



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**



Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

March 19, 2021

To: United States Office of Management and Budget (OMB)
Re: Federal Register Notice Document # 2021-00988

Dear Mr. Mancini and Mr. Fitzsimmons,

We strongly urge the Office of Management and Budget (OMB) to delay action on the Metropolitan and Micropolitan Statistical Area Standards Review Committee recommendation to increase the minimum population of cities that constitute the core of Metropolitan Statistical Areas (MSA) from 50,000 to 100,000. This recommendation reduces the funding and data available for MSAs, complicates data analysis, and is not following a standard, deliberative process for such a change, in addition to compounding existing concerns regarding the 2020 Census. We recommend you include stakeholders outside of the federal government in a review of these recommendations, similar to the process used to develop the core-based statistical area definitions for the 2000 Census.

The 2020 Census data will determine the core criteria for MSA delineation. States are concerned that the COVID-19 pandemic harmed Census data collection and the US Census Bureau has not completed the post census evaluations to address these concerns. The US Census Bureau is also implementing a new Disclosure Avoidance System (DAS) to protect respondent confidentiality. The new DAS will insert noise into decennial Census sub-state population data and, eventually, into American Community Survey data used to define core city standards. With post census evaluations not yet complete and no release of 2020 Census data, the impact of DAS is unknown. Thus, time is needed to evaluate the 2020 Census data and any MSA criteria change related to that data. We encourage OMB table the MSA criteria change until 2030.

While MSAs are only statistical entities, federal and state governments use these geographical definitions for program administrations and funding decisions. Under this proposal, 250 counties (including six in North Carolina) would be demoted to Micropolitan Statistical Areas. This reclassification would increase the number of nonmetropolitan counties competing for limited rural funding. Delaying the proposed change to MSA standards would allow communities and budgets to recover from COVID-19 before data availability and related funding are adjusted.

The COVID-19 Pandemic has also severely impacted budgets and funding at the federal, state, and local levels. As the federal government does not provide statistical data for areas smaller than a MSA, the proposed change reduces data currently available for MSAs and has significant implications for statistical analysis. Researchers, media sources, and policy advocates frequently rely on the MSA classification scheme to analyze demographic and economic trends in both rural and metropolitan areas. Changing the threshold breaks the data series, significantly complicating longitudinal statistical analysis and

impact analysis of implemented policies. Additional time for consideration and external input will result in statistical standards that preserve trend analysis for service-providing and funding.

It is essential OMB considers whether the resulting benefits of the proposal outweigh these analytical costs, especially when considering that any change to the delineation standards would have a similar effect on statistical analysis. Rather than making consequential, piecemeal changes to the MSA standard based solely on internal technical review, we urge OMB to undertake a comprehensive review, allowing external analysis and review by researchers and experts. This comprehensive review should be undertaken with some urgency to be included in the Decennial Delineation (June 2023) and five-year update (December 2028). The NC Office of State Budget and Management would be an eager partner, assisting OMB in analyzing consequences of any proposed changes and thoroughly evaluating alternatives.

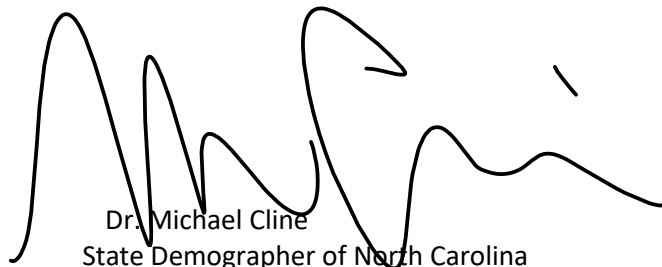
Should OMB delay these changes and adopt a more deliberative, research-based process for defining urban and metropolitan areas, we recommend that OMB consider a new metropolitan classification for large urban agglomerations – Super Metropolitan Statistical Areas. Combined Statistical Areas with core-based population thresholds of 250,000 could be used to define these areas. These changes would be akin to the shift to Core-Based Statistical Areas when larger MSAs were subdivided and Metropolitan Statistical Areas and Combined Statistical Areas were introduced.

North Carolina commends the commitment of the US Office of Management and Budget to maintaining statistical standards that allow for accurate analysis, funding, and service to the American people. The impacts of COVID-19 on 2020 Census remain to be assessed, and the impacts on government budgets and local economies are still being resolved. For these reasons, we recommend that the proposed MSA criteria changes be delayed until the 2030 Census.

Sincerely,



Bob Coats
Governor's Census Liaison



Dr. Michael Cline
State Demographer of North Carolina