CBSA is assigned to the CBSA "... with which it has the strongest commuting tie ..., " based on the commuting criteria stated above.¹⁰

Two adjacent CBSAs are merged into a single CBSA "... if the central county or counties (as a group) of one CBSA qualify as outlying to the central county or

⁹(...continued)

population that is not within an incorporated place but is locally identified by a name." Beginning with the 2000 census, CDPs may be of any population size. Bureau of the Census, American FactFinder, *Glossary*, available at [http://factfinder.census.gov/home/saff/main.html?_lang=en], visited Sept. 27, 2004.

¹⁰Office of Management and Budget, "Standards for Defining Metropolitan and Micropolitan Statistical Areas," p. 82236.

counties (as a group) of the other CBSA ..., ” according to the above commuting criteria.¹¹

Combining CBSAs

Adjacent CBSAs may form a combined statistical area, based on the “employment interchange measure.” This measure is the sum of two figures: for any two adjacent CBSAs, the percentage of employed residents of the less populous CBSA who work in the more populous CBSA, plus the percentage of jobs in the less populous CBSA held by workers who live in the more populous CBSA. If the employment interchange measure is 25 or higher, the two CBSAs are combined automatically. If the measure is at least 15 but less than 25, the decision about combining depends on whether “... local opinion, as reported by the congressional delegations in both areas, favors combination.”¹²

The 2000 standards assign different meanings to “combine” and “merge.” Two merged CBSAs form a single entity. Combined CBSAs, in contrast, retain their separate identities while having a joint identity.¹³

Divisions of Metropolitan Statistical Areas and NECTAs

The largest metropolitan statistical areas, each with a single core containing at least 2.5 million persons, may be divided into smaller groups of contiguous counties called “metropolitan divisions.”

A county is termed a “main county” of a metropolitan division if:

- at least 65% of its employed residents work in the county; and
- the ratio of the number of jobs in the county to the number of employed county residents is .75 or higher.

A county may receive a “secondary county” classification if:

- at least 50% but under 65% of its employed residents work in the county; and
- the ratio of the number of jobs in the county to the number of employed county residents is .75 or higher.

¹¹Ibid.

¹²Ibid., pp. 82237-82238.

¹³For example, the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV Combined Statistical Area comprises four CBSAs, each with its own identity: the Baltimore-Towson, MD Metropolitan Statistical Area; the Lexington Park, MD Micropolitan Statistical Area; the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area; and the Winchester, VA-WV Metropolitan Statistical Area.

A main county is automatically the basis for a metropolitan division. However, “[f]or a secondary county to qualify as the basis for forming a Metropolitan Division, it must join with either a contiguous secondary county or a contiguous main county with which it has the highest employment interchange measure”¹⁴ This measure must be 15 or higher.

A NECTA with a single core of at least 2.5 million persons may be divided into smaller groups of contiguous cities and towns called “NECTA divisions.”

- The minimum population size for each NECTA division is 100,000 persons.
- A main city or town of a NECTA division must have at least 50,000 residents and a lower than 20% rate of “out-commuting” to another city or town.

Titles of CBSAs, Combined Statistical Areas, Metropolitan Divisions, and NECTA Divisions

The title of any of these areas includes the name of the area’s principal city with the largest 2000 census population. If the area has several principal cities, the name of the largest appears first, followed by the second and third largest. Exceptions are noted below.

- If the most populous principal city of a CBSA is a census designated place, the title uses, first, the name of the largest incorporated place of 10,000 or more persons that is a principal city and, second, the name of the CDP.
- A combined statistical area may have “... a suitable regional name, provided that ... [it] does not duplicate the title of a component Metropolitan or Micropolitan Statistical Area or Metropolitan Division.”¹⁵ Local opinion is taken into account in naming combined statistical areas.
- If a metropolitan division has no principal city, the title uses the names of up to three of the division’s most populous counties, from largest to smallest.
- If a NECTA division has no principal city, it is named for its most populous city or town.

The title of an area also includes the name(s) of any state(s) in which the area is located.

Updating CBSAs During the Current Decade

As previously mentioned, OMB issued the Census-2000 derived lists of core based statistical areas on June 6, 2003. Each year for the rest of the current decade,

¹⁴Office of Management and Budget, “Standards for Defining Metropolitan and Micropolitan Statistical Areas,” p. 82237.

¹⁵Ibid.

OMB will announce any updates to CBSAs that are justified by the Census Bureau's annual population estimates.¹⁶ The most recent updates, announced on February 18, 2004, include designations of new micropolitan and combined statistical areas, together with changes in the titles of certain areas and principal cities.¹⁷

Intended and Unintended Uses of the Standards

The success of standard metropolitan area definitions, OMB pointed out, is evident from their widespread application, including “... to inform the debate and development of public policies”¹⁸ OMB emphasized, however, that the purpose of the standards is strictly statistical: “... to provide nationally consistent definitions for collecting, tabulating, and publishing Federal statistics for a set of geographic areas.” The definitions are not, in other words, intended or approved for other purposes.

... OMB does not take into account or attempt to anticipate any nonstatistical uses that may be made of the definitions, nor will OMB modify the definitions to meet the requirements of any nonstatistical program. ... Thus, [the] ... definitions should not be used to develop and implement Federal, state, and local nonstatistical programs and policies without full consideration of the effects of using these definitions for such purposes. These areas should not serve as a general-purpose geographic framework for nonstatistical activities, and they may or may not be suitable for use in program funding formulas.¹⁹

An acknowledgment, nevertheless, followed:

OMB recognizes that some legislation specifies the use of Metropolitan Statistical Areas for program purposes, including the allocation of Federal funds, and will continue to work with the Congress to clarify the foundations of these definitions and the resultant, often unintended consequences of their use for nonstatistical purposes.²⁰

Notable unintended uses of metropolitan area designations occur in certain federal grant programs, to establish applicant or beneficiary eligibility, for instance, or as an element in formula and matching requirements. Following are three specific examples of such programs, taken from the *Catalog of Federal Domestic Assistance*

¹⁶Ibid.

¹⁷Office of Management and Budget, “Update of Statistical Area Definitions and Additional Guidance on Their Uses,” *OMB Bulletin No. 04-03*, Feb. 18, 2004, available at [<http://www.whitehouse.gov/omb/bulletins/fy04/b04-03.html>], visited Sept. 27, 2004. For details of the changes, click on “Attachment,” at the end of the bulletin.

¹⁸Office of Management and Budget, “Standards for Defining Metropolitan and Micropolitan Statistical Areas,” p. 82228.

¹⁹Office of Management and Budget, “Revised Definitions,” p. 3.

²⁰Ibid.

(CFDA), the federal government's centralized listing of all federal domestic assistance programs, totaling approximately 1,500.²¹

- The National Forest-Dependent Rural Communities (Economic Recovery) program (Program 10.670, Department of Agriculture) states, "Applicant must be a general purpose local government or tribe represented by a nonprofit corporation or institution under State or Federal law to promote broad based economic development [in a community] having a population of not more than 10,000; or any county that is not contained within a **metropolitan statistical area.**"
- The Community Economic Adjustment Planning Assistance for Reductions in Defense Industry Employment program (Program 12.611, Department of Defense) states, in part, that applicants "... are eligible if the cancellation, termination, or failure to proceed with a major weapons system involves the loss of: (a) 2,500 or more jobs in a **metropolitan statistical area (MSA)**"
- The Housing Opportunities for Persons with AIDS program (Program 14.241, Department of Housing and Urban Development) states, "Entitlement grants will be awarded by formula to States and qualifying cities for eligible **metropolitan statistical areas (EMSAs)** with the largest number of cases of AIDS."

Worth mentioning in this discussion is that if a statute mandates a particular program use of metropolitan area designations, the department or agency administering the program has no choice but to apply the designations in the way the law specifies.

Difficulty of Determining How the Standards Affect Federal Funds Distribution

No direct procedure exists for calculating the exact amount of money distributed through all federal grant programs that use metropolitan area definitions, or for determining the effects of changes in these definitions on the total amount of funds allocated to a specific jurisdiction. Even generating a comprehensive list of programs whose funding formulas refer to these definitions would be problematic.²²

²¹The contents of the *Catalog of Federal Domestic Assistance* may be viewed and searched at [<http://www.cfda.gov>], visited Sept. 27, 2004. An updated version of the CFDA is released annually, in June, with a supplement issued each December.

²²The same points apply to other census-based statistical area designations, such as of urbanized areas.

Limitations of Searching the *Catalog of Federal Domestic Assistance*

No single source provides a straightforward means of identifying, with certainty, every program in the *Catalog of Federal Domestic Assistance* that in some way uses metropolitan area definitions to distribute money.

The general program descriptions in the CFDA do not present all the variables used in determining applicant and beneficiary eligibility for assistance programs. In other words, the descriptions do not give the user enough detail to determine every factor that might figure into awarding grant funds. For example, conducting a search with the phrase “metropolitan statistical area” or the abbreviation “MSA” yields fewer than a dozen hits. However, since the CFDA search involves program descriptions — not the statutes, regulations, and variables in mathematical formulas associated with the programs — this small number of hits does not accurately reflect every instance when a program relies on some feature of metropolitan area definitions. A related limitation is that certain federal programs have sub-programs not presented separately in the CFDA.

Other Strategies

Finding comprehensively which programs use metropolitan area designations would require reviewing the statutes, regulations, and formulas associated with the programs. The Government Accountability Office (GAO) conducted a partial review, using the terms “metropolitan statistical area(s)” and “MSA” to search the *U.S. Code* for a report issued in June 2004 on the 2000 standards and their possible impact on certain federal programs.²³ GAO identified 32 programs noted in the *Code* that use these terms in determining program eligibility and mentioned briefly how the new standards might affect the distribution of program funds.²⁴ GAO cautioned that its search “was limited to the United States Code and was not intended to serve as an exhaustive list of federal programs that refer to metropolitan statistical areas.”²⁵

Although GAO did not repeat its search strategy with the *Code of Federal Regulations* (CFR), combining the results of *Code* and CFR searches might yield a longer list of these programs.

An alternative approach would be to consult the program staff at the department or agency administering each program. The CFDA provides contact information for every federal assistance program along with the program description.

²³U.S. Government Accountability Office, *Metropolitan Statistical Areas: New Standards and Their Impact on Selected Federal Programs*, GAO Report GAO-04-758 (Washington: June 2004), p. 7.

²⁴*Ibid.*, pp. 23-28.

²⁵*Ibid.*, p. 7.

Metropolitan Area Status and Eligibility for Federal Funds

Assuming that an exhaustive list of programs whose formulas use metropolitan area designations were available, it would be only the first step toward determining whether inclusion in, or exclusion from, a particular metropolitan area or its components directly translates into an increase or decrease in the federal funds a particular jurisdiction might receive from all federal grant programs that rely on these designations. Again, the question would have to be addressed on a program-by-program basis and posed to department or agency program staff.

GAO's recent research is once more illustrative, this time indicating the intensive effort necessary to investigate just a few programs. Of the 32 programs it identified by searching the *Code*, GAO presented detailed information about the new standards' effects on four: the Department of Housing and Urban Development's Community Development Block Grant Program, the Office of Personnel Management's Locality Pay Program for General Schedule Employees, the Department of Health and Human Services' (HHS's) Medicare payment system for hospital in-patients, and HHS's Ryan White CARE Act Program. "To determine how the 2000 standards affected these programs," GAO wrote, "we reviewed relevant documentation, such as analysis performed by the program offices on the impact of new standards; attended public hearings; and interviewed agency officials overseeing these programs."²⁶ To do likewise for all programs and to keep the information current would be of questionable feasibility, especially because OMB might update the designations of core based statistical areas as often as annually.

²⁶Ibid., pp. 6-7.