

# Economic Impact of the 2020 Census Undercount in Texas

## Research Series, The Funding Implications Series





By: Dr. Francisco Castellanos-Sosa and Dr. Manuel Reyes-Loya

## RESEARCH OVERVIEW

Texas received \$150.3 billion in Fiscal Year 2020 through federal programs that relied on census data to allocate resources geographically. At the same time, Texas experienced the second-largest undercount in the 2020 Census (547,968 people were not part of the census count).

In this study, we classify 338 federal programs into 2-Digit NAICS industries and estimate the economic impact of the undercount in Texas in terms of output, labor income, GDP, and jobs.

## MAIN FINDINGS

-  The 2020 Census Texas undercount cost Texas \$25.1B in federal funds during a decade, which translates into a loss of \$51B+ in output, \$23B+ in labor income, \$29B+ in GDP, and 384K+ jobs.
-  Ensuring a complete count in the 2030 Census could let Texas access an estimated additional \$28.3B during a decade, resulting in \$57B+ in output, \$26B+ in labor income, \$33B+ in GDP, and 434K+ jobs for the next decade.
-  Health Care and Social Assistance, Construction, Education, and Manufacturing were the industries impacted the most by the 2020 Census undercount.
-  Health Care and Social Assistance, Real Estate and Rental and Leasing, and Finance and Insurance were the industries most affected, after inter-industry effects, by the undercount in 2020; and are predicted to experience the largest benefits of an accurate count in 2030.

**Table 1** Direct Funding Implications by Industry, FY 2020.

2-Digit NAICS Industry	Total
62. Health Care and Social Assistance (No-COVID)	\$2,196,987,974
62. Medicare A, B, D, Medicaid, Medicaid Part D-Clawback, and SNAP	\$1,931,203,184
62. Health**	\$265,784,790
23. Construction	\$86,090,550
61. Educational Services (No-COVID)	\$70,510,519
31-33. Manufacturing	\$48,249,853
51. Information	\$16,253,283
22. Utilities	\$12,530,925
56. Administrative and Support and Waste Services	\$6,901,122
52. Finance and Insurance	\$5,337,378
48-49. Transportation and Warehousing	\$4,758,357
53. Real Estate Rental and Leasing	\$4,711,878
54. Professional, Scientific, and Technical Services	\$2,679,631
44-45. Retail Trade	\$2,315,246
11. Agriculture, Forestry, Fishing and Hunting	\$843,907
71. Arts, Entertainment, and Recreation	\$33,020

**Note:** The NAICS code corresponds to the 2022 NAICS version.

## AUTHOR'S MESSAGE

The 2020 Census undercount in Texas significantly impacts the state's federal funding, resulting in substantial financial losses across various crucial programs. With an estimated 547,968 people missed in the count, Texas faces a projected shortfall of \$25.1 billion in federal funds over the next decade.

The industries with the largest direct economic impact due to the census undercount are Health, Construction, Education, and Manufacturing. After observing all the inter-industry effects, Health, Real Estate and Rental and Leasing, and Finance and Insurance were the industries most affected by the undercount in 2020 and are predicted to experience the largest benefits of an accurate count in 2030.

This research highlights the critical importance of accurate census counts and the wide-reaching consequences of undercounting. The findings advocate for concerted efforts to improve data collection and awareness ahead of the 2030 Census. By engaging stakeholders, policymakers, and the public in understanding and addressing these funding disparities, Texas can better prepare for future censuses to ensure it receives its fair share of federal resources. The Texas Census Institute's initiative serves as a call to action for robust planning and advocacy to avoid similar undercount repercussions in the next decade.