



The Perryman Group

# The Economic Impact of the Texas Census Undercount

June 2022

The US Census Bureau recently released the 2020 Census estimated undercount and overcount rates from its Post-Enumeration Survey. The results indicate that the Texas population was undercounted by 1.92%.

A total of 14 states had meaningful undercounts or overcounts. Undercounts were also found in Arkansas (-5.04%), Florida (-3.48%), Illinois (-1.97%), Mississippi (-4.11%), and Tennessee (-4.78%). Overcounts likely occurred in Delaware (+5.45%), Hawaii (+6.79%), Massachusetts (+2.24%), Minnesota (+3.84%), New York (+3.44%), Ohio (+1.49%), Rhode Island (+5.05%), and Utah (+2.59%). Several of the areas with estimated overcounts represent the foremost competitors of Texas in

the quest for corporate locations and other forms of economic development.

Before the Census occurred, the potential for an undercount was widely recognized due to hard to count populations, the difficulties posed by the pandemic, and controversies over content that made it more likely that some groups would not respond. The Perryman Group estimated the possible undercount based on available data. It appeared as if, without intervention, the gap in Texas would be at least 1.49%; we noted in our report at the time that the number was likely conservative. Unfortunately, the undercount was even worse than feared. Among other potential harms, the undercount likely caused Texas to miss the op-

## The Economic Cost of the Texas Census Undercount

Cumulative from 2021-2030

	Total Expenditures	Gross Product	Personal Income	Job Years*
Health	-\$58.911 b	-\$26.700 b	-\$16.068 b	-236,850
Housing	-\$4.376 b	-\$2.105 b	-\$1.277 b	-20,853
Food and Nutrition Programs	-\$5.486 b	-\$2.618 b	-\$1.639 b	-28,783
Infrastructure	-\$3.709 b	-\$1.769 b	-\$1.094 b	-17,375
Education and Job Training	-\$53.760 b	-\$24.834 b	-\$15.268 b	-328,457
Social and Protective Service Programs	-\$1.953 b	-\$ .940 b	-\$ .570 b	-9,306
<b>TOTAL</b>	<b>-\$128.196 b</b>	<b>-\$58.966 b</b>	<b>-\$35.915 b</b>	<b>-641,624</b>

**Source:** US Multi-Regional Impact Assessment System, The Perryman Group

**Note:** Based on the US Census Bureau's estimates of undercount and The Perryman Group's estimates of related funding losses and the associated downstream effects such as reduced productivity and economic efficiency. Does not include certain funding categories with relatively small allocations which would further increase economic costs. Miscellaneous programs include a variety of funding categories with relatively small allocations, such as several types of block grants, administrative funds, arts and cultural programs, and agricultural and environmental initiatives. Monetary values given in billions of US dollars. A job-year is one person working for one year, though it could be multiple individuals working partial years.

portunity for an additional representative in Congress (in addition to the two that were gained).

From an economic perspective, the consequences are profound. This shortfall will affect the variety of key federal funding mechanisms that are driven by population estimates. It also makes it hard to effectively plan for future needs without an accurate count. Whether or not they make it into the Census enumeration, people who reside in Texas will require transportation and other infrastructure, educational and health services, and many other resources supported by the public sector.

The projected losses in funding through 2030 total many billions of dollars for Texas (The Perryman Group estimates the direct loss to be \$27.4 billion over the period through 2030), which will ripple through the economy and create notable challenges. Because of the way that many major programs determine eligibility and allocations, the loss of Federal dollars can be much greater than the magnitude of the

undercount. Moreover, the primary categories of reductions are in sectors (such as health care, housing, education, and infrastructure) that are critical to the ongoing wellbeing of the population.

The Perryman Group evaluated the downstream effects of these losses using the firm's impact assessment system, academic studies, and economic modeling to estimate the impact of reduced funding on underlying factors such as health, social services, homelessness, hunger, education, traffic congestion, and infrastructure. For example, having less funding for nutrition, education, social services, health care, and other programs can lead to reduced productivity and efficiency, diminished overall health (further reducing productivity), and increased stress on the social service system. Similarly, inadequate infrastructure resources impose costs on local businesses and households and harm efficiency throughout the economy.

The cumulative costs of these downstream effects over the 2021 through 2030

period include an estimated \$59.0 billion in gross product and over 640,000 job-years in Texas (when multiplier effects are considered). Business activity generates tax revenue, so the State and local governments will also be negatively affected. The accompanying table provides additional detail regarding the various avenues of substantial impact.

Many (including The Perryman Group) suggested at the time that the State should invest modest resources into improving the count, as many other areas did successfully. While such efforts would likely not have eliminated all of the underlying issues, they would have provided a more accurate outcome that would have been highly beneficial. The commitment of a few million dollars could well have brought a return of tens of billions. Unfortunately, Texas chose not to do so, and the results speak for themselves. These effects will persist for over a decade, negatively affecting key programs, Texans, and the economy.

## THE PERRYMAN GROUP



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### M. RAY PERRYMAN, PH.D.

Dr. Perryman is the President and CEO of the Perryman Group and Distinguished Professor of Economic Theory and Method at the International Institute for Advanced Studies. Over the past 40 years, Dr. Perryman has helped recruit corporations providing tens of thousands of jobs through economic development work, resolved billion-dollar legal issues, and revamped public policy through impact assessments and other studies. His firm has measured economic impacts for corporate locations and expansions involving billions in investments, and his economic forecasts are used by corporations and government agencies alike.

He has provided economic analysis and expert testimony for civil litigation across a wide range of practice areas including antitrust and competition, patent infringement and other intellectual property disputes, securities, and commercial and complex litigation. His work combines strong expertise in economic damages calculation, asset valuation, market analysis, and statistical methods and econometrics.



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