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Comment on Recommendations from the Metropolitan and Micropolitan Statistical Area Standards Review Committee to Changes in Metropolitan and Micropolitan Area Standards

The Rural Policy Research Institute (RUPRI) is a national policy research organization with a mission to: (1) undertake unbiased research and analysis on the challenges, needs, and opportunities facing rural America; (2) improve the understanding of the impacts of public policies and programs on rural people and places, using original research and policy analysis; and (3) facilitate dialogue and collaboration among the diverse community, policy, practice, and research interests focused on a sustainable rural America. RUPRI provides credible research and relevant policy insights using a collaborative approach that connects experts from across the United States to build teams with both a common commitment to research excellence and relevance to policy and practice. RUPRI is composed of multiple panels focusing on various national policies and issue areas of concern to rural populations including health, economic well-being, culture, the arts, and local and state actions. This document was completed by RUPRI's Population and Place Analytics Panel that works to strengthen the sound analytic capacity of RUPRI rural public policy analysis; and RUPRI's Health Panel that was established in 1993 to provide science-based, objective health policy analysis to federal policy makers. Both panels reviewed the Recommendations from the Metropolitan and Micropolitan Statistical Area Standards Review Committee, forming RUPRI's comments, which are structured using the recommendations of the Committee.

Committee Recommendation (1):

The minimum urban area population to qualify for a metropolitan statistical area should be increased from 50,000 to 100,000.

Comment

We believe this recommendation should not be implemented until the following three considerations are thoroughly explored and more carefully vetted.

1. *OMB should consider if the 1950s worldview of metropolitan (used to establish the 50,000 metropolitan threshold) is still relevant for setting the 2020 standards.*

One of the fundamental issues at the heart of this recommendation is adjusting rules for the starting point of a metropolitan statistical area based on a 1950s concept of metropolitan character. The concept of metropolitan character is also alluded to by the review committee in Recommendations three and six. The settlement patterns across America are much more varied than they were in 1950. The 1950s era “core-periphery” relationship of a dense center of population settlement and economic activity that was connected to a less populous and economically dependent periphery spatially distanced from the core does not match the structure of many settlement patterns in the United States today. Assuming contemporary validity of a 1950 worldview of “metropolitan” may not accurately reflect reality. Changes to the population threshold should be consistent with the results of any structural overhaul of core-based statistical areas based on the committee’s third recommendation in the coming decade.

The Review Committee has correctly identified a need to reconsider the statistical threshold used to define urban cores of metropolitan areas, but that should be done in the context of a conceptual framing that specifies criteria based on contemporary realities. We encourage OMB to consider developing and publishing clear statements of rationale for how different levels of urban core are considered, which could affect thresholds for both metropolitan and micropolitan core areas. We further encourage OMB to incorporate views from stakeholders using the definitions of those areas to explicitly recognize the remainder of the country’s geographic space as rural. While OMB is correct that how definitions of space are used is a separate decision from how they are defined, both processes start with assumptions of the characteristics of places that enable classification.

This Committee’s recommendation will create more one-time volatility (i.e., changing the designation of places) in core-based statistical area delineations than at any other time. This volatility will have a much larger impact on small cities than on other categories of core-based statistical areas. For example, based on data collected by Fannin and Dungal (In Press), approximately five percent of counties switched in designation from Metropolitan to Micropolitan or Micropolitan to Metropolitan between 2003 and 2013 based on OMB Core-Based Statistical Area Delineations. Given the supporting data of the review committee, the 144 current Metropolitan Statistical Areas that would transition to Micropolitan Status under the rules’ changes would have resulted in a 37 percent change from the previous decade. Basically, the rules change would inject seven times the volatility that the previous decade’s delineation generated.

2. *Increasing evidence suggests that non-federal statistical applications of current core-based statistical areas are increasingly being challenged. A piece-meal approach of only addressing the threshold for the core urban area without considering other elements of the definition of metropolitan is an insufficient revision.*

Research from Carpenter and Fannin (2021) and the review committee similarly conclude that it would take a population of approximately 100,000 in a county in 2020 to support the same number of retail establishments that would have existed in an urban population of 50,000 in 1950. Goetz, Partridge, and

Stephens (2018) argue that change is needed for both the central urban area population and the threshold relationship of outlying counties to a central core in the current core-periphery worldview of core-based statistical areas. Further, Fannin and Dungal (In Press) critique current rules about merging of adjacent core-based statistical areas. These mergers based on the commuting patterns of the smaller area to the larger area create additional volatility in delineations without considering the relative strength of both central cores to their outlying labor markets in the merger rule. Such challenges may suggest the need for a more comprehensive overhaul as opposed to the piecemeal solution of Recommendation 1.

3. *OMB should reconsider its position that it “does not take into account or attempt to anticipate any public or private sector nonstatistical uses that may be made of the delineations.” Similarly, OMB should reconsider its position that “areas are not designed to serve as a general-purpose geographic framework applicable for nonstatistical activities or for use in program funding formulas.”*

We ask OMB to carefully consider the consequences of a marginal rules change without a complete structural review and comprehensive set of changes similar to the approach that was taken to make changes adopted and applied to the 2003 Decennial Update (2003 metro and micro delineations). We believe that the impact of the increasing use of these core-based statistical areas for nonstatistical applications must be carefully considered.

The use of the 50,000 person threshold for seven decades has resulted in federal place-based metropolitan policy becoming “defacto” policy for smaller cities and regional trade centers surpassing the 50,000 threshold. If indexing the urban area population to U.S. population growth would have occurred to hold metropolitan character constant in 1950, many of these locations would have not received “targeted metro entitlement” place-based policy investments. It is also possible some of the metro areas with urban area cores just over 100,000 today would not have reached that plateau without these place-based policy investments.

We believe that place-based policy for these small urban metropolitan areas has much more in common with micropolitan area cohorts just below the 50,000 person threshold than extremely populous world cities located in the U.S. We also believe that many of the intermediate-sized metropolitan areas have much less in common with the most populous metropolitan areas. The Federal Reserve Bank of Atlanta has highlighted this through the population range of the Small City Economic Dynamism index that highlights small cities in areas ranging from 12,000 to 500,000 ([Small City Economic Dynamism Index - Federal Reserve Bank of Atlanta \(frbatlanta.org\)](https://www.frbatlanta.org)). *Creating a trichotomous range for core-based statistical areas that has its top range from 100,000 to over 19 million does not support a targeted functional statistical understanding of the differences in these regions based on size class. Nor does it help target place-based policies based on size class.*

We see the potential for two major unintended consequences from this recommendation:

- Place-based funding programs targeted to non-metropolitan America may not receive proportional increases in funding to support the increasing population.
- Previous metropolitan areas with resources to apply and compete for funds targeted to nonmetropolitan areas may receive an increasing proportion of these resources. As a result, even fewer place-based resources would be available for the smallest rural places.

Committee Recommendation (2):

The delineation of New England city and town areas (NECTAs), NECTA divisions, and combined NECTAs should be discontinued.

Comment

We take no position on this recommendation.

Committee Recommendation (3):

Research should be undertaken on an additional territorially exhaustive classification that covers all of the United States and Puerto Rico.

Comment

We endorse this recommendation. We believe it is essential to policy development and program implementation to have complete data for all geographies, including those places not designated as Core Based Statistical Areas. To ensure equitable distribution of resources to meet the needs of all persons, data collected and archived by federal agencies should be accessible for analysis in all geographies. Developing an exhaustive classification scheme is a necessary step to make this happen. The Health Panel has previously suggested that the use of the USDA-ERS FAR codes offers one possible way of classifying rural places (RUPRI Health Panel 2020).

Further, we support the recommendation to make detailed federal data sets available for all areas of the country and suggest considerations to make these data sets representative of the rural context: agencies should consider what it means for data collection in relation to over-sampling of rural populations and find ways to aggregate non-core counties.. We also suggest rural stakeholders and researchers be included in developing this rural data collection strategy. We offer our support in this effort.

Committee Recommendation (4):

The first annual delineation update of the coming decade should be combined with the decennial-based delineations.

Comment

We support this recommendation. We support a freezing of delineation changes such that they would not occur past the U.S. Census Day (April 1) for each new decade until the release of the next official Decennial Update.

Committee Recommendation (5):

OMB should make publicly available a schedule for updates to the core based statistical areas.

Comment

We support this recommendation. Increased transparency about the timing of these changes will help the federal statistical community, academic stakeholders, and regions impacted by such changes plan for updated delineations and implications for their activities.

Committee Recommendation (6)

OMB should continue use of the American Community Survey commuting data in measurement of intercounty connectivity, though changing societal and economic trends may warrant changes in the 2030 standards.

Comment

We conditionally support this recommendation. Starting with the 2013 OMB Delineations for Metropolitan and Micropolitan Statistical Areas, OMB adopted the American Community Survey (ACS) for measuring commuting patterns between counties. ACS replaced the Journey to Work data product created from the long-form that was discontinued after the 2000 Decennial Census.

The benefit of ACS as a measure of commuting is that it can take in more than a single year “snapshot” of commuting patterns by averaging out commuting patterns over a five-year period. Furthermore, this allows for actual survey data from the U.S. Census Bureau to be used to “update” the core-based statistical areas between decennial census periods.

However, this is also a cause for concern. As a survey, the commuting data are measured with sampling error. The Census Bureau is transparent in highlighting the magnitude of the margin of error (MOE) – typically reported by the Census Bureau at a 90 percent confidence interval. This means that the Census Bureau is 90 percent confident that the commuting patterns between individual counties falls within a range that is lower or higher than the official estimate by the magnitude of the MOE. The MOE is less problematic for commuting between populous counties as the large number sampled keeps the MOE small. However, for rural counties, the number sampled is much smaller resulting in a much larger MOE.

When applying ACS commuting data to the delineation rules for outlying counties of Metropolitan and Micropolitan Statistical Areas, the MOE can inject undesired volatility into the delineations. For example, by using the ACS commuting data for the mid-decade update, counties that are just above or below the 25 percent threshold may be added to or removed from a core-based statistical area simply because the point estimate moved above or below the threshold despite the 90% confidence interval of commuting (including the MOE) maintaining their existing classification. The real underlying commuting level may not have

changed, but the understood sampling error of the ACS would have artificially moved a county into or out of a core-based statistical area.

We believe that the stability of delineations (an original pillar of the 2003 OMB standards and essentially maintained in the current 2010 standards) should be a priority particularly for mid-decade updates. Consequently, we suggest OMB consider a multi-factor threshold for changing the status of counties that may move into or out of outlying county status of a core-based statistical area. For example, OMB could consider changing county status only if the entire confidence interval (estimate plus/minus MOE) moves above or below the 25 percent commuting threshold. Alternatively, OMB could leverage the U.S. Census Bureau's Local Employment Household Dynamics (LEHD) Commuting datasets, requiring both the ACS and the LEHD to be in agreement on commuting levels above or below the threshold for changing a county's outlying county status between decennial census updates.

Stability of delineations between census periods should be narrowed to true structural changes and not measurement error of the data products being used to make the delineation. Maintaining stability over an entire decade will benefit the federal statistical community, the academic and policy community, and the individual communities and regions that perform place-based decision making based on the delineations.

We also recommend reconsidering use of employment commuting patterns as a valid measure of interconnectivity. The underlying assumption is that commuting to a job in the urban core creates more connection than merely time spent in the place of employment. That may not be true for residents compelled to work away from their home community because of temporary local job loss, forcing them to work elsewhere but continuing to spend the majority of time (and resources) in the local community. Further, with work environments changing to include more telecommuting, relying on survey responses about commuting to work may not hold the same meaning as they have had historically. We support this statement from the Committee regarding Recommendation #6: "changing societal and economic trends may warrant considering changes in the 2030 standards." We recommend considering constructs other than commuting to work. These may include patterns in retail purchases, use of essential services such as health care, or economic and social connectedness around a common natural resource (river, lake, mountain, valley, etc.).

The broader implications of metropolitan definition in research and policy development

We appreciate OMB's role in considering the statistical rigor and basis for defining metropolitan regions. However, this recommendation presents implications beyond statistical issues. Modifications to the definition of metropolitan (and the resulting modification of nonmetropolitan designation) will impact health care policy and federal funds flows in other programs. For example, approximately 244 hospitals currently located in MSAs receive payment adjustments linked to an area wage index unique to their MSA. If they lose that designation, they would shift to an adjustment based on a rural wage index, most likely lowering their payment. Conversely, their move into non-metropolitan status will affect the wage index for all rural hospitals in their states. In another example, federal funds that are statutorily allocated based on metropolitan status will change, including community development block grants. Programs and fund flows that require non-metropolitan status will have a sudden influx of new competitors for those funds. Nonmetropolitan is used by both research and policy as a default rural designation and micropolitan has also become an important way of

considering core urban areas. These changes ought not be done without considering unintended consequences in public policy.

It is important to recognize that the change to what becomes metropolitan will have a cascading effect on how programs and researchers define specific categories in the rest of the country. That recommendation would dramatically increase the population and number of places that are nonmetropolitan. Beyond the recommendation for changing the population threshold to define the urban core of metropolitan areas, measures defining interconnectivity will influence which counties are included as metropolitan, including those that may in many other ways be much more rural in character. Current challenges of how to target programs, policies, and funding designed to benefit rural residents and community institutions will continue. With that challenge in mind, we offer the Health Panel's recommended principles for use in defining rural places:

- the definition should be data-driven and accurate;
- the definition should be based on a framework relevant to the purpose of the definition;
- the definition should be robust over time, but with the ability to adjust for changes; and
- the result should align closely with a heuristic sense of what is and is not rural (i.e., face validity).

RUPRI appreciates opening a discussion of a more robust and appropriate way of classifying core urban places and thinking about spatial relationships in a manner that is all-inclusive for the country. We do not recommend a major change (reclassifying 37 percent of currently designated MSAs) without more careful and thorough deliberation. Recognizing the implications of any change for *all places* is an important next step. We will be willing participants in addressing analytical questions to further improve conceptualization and definition of places.

References

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