



CENSUS 2000 and the POWER of Demographics

by Robert Clingman, U.S. Census Bureau

Using the Internet to Better Understand Your Community

The decennial census—which began in 1790 when Congress mandated that the nation be counted every ten years and appointed Thomas Jefferson as the first Director of the Census—is an activity that has both historical significance and practical importance. It has proven to be a vital tool for government, business, educators, interest groups, politicians, and virtually every other organization that exists to shape future plans and identify constituent needs. Census 2000 underscores this function like no other.

The census, it has been said on many occasions, is about money and political power. More than \$200 billion in federal funds are allocated back to state and local governments each year on the basis of census data. In California, a number of state funds go to cities and counties using census data as well. With respect to political representation, the U.S. Congress, state legislatures, and city and county elections will be shaped by Census 2000 numbers for the next ten years. Congressional seats in the US House of Representatives are also allocated by census numbers. Redistricting commissions presently are at work in every state to redraw not only congressional district boundaries, but state legislative district boundaries and local election districts as well.

SOME "FIRSTS" FOR CENSUS 2000

Census 2000, the Nation's 21st decennial census, recorded an impressive number of "firsts:"

► In recognition of the nation's changing demographic landscape, people of multi-racial heritage were able to acknowledge that on the census for the first time. Nationwide, nearly seven million residents indicated they were of two or more races. In California, some 1.6 million people, or 4.75 percent of the state's population, indicated multi-racial heritage, significantly higher than the national average of 2.4 percent. The use of this new category will make exact comparisons with 1990 and earlier years impossible. Instead, only a "high

side" and a "low side" comparison can be made. For example, the low side would be the number of people who indicated White as their race in 1990 compared with those who indicated White and no other race in 2000. The high side comparison would be 1990 White numbers compared with those in 2000 who indicated White and no other race **plus** those who indicated White and another race or races.

► The Census Bureau launched its first ever paid advertising campaign, which brought the census message to the nation on prime time television, on radio, in newspapers and on a number of "out of home" vehicles such as billboards, bus posters, and transit shelter ads. Ads

were produced not only in English, but also in Chinese, Spanish, Korean, Vietnamese, and Tagalog, as well as a limited number in more than 50 other languages. The average person saw or read more than 50 census ads, and more than 90 percent of those surveyed about the ads could recall not only the ad but also the content.

- Across the nation, the Census Bureau created partnerships with more than 140,000 local and tribal governments, businesses and corporations, and community-based organizations to jointly promote the census and encourage participation. The result of this unprecedented level of community engagement in the census was the reversal of a 30 year decline in the mail response, which contributed significantly to the quality and cost control of the census. It also en-

abled the Census Bureau to reach its recruiting goals (more than 900,000 people were hired to work in Census 2000) during a period of historically low unemployment.

CENSUS DATA ON THE INTERNET

But perhaps the most impressive “first” of Census 2000 is the availability of census data, free of charge, to anyone with internet access. Since the premier release of Census 2000 data on December 28, 2000, when the count of the nation was delivered to the President, census numbers have been available to the public on the Census Bureau’s website: www.census.gov. With each subsequent release of census data, including each state’s population count released by April 1 of this year, the data has been available on the website shortly after receipt by each of the states’ governors.

This article will explain some of the many important improvements to the

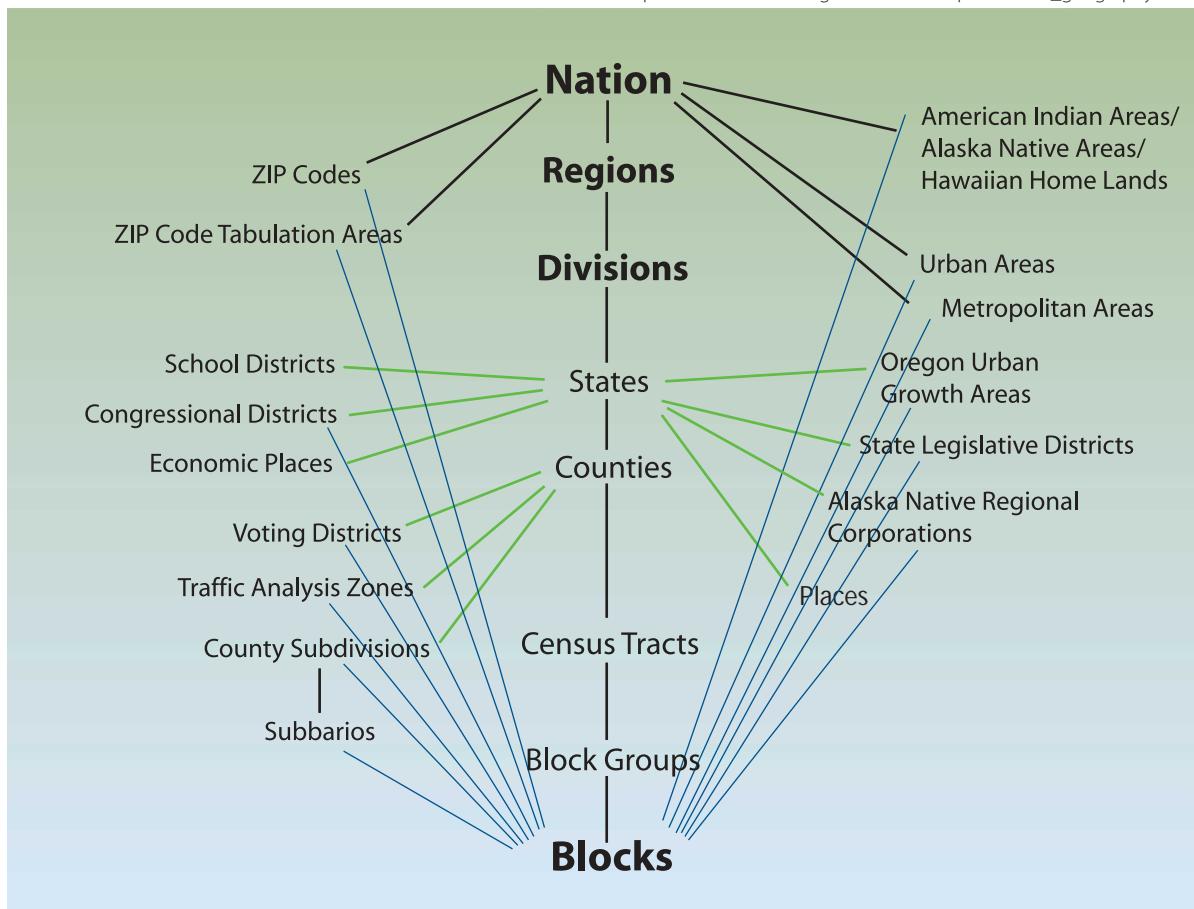
Census Bureau’s main website and to American Fact Finder, which is the primary resource for data on individual communities. American Fact Finder is available from the homepage of the census website.

GEOGRAPHICAL SEGMENTS

Census information about one’s state, county, city, down to very small geographic segments is available in the form of prepared tables and maps through American Fact Finder. In descending order, designated geographic segments are:

- The nation as a whole
- Regions of the country
- States
- Counties
- Places (cities, towns and unincorporated communities)
- Census Tracts
- Block Groups
- Blocks

http://factfinder.census.gov/home/en/epss/census_geography.html



It will also be possible to get specific statistical tables and maps for census Primary Metropolitan Statistical Areas, congressional districts, legislative districts (in some states, not others), Zipcode Tabulation Areas (ZCTAs), and American Indian and Alaska Native reservations and trust lands. More importantly, American Fact Finder will enable users to compile custom profiles of specific areas and display comparisons of one area with another, in some instances down to as small an area as a census block. In urban areas, this would be a normal city block. In rural areas, a block may be considerably larger in total area.

COMPILING COMMUNITY PROFILES

A profile of one section of a community can easily be drawn by racial composition, age, gender distribution, percentage of owner versus renter-occupied housing units, family situation, (such as the number of single-parent households) and compared with a similar profile of another section in the community, or with another area outside the community. The availability of such information is of considerable importance to business, government and community-based organizations that apply for or make grants to community programs.

The improved and user friendly census website has taken much of the mystery out of census data for individuals and organizations who previously had to rely on statistical or research experts to compile tables or maps to meet their needs. The website has a wide variety of help sections and tutorials for novice internet users and seasoned veterans alike. One important feature on American Fact Finder is that when new data is released, that data is also highlighted on the main American Fact Finder page, with links that access the new data.

OTHER IMPORTANT WEBSITE FEATURES

Other important features available from the main census website worth noting include:

- ▶ links to statistical information compiled by other federal agencies
- ▶ links to state data centers and other information centers
- ▶ links to information the Census Bureau compiles for other federal agencies, including data on housing starts, other construction, trade information, employment figures, etc.
- ▶ links to information about specific population groups
- ▶ links to the American Community Survey (ACS), which has compiled important social, economic, demographic and housing information in selected communities for several years and is planning expansion into every county in the nation by 2003. The plan is for ACS to replace the census long form in 2010, which will greatly simplify the process, and also provide important information to communities every year rather than every ten years.

AVAILABILITY OF CENSUS DATA

New Census 2000 information will continue to be released well into next year, as it becomes available. The website provides a tentative schedule of release dates (look for Census 2000 Data Products At a Glance). Population counts by race, gender, age and household characteristics are currently being released by state, with the majority already completed. Additional detailed race and Hispanic categories, as well as American Indian and Alaska Native tribes will be available begin-

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ning in September of this year. The first data that reports detailed demographic, social and economic information from the Census 2000 long form is scheduled for release beginning in March, 2002. As with the other data, American Fact Finder will be the primary source, although it will also be available on CD-ROM, DVD and paper copies. American Fact Finder will always highlight new data products on its main page.

CONCLUSION

The decennial census has been characterized as the nation's family portrait. It provides invaluable information about this country: who we are, where we live, where we've been, and in many ways where we are going as a nation. Census 2000 has been called the most controversial in U.S. history because of the debate over use of adjusted vs. unadjusted numbers. Census 2000 has also been termed as the most inclusive of all decennials because of the extensive involvement of local and tribal governments, community-based organizations, and state and federal agencies in a nationwide campaign to ensure a complete and accurate tally. Census 2000 is certain to be viewed in history as a watershed count.

Using Census Data to Create a Performance Context

By Gilberto Cooper, Examiner, Federal Reserve Bank of San Francisco

The ongoing release of 2000 Decennial Census data provides an ideal opportunity to revisit the subject of performance context, and in particular the role census data plays in the creation of that context. Census data are an integral aspect of the Community Reinvestment Act because this information informs the regulatory definition of *geography, low-, moderate-, middle- and upper-income*. But beyond such fundamentals, the data are useful as indicators of potential lending, service, and investment opportunities. As an examiner, I cannot even begin to assess a financial institution's CRA performance without knowing the capacity and constraints for CRA-related activities present in the assessment area under review. Census data are one tool for identifying such capacity and constraints.

This paper describes how a CRA examiner might begin to identify such capacity and constraints and construct a performance context using the census data. It is hoped that understanding an examiner's methodology will give a financial institution wishing to create its own performance context a blueprint to follow.

For the sake of illustration, I shall use the City and County of San Francisco California (San Francisco) as the assessment area under review. As of this writing, only the 1990 data are available, hence that is the data that will be used. As part of the examination preparation, the examiner typically has a multiplicity of census data for the assessment area under review. The examiner will initially review that data to answer four broad questions:

- ▶ how does the assessment area compare to the state, metropolitan statistical area (MSA), or county from which the area is drawn
- ▶ what are the demographic characteristics of low-, moderate-, middle-, and upper-income census tracts
- ▶ what are the labor and employment conditions extant in the assessment area
- ▶ what are the trends¹ in sector employment, business formation and residential (single and multifamily) construction

The answers to these questions will lead to extrapolations about the assessment area's demand for loans, services and investments.

In the MSA² containing the City and County of San Francisco, the 1990 census reports that 129,713 of MSA residents described themselves as "not verbally proficient in English." The majority of these individuals, 86,228, reside in San Francisco. The census also reports that the MSA has 49,539 households living below poverty levels; again, with the majority, 31,820, being San Francisco residents. Know-

ing this, the examiner would then investigate whether the population with limited English proficiency was geographically concentrated, particularly in low- and moderate-income census tracts. Similarly, the examiner would investigate the geographic concentration of poor households and families.

Looking at the assessment area itself, the examiner would highlight its particular demographic characteristics, such as areas of population concentration, residents' income level, residents' housing situation, poverty levels, etc. In our example, the examiner might note that the majority of San Francisco households and families live in middle- income census tracts and are middle-income. Regarding the housing stock, 69 percent of housing in San Francisco consists of rental units, with renting being the predominant housing situation in census tracts at all income levels. (In contrast, 47 percent of California's and 55 percent of the MSA's housing consists of rental units.)

The census data also raise questions about the cost of living in San Francisco. For instance, 40 percent of all renters in San Francisco allocate more than 30 percent³ of their income to rent. However, 45 percent of the renters in low-income census tracts pay more

1 Generally, the examiner will supplement business formation data with information from Dun & Bradstreet business revenue surveys, which additionally indicate the geographic distribution of farm and non-farm businesses in the assessment area.

2 The City and County of San Francisco is part of MSA 7360, which also includes the counties of Marin and San Mateo.

3 HUD considers housing to be unaffordable when it requires more than 30% of household income.

than 30 percent of their income towards rent. This means that renters in these census tracts, who are more likely to be low-income, are paying unaffordable rents. Low-income census tracts have the highest poverty rate, with 28 percent of their families living below poverty levels. Comparatively, the rate for San Francisco as a whole is 10 percent. Further, 66 percent of San Francisco households receiving public assistance are in low- or moderate-income census tracts.

Labor and employment conditions extant at the time of the census indicated a 5.4 percent unemployment rate in low-income census tracts and a 4.1 percent rate in moderate-income census tracts. Middle-income census tracts had a rate of 3.2 percent. Upper-income tracts had a rate of 1.8 percent.⁴ As a gauge, the rate for California was 3.3 percent. Data from the U.S. Bureau of Labor Statistics revealed positive trends in employment since the taking of the census. However, these trends are for the MSA not the assessment area. U.S. Bureau of Census data indicated a similarly positive trend in the number of new residential permits issued in the MSA. Again, the examiner would use community contacts to determine the trends for the specific assessment area.

As a result of the broad analysis of the data, some of the performance context extrapolations the examiner could have for San Francisco include the following:

⁴ *Unemployment information by census tract is only available during the decennial census. To obtain more current information, the examiner would contact community representatives knowledgeable about employment in the assessment area. California's Employment Development Department reports the information on a city basis.*

LENDING TEST

- ▶ given the concentration of households and families in middle- and upper-income census tracts, loans may be concentrated in those census tracts
- ▶ given the predominance of middle- and upper-income households and families, middle- and upper-income individuals may make up the majority of the institution's borrowers
- ▶ given that a substantial number of renters are paying unaffordable rents, there may be demand for affordable housing and, thus, a demand for loans to finance affordable housing development

SERVICE TEST

- ▶ given the concentration of households receiving public assistance in low-income census tracts, there may be opportunities for community development services, such as financial literacy training for those moving from welfare to work
- ▶ given the poverty rate in low and moderate census tracts, there may be community organizations that could benefit from an institution's provision of financial expertise

INVESTMENT TEST

- ▶ given the lack of affordable housing there may be investments available to address that need for low-, moderate- and middle-income individuals
- ▶ given the poverty rate, there may be social service organizations that would benefit from community development grants

I want to emphasize that the extrapolations the examiner draws from the census data are *preliminary*. In fact, those extrapolations are less conclu-

*We shall not cease from
exploration/And the end
of all our exploring/
Will be to arrive where
we started/And know the
place for the first time
– T.S. Eliot*

sions and more hypotheses that must be tested or investigated while on-site. Thus, the analysis of the census data is only a starting point. Interviews with community representatives and officers of the institution under examination are conducted to verify and substantiate the extrapolations. Performance expectations may be boosted or tempered based on the capacity and constraints of the institution under review, in accordance with safe and sound operations explicit in the Act.

A performance context is rarely a *fixed* phenomenon. A community is a dynamic entity, affected by constantly changing demographic and economic variables within the community. Accordingly, while the census data are key in developing that context, the extrapolations arrived at must be constantly verified and updated against the current reality of the community itself. In fact, while the census data are useful, their accuracy is compromised by the passage of time. Thus, a performance context is more than a collection of facts about an assessment area; rather, it is, ideally, a collection of *explorations and conclusions substantiated with current objective facts* about the demand for loans, services and investments in the assessment area.

In summary, the creation of a performance context is essentially an assessment of the opportunities present in a

ABOUT THE AUTHORS



ROBERT (BOB) CLINGMAN served as coordinator of the Seattle Region's Partnership program in Alaska, northern California, Idaho, Oregon and Washington for Census 2000. The Partnership program's primary focus was to develop cooperative working relationships with community-based organizations, local and tribal governments and mainstream and ethnic media, to increase the mail response rate and reduce the differential undercount among minority population groups. For the 1990 census, he was the senior media specialist for the six states comprising the Seattle Region (Alaska, Idaho, Montana, Nevada, Oregon and Washington).

Between decennials, Mr. Clingman worked for the State of Washington's Department of Fish and Wildlife as a public information officer and consultant to the Wild Salmonid Policy task force, and as marketing manager for the Office of State Procurement.

He is a graduate of the University of Washington, and also attended Seattle University, Western Washington University and Sophia (Jochi) University in Tokyo. In September, he will once again attempt retirement, to devote more time to the five G's . . . Grandchildren, Golf, Gardening, Going to Galway for an extended excursion and Georgiana, his friend of 50 years and wife of 27 years.

GILBERTO COOPER has been an examiner with the Federal Reserve Bank of San Francisco for 13 years. In this capacity he has led and assisted with compliance and Community Reinvestment Act (CRA) examinations of banks of various asset sizes. He has participated in the development and instruction of Federal Reserve System courses on fair lending and the CRA.

Before joining the Federal Reserve Bank of San Francisco, Mr. Cooper was a bank officer with experience in both the lending and operational areas of retail banking. He attended the University of California at Berkeley, obtaining a degree in psychology with additional studies in English literature.

community. Once the extrapolations are investigated and verified, they become objectively substantiated conclusions. This methodology of data gathering, extrapolation and confirmation ensures that the examiner's assessment of an institution's CRA performance is sound. Conversely, an institution should draw upon its own staff, local government, community development and social service organizations, regulatory agencies and the census data to identify those factors that may affect its abilities under the Lending Test and, if applicable, the Investment and Service Tests. It behooves an institution to create its own performance context to help ensure that its record is assessed accurately. This type of self-analysis is regarded as a CRA "best practice."

With census data becoming increasingly available on the Internet, the ability of the public (including financial institutions and community groups) to build profiles of geographic areas and develop their own hypotheses is enhanced. Thus, a financial institution or community group could identify census tracts with no CRA-related activity and perhaps identify factors that could be causing the inactivity or identify hidden opportunities. Much like a grant proposal, marketing plan or business plan, a performance context is about the possibilities and the "whys" of those possibilities. It is about exploration, the insights gained from that exploration, and the resultant action taken to help meet the identified needs of the community.

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