

OVERSIGHT OF METROPOLITAN STATISTICAL AREAS

HEARING

BEFORE THE
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY
OF THE
COMMITTEE ON
GOVERNMENT REFORM
AND OVERSIGHT
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

JULY 29, 1997

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OVERSIGHT OF METROPOLITAN STATISTICAL AREAS

TUESDAY, JULY 29, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2154, Rayburn House Office Building, Hon. Stephen Horn (chairman of the subcommittee) presiding.

Present: Representatives Horn, Sununu, Maloney, and Davis of Illinois.

Staff present: J. Russell George, staff director and chief counsel; Mark Brasher and John Hynes, professional staff members; Andrea Miller, clerk; and David McMillen, minority professional staff member.

Mr. HORN. The Subcommittee on Government Management, Information, and Technology will come to order.

A metropolitan area is an area with a large population center that is economically and socially integrated with adjacent communities. The Office of Management and Budget designates and defines metropolitan areas following a set of official standards. These standards were last modified in 1990.

Metropolitan area designations are used as a framework for the Federal statistical system. They are also important to local community leaders for promoting a community as a business district. State governments use metropolitan areas to make communities eligible for programs that may be focused on urban or rural districts. The private sector uses metropolitan areas to develop sales territories and market new products, among other uses.

Some have argued that Federal standards for population density and contiguous population requirements do not take into account variances such as geographic barriers. Certain kinds of economic activity, such as intensive mining, may disqualify a community from metropolitan area designation because of the contiguous population requirement.

In addition, some communities have argued they face unfair barriers to recognition because they are squeezed between several existing metropolitan areas. For example, a requirement that 15 percent of workers commute to a single metropolitan area may be unattainable if the community has several surrounding metropolitan areas that each draw 10 percent.

The communities and their elected representatives argue that ignoring these anomalies is unfair. It can reduce access to government programs because State governments often use Federal metropolitan designations. Designation as a metropolitan area also allows Federal funding to go directly through the local agency rather than through the State government.

This hearing will allow Congress to examine these and other issues surrounding this important statistical designation. We will receive testimony from Members of Congress, administration officials involved in administering Federal statistical operations, and others in the private sector who are affected by the issue.

We are fortunate to be joined by Representatives Tim Holden from Pennsylvania, Patsy Mink of Hawaii, Duncan Hunter of California, and Maurice Hinchey of New York. We are equally fortunate to be joined by Sally Katzen, Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget; Mr. Ed Spar, executive director, Council of Professional Associations on Federal Statistics and Mr. Alvin Marshall, member of the board of directors, Schuylkill Economic Development Corp.

We thank all of our witnesses for being with us today and we look forward to your testimony.

[The prepared statement of Hon. Stephen Horn follows:]

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"Oversight of Metropolitan Statistical Areas"

July 29, 1997

46-319

**OPENING STATEMENT
REPRESENTATIVE STEPHEN HORN (R-CA)**

**Chairman, Subcommittee on Government Management,
Information, and Technology**

A metropolitan area is an area with a large population center that is economically and socially integrated with adjacent communities. The Office of Management and Budget designates and defines metropolitan areas following a set of official standards. These standards were last modified in 1990.

Metropolitan area designations are used as a framework for the Federal statistical system. They are also important to local community leaders for promoting a community as a business district. State governments use metropolitan areas to make communities eligible for programs that may be focused on urban or rural districts. The private sector uses metropolitan areas to develop sales territories and market new products.

Some have argued that Federal standards for population density and contiguous population requirements do not take into account variances such as geographic barriers. Certain kinds of economic activity, such as intensive mining, may disqualify a community from metropolitan area designation because of the contiguous population requirement.

In addition, some communities have argued that they face unfair barriers to recognition because they are squeezed between several existing metropolitan areas. For example, a requirement that 15 percent of workers commute to a single metropolitan area may be unattainable if the community has several surrounding metropolitan areas that each draw 10 percent.

The communities, and their elected representatives, argue that ignoring these anomalies is

unfair. It can reduce access to government programs because State governments often use Federal metropolitan designations. Designation as a metropolitan area also allows Federal funding to go directly through the local agency rather than through the State government.

This hearing will allow Congress to examine these and other issues surrounding this important statistical designation. We will receive testimony from Members of Congress, Administration officials involved in administering Federal statistical operations, and others who are affected by the issue.

We are fortunate to be joined by **Representatives Tim Holden**, (D-PA); **Patsy Mink**, (D-HI), **Duncan Hunter** (R-CA), and **Maurice Hinchey**, (D-NY). We are equally fortunate to be joined by **Sally Katzen**, Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget.

Mr. Ed Spar, Executive Director, Council of Professional Associations on Federal Statistics; and **Mr. Alvin Marshall**, Member of the Board of Directors, Schuylkill Economic Development Corporation.

We thank all our witnesses for being with us today and look forward to testimony.

Mr. HORN. Why don't we just go in the order of the Members that are on the agenda.

Mr. Holden.

**STATEMENT OF HON. TIM HOLDEN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF PENNSYLVANIA**

Mr. HOLDEN. Good morning, Mr. Chairman, and we thank you very much for holding this very important hearing.

We come before you today representing a bipartisan coalition of Members of Congress stretching across America from New York to Hawaii, and their respective communities. The issue at hand is the need to change the standard for the 2000 Census, allowing counties with 100,000 population or more to be designated as a metropolitan statistical area.

Under the standards established for the 1990 census, metropolitan statistical area status could be conferred on a county by having, A, an urbanized area with a core population of 50,000 people and a county population of 100,000 people; B, a contiguous population of 50,000 people in a county of at least 100,000 people; or C, an area contiguous to a previously designated MSA with an out-migration of at least 15 percent of the population to the previously designated MSA.

Applying this criteria to all of the counties in our coalition makes the existing standards questionable at best and unfair in the least.

In my home county of Schuylkill, years of both deep mining and strip mining have resulted in steep slopes that are undevelopable, and thus do not allow us to meet the density requirements and the contiguous population figures necessary under the current standard. In arguing that these areas are not indeed undevelopable, Government agencies have pointed to the houses built on cliff sides on the West Coast as a method of comparison. Building on a cliff side in California to overlook the Pacific Ocean is far different than building on a strip mine slope to overlook old abandoned mines.

Schuylkill County is currently fighting hard to overcome decades of high unemployment due to the decline of the coal industry. Unemployment in the area has gone from a high of 22 percent in the 1960's to a current level of 8 percent due to the diligence and hard work of its people. The county has a population of 153,000 and yet is still denied MSA status due to antiquated standards.

Metropolitan statistical area status is enjoyed by hundreds of counties throughout the United States, several of whom possess fewer than the 50,000 contiguous density requirement and have a county population of less than 100,000. These communities are granted MSA status because 15 percent of their population commute to an already designated MSA.

Again, I compare this standard to Schuylkill County where 22 percent of the population commutes outside the county to work. However, because the traveling is divided among three areas—Reading, Harrisburg, and Allentown—the 15 percent requirement is not met. Where is the fairness in this standard? Where is the equity in this standard? What valid justification is there for this arbitrary 15 percent figure?

Fairness for communities to compete for growth and development depend heavily on the adoption of this standard. Advertising execu-

tives, marketing experts, manufacturers, and individuals looking to locate retail stores begin their search and purchases with MSAs.

We are requesting this additional standard be added to allow all counties with a population of 100,000 or more people to be designated as a metropolitan statistical area.

I would like to acknowledge the work of my fellow members of this coalition in organizing this bipartisan group and acknowledge the great efforts on the part of my constituents in both the public and private sector.

Mr. Chairman I thank you for taking the time to hold this hearing this morning.

Mr. HORN. Thank you very much.

[The prepared statement of Hon. Tim Holden follows:]

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CONGRESS OF THE UNITED STATES
 HOUSE OF REPRESENTATIVES

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 LIVESTOCK, DAIRY, POULTRY,
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 RESEARCH AND FORESTRY

COMMITTEE ON TRANSPORTATION
 AND INFRASTRUCTURE
 PUBLIC BUILDINGS AND
 ECONOMIC DEVELOPMENT

**Testimony of the Honorable Tim Holden
 Subcommittee on Government Management,
 Information, and Technology
 July 29, 1997**

Good morning Mr. Chairman and members of the Subcommittee. I come before you today representing a bipartisan coalition of Members of Congress stretching across America from New York to Hawaii, and their respective communities. The issue at hand is the need to change the standard for the 2000 census, allowing counties with 100,000 population or more to be designated as a Metropolitan Statistical Area.

Under standards established for the 1990 Census, Metropolitan Statistical Area status could be conferred on a county by having:

- a) an urbanized area with a core population of 50,000 people and a county population of 100,000 people;
- b) a contiguous population of 50,000 people in a county of at least 100,000 people;
- c) an area contiguous to a previously designated MSA with an out migration of at least 15% of the population to the previously designated MSA.

Applying this criteria to all of the counties in our coalition makes the existing standards questionable at best and unfair in the least.

In my home county of Schuylkill, years of both deep mining and strip mining have resulted in steep slopes that are undevelopable, and thus do not allow us to meet the density requirements and contiguous population figures necessary under the current standard. In arguing that these areas are indeed undevelopable, government agencies have pointed to houses built on cliff sides on the West Coast as a method of comparison. Building on a cliff side in California to overlook the Pacific Ocean is far different than building on a strip mine slope to overlook old mines.

Schuylkill County is currently fighting hard to overcome decades of high unemployment due to the decline of the coal industry. Unemployment in the area has gone from a high of 22% in the 1960's to the current level of 8% due to the diligence and hard work of its people. The county has a population of 153,000, and yet it is still denied MSA status due to antiquated standards.

Metropolitan Statistical Area status is enjoyed by hundreds of counties throughout the United States, several of whom possess fewer than the 50,000 contiguous density requirement and have a county population of less than 100,000. These communities are granted MSA status because 15% of their population commute to an already designated MSA. Again, I compare this standard to Schuylkill County where 22% of the population commutes outside the county to work. However, because the travelling is divided between three areas—Reading, Harrisburg, and Allentown—the 15% requirement is not met. Where is the fairness in this standard? Where is the equity in this standard? What valid justification is there for this arbitrary 15% figure?

Fairness for communities to compete for growth and development depend heavily on the adoption of this standard. Advertising executives, marketing experts, manufacturers, and individuals looking to locate retail stores begin their search and purchases with MSA's.

We are requesting this additional standard be added to allow all counties with a population of 100,000 or more people to be designated as a Metropolitan Statistical Area.

I would like to acknowledge the work of my fellow members in organizing this bipartisan group and acknowledge the great efforts of my constituents from Schuylkill County in both the public and private sector.

Mr. HORN. Congresswoman Mink.

**STATEMENT OF HON. PATSY T. MINK, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF HAWAII**

Mrs. MINK. Thank you very much, Mr. Chairman. And I too thank you for this opportunity to testify in support of a change in the metropolitan statistical area standards to allow 12 new counties to qualify. Current regulations should be modified to allow a simple definition, that areas with populations of at least 100,000 people be approved as MSAs.

Twelve counties are unable to qualify for MSA status because they do not meet the density or contiguous population requirements, despite the fact that these counties have populations well over 100,000 people. The proposed change is necessary to restore fairness to the MSA designation process.

One definition already allowed under the current standard is that at least 15 percent of the area's population commute to a recognized MSA. Accordingly, 16 communities now designated have populations of less than 100,000 people.

The Hawaii congressional delegation supports this change, and I would like to submit for the record copies of joint letters signed by my delegation to the chair and ranking member expressing this support. Our interest in this matter is that Maui County and the big island, Hawaii County, in the State of Hawaii should and could be included as MSAs if this change were made.

Mr. HORN. Without objection, those letters and other material will be inserted in the record.

[The information referred to follows:]

Congress of the United States
House of Representatives
Washington, DC 20515

July 25, 1997

THE HONORABLE CAROLYN B. MALONEY
RANKING MEMBER
SUBCOMTEE ON GOVT MGMT, INFO & TECH
U.S. HOUSE OF REPRESENTATIVES
B373 RAYBURN HOB
WASHINGTON DC 20515

Dear Ranking Member:

We are writing to support a change in regulations for the classification of Metropolitan Statistical Areas (MSA's) that would assist in qualification for counties which currently have difficulty with density and contiguous population requirements.

Standing regulations, which had been used in the 1990 Census, designate as having MSA status those communities with a city of 50,000 and a county of 100,000. Counties with terrain impediments cannot qualify under these requirements, even if these counties have populations of well over 100,000 people.

While regulations for the 2000 Census are being considered by the Census Bureau, we respectfully request your assistance to implement regulations that would qualify counties with populations of more than 100,000 for MSA status. This change would create twelve new MSA's, including Maui County and Hawaii County in the state of Hawaii.

In 1990, neither Maui County nor Hawaii County contained a city or urbanized area of 50,000 (Kahului in Maui County was counted at 16,889 and Hilo in Hawaii County at 37,808). However, the Census Bureau in July 1996 tallied Maui County's total population at 117,013 and Hawaii County's at 138,422.

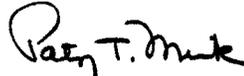
According to the Census Bureau, without a regulatory change, the only method under which these large counties could gain MSA status would be through the contracting of a special census to show that an urbanized area could be defined around Kahului or Hilo. A special census is a complicated and expensive process that these counties would most likely be unable to afford.

We urge your support in the interest of restoring fairness to the MSA designation process. One definition allowed under the current standard is that at least 15 percent of an area's population commutes to a previously recognized MSA. Also, 16 communities are designated MSA's which have populations of less than 100,000 people.

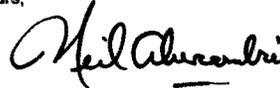
The Honorable Carolyn B. Maloney
July 25, 1997
Page 2

Any assistance you may provide in changing the prevailing MSA criteria to include areas which have populations of at least 100,000 would be very deeply appreciated. Thank you for your attention to this matter.

Very truly yours,



PATSY T. MINK
Member of Congress



NEIL ABERCROMBIE
Member of Congress



DANIEL K. AKAKA
U.S. Senator



DANIEL K. INOUÉ
U.S. Senator

Congress of the United States
House of Representatives
Washington, DC 20515

July 25, 1997

THE HONORABLE STEPHEN HORN
CHAIRMAN
SUBCOMTEE ON GOVERNMENT MGMT, INFO & TECH
U. S. HOUSE OF REPRESENTATIVES
B373 RAYBURN HOB
WASHINGTON DC 20515

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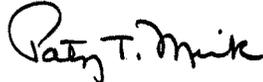
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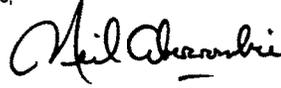
The Honorable Stephen Horn
July 25, 1997
Page 2

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Very truly yours,



PATSY T. MINK
Member of Congress



NEIL ABERCROMBIE
Member of Congress



DANIEL K. AKAKA
U.S. Senator



DANIEL K. INOUE
U.S. Senator

Mrs. MINK. Thank you.

In 1990, neither Maui County nor Hawaii County contained a city or urbanized area of 50,000. Kahului was counted at 16,000 and Hilo, at 37,000. If you have visited Maui, you know that Kahului and Wailuku are contiguous towns and their joint populations might very well qualify Maui County.

According to the Census Bureau, without a regulatory change, the only method under which these counties could gain a MSA status would be through the contracting of a special census to show that an urbanized area could be defined around Kahului or Hilo. A special census is a complicated and expensive process that these counties could not afford.

As we prepare for the 2000 Census, standing regulations should be changed to allow a simple requirement that areas containing more than 100,000 people be deemed acceptable as MSAs. Any assistance you may provide to accomplish this change would be deeply appreciated by my constituents, and I thank you for this opportunity to testify.

As you know, the whole idea of contiguity, as prescribed by the regulations, simply doesn't fit in my situation because, like my colleague here who described the abandoned coal fields, I do have the Pacific Ocean separating my populations.

Thank you.

Mr. HORN. Thank you.

[The prepared statement of Hon. Patsy T. Mink follows:]

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SECOND DISTRICT, HAWAII

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House of Representatives
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TESTIMONY OF CONGRESSWOMAN PATSY T. MINK (D-HI)
METROPOLITAN STATISTICAL AREA STANDARDS
HOUSE SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION & TECHNOLOGY
JULY 29, 1997

COMMITTEE ON THE BUDGET
COMMITTEE ON EDUCATION AND
THE WORKFORCE
Early Childhood, Youth and
Family Subcommittee
Overnight and Investigations Subcommittee
Research and Statistics
COMMITTEE ON GOVERNMENT REFORM
AND OVERSIGHT
(on leave)
REGION II WHIP
DEMOCRATIC CAUCUS EDUCATION
AGENDA TASK FORCE, CO-CHAIR
CONGRESSIONAL ASIAN PACIFIC
CAUCUS, CHAIR

Chair Horn, Ranking Member Maloney, and Members of the Subcommittee:

Thank you for this opportunity to testify in support of a change in Metropolitan Statistical Area (MSA) standards to allow 12 new counties to qualify. Current regulations should be modified to allow a simple definition – that areas with populations of at least 100,000 people be approved as MSA's.

Twelve counties are unable to qualify for MSA status because they do not meet the density and contiguous population requirements, despite the fact that these counties have populations well over 100,000 people.

The proposed change is necessary to restore fairness to the MSA designation process. One definition already allowed under the current standard is that at least 15 percent of an area's population commute to a recognized MSA. Accordingly, 16 communities now designated have populations of less than 100,000 people.

The Hawaii Congressional Delegation supports this change. I would like to submit for the record copies of joint letters signed by the Delegation to the Chairman and Ranking Member expressing this support. Our interest in this matter is that Maui County and Hawaii County in the State of Hawaii will be included as MSA's if this change is made.

In 1990, neither Maui County nor Hawaii County contained a city or urbanized area of 50,000 (Kahului in Maui County was counted at 16,889 and Hilo in Hawaii County at 37,808). However, the Census Bureau in July 1996 tallied Maui County's total population at 117,013 and Hawaii County's at 138,422.

According to the Census Bureau, without a regulatory change, the only method under which these counties could gain MSA status would be through the contracting of a special census to show that an urbanized area could be defined around Kahului or Hilo. A special census is a complicated and expensive process that these counties would most likely be unable to afford.

As we prepare for the 2000 Census, standing regulations should be changed to allow a simple requirement – that areas containing more than 100,000 people be deemed acceptable as MSA's. Any assistance you may provide toward this change in the prevailing MSA criteria is very deeply appreciated. Thank you once again for the opportunity to address this subcommittee on this important issue.

Mr. HORN. The gentleman from California, Mr. Hunter.

**STATEMENT OF HON. DUNCAN HUNTER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. HUNTER. Thank you, Mr. Chairman. Thank you for holding this hearing. I want to thank my colleague, Mr. Holden, for being the gentleman who at least from our office perspective, started this effort; and we quickly joined on. I want to thank Congresswoman Mink for her strong efforts, and Congressman Redmond for his efforts on this.

Mr. Chairman, it is clear that MSA status is a standard of economic focus. And if you have it, you tend to get more economic focus and, therefore, more economic development than if you don't have it. So it's important, and I think its importance is illustrated by the community of Pocatello, ID, which I understand, once becoming an MSA after the 1990 census, has seen an interest in business locations increase by 20 percent. In my county in Imperial County, CA, which is over the coastal range from San Diego County, we have an unemployment rate that hovers between 20 and 30 percent. We desperately need MSA status.

I think the second point here has been well made by my colleagues and that is that there is not a logical reason for the denial of MSA status based on noncontiguity, I guess you would call it, noncontiguous communities, because these communities being noncontiguous is often a function of the economic nature of the community that we are talking about. In Mr. Holden's description, he talked about the steep slopes that are the result of mining. In my area, we have a major agriculture county, and we have—as the county developed and grew—very productive farmland, some of the most productive farmland in the world, lying between these communities.

So we have a series of strong communities in Imperial County which, if they were not separated by this extremely productive, privately held farmland, would very possibly have melded into a contiguous community, thereby inviting MSA status. But they did not, and it is good that they have not, because we grow a great deal of the produce for this Nation in that county.

Nonetheless, I think that the MSA status is logical and is justified in my county as in the counties of my colleagues.

So I also have, Mr. Chairman, a number of letters that I would like to offer for the record, and I would hope that the committee would move forward and give us this designation which is so needed by the communities in Imperial County.

Mr. HORN. Without objection. Those letters and materials will be put into the record.

Mr. HUNTER. And I offer my statement too for the record.

Mr. HORN. That is automatic.

[The prepared statement of Hon. Duncan Hunter follows:]

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Testimony by Representative Duncan Hunter
before the
Subcommittee on Government Management, Information,
and Technology
July 29, 1997

RE: Redesignation of Metropolitan Statistical Areas for the 2000 Census

Mr. Chairman and members of the Subcommittee, I want to thank you for this opportunity to join with my colleagues in supporting the committee's review of the census regulations designating a Metropolitan Statistical Area (MSA). It is our hope that, upon a thorough review, the current regulations can be modified in time to be used in the 2000 Census and therefore help our communities.

As you are well aware, an MSA is currently defined as a county that includes a city with a contiguous population of at least 50,000, in a county of more than 100,000. During the 1990 census the MSA definition was changed to include counties where at least 15 percent of the population commutes daily to another MSA. I am here to request that your committee investigate implementing another small, but clarifying, change to the current MSA regulations. By altering the current definition to state simply that an MSA is a county with a population of 100,000 or more, 12 counties nationwide, including Imperial County, California, in my district, will become metropolitan statistical areas.

Mr. Chairman, Imperial County is a community of approximately 140,000 people, located across the Laguna Mountains from San Diego County in the southeastern corner of California. Unfortunately, despite its proximity to an active border with Mexico and

access to a prominent highway system, Imperial County has had an historic rate of unemployment exceeding 20 percent and often nearing as much as 30 percent. As we are forced to compete both nationally and internationally to attract new job opportunities for our county, it has become clear that being designated a MSA would help in our efforts.

We need only to point to the community of Pocatello, Idaho, which became an MSA after the 1990 census. With their new designation, Pocatello saw interest in business locations increase by 20 percent. This corresponded with an increase in economic activity and investment in the community. Like Pocatello, Idaho, Imperial County has a lot to offer prospective businesses looking to expand or relocate. A prime example of this is the recent opening of a General Dynamics factory in Imperial, California. In addition, some members of the Imperial County Board of Supervisors have indicated their support for this change in MSA definition, because it will allow them to independently plan for their residents and businesses located within the county.

Like many of the other 11 counties that would be effected by this change, our county has seven cities closely located that, when taken together, create a population base significantly exceeding the 50,000 contiguous population requirement of the current regulations. The history of Imperial County is agricultural, so as the seven cities grew, they remained separated by large parcels of privately-owned farmland. Had they coalesced into one unit, they would already qualify for MSA designation. Although there are seven independent cities, they make up one community. While agriculture will remain a critical component of Imperial County's economy, we are seeking an increased presence of industry within the county. We should not be placed at a disadvantage due to our past dependence on agriculture.

Already many individuals and groups in Imperial County are excited by the prospect of becoming a MSA. I would like to submit for your consideration letters from my

constituents who support the redesignation of MSAs to a standard county population of 100,000. By implementing this change, our communities will be granted an equal status that eliminates our competitive disadvantages and allows us to compete in the economic development marketplace with other significant communities nationwide.

Thank you Mr. Chairman and members of the Subcommittee for your consideration on this important matter. I welcome the opportunity to respond to any questions you may have.



July 28, 1997

The Honorable Duncan Hunter
52nd District
2265 Rayburn HOB
Washington, DC 20515-0552

SUBJECT: Metropolitan Statistical Area Designation- Support Change

Congressman Hunter:

The El Centro Chamber of Commerce & Visitor Bureau supports the change in the definition of a Metropolitan Statistical Area (MSA). A change to designate counties with a minimum population of 100,000 as MSAs, would help in our efforts to bring more businesses and new opportunities to El Centro and the Imperial Valley.

Although the purpose of the metropolitan area classification is to provide a nationally consistent set of definitions suitable for collecting, tabulating and publishing Federal statistics, it is also used by companies when they are evaluating whether or not to locate in a particular community.

MSA status will enable our community to be more competitive, assist in the development of new economic opportunities and reposition our community as a new market for national investment, advertising and promotion. Having MSA status would allow our community to compete on an equal basis with larger communities that have MSA status.

The El Centro Chamber of Commerce & Visitors Bureau applauds your support of this change and we look forward to working with you and your staff on this endeavor.

Sincerely,

Cathy Kehneron
Executive Vice President

cc: Carole Starr

"Where the Sun Spends the Winter"

Mark Matthews
Executive Director

824 Main Street
Eureka, CA 92443



PH: (708) 887-2814
FAX: (708) 287-8887

July 28, 1997

The Honorable Duncan Hunter
52nd District
2263 Rayburn HOB
Washington, DC 20515-0552

Subject: Metropolitan Statistical Area Designation - Letter of Support

Congressman Hunter:

Valley of Imperial Development Alliance (VIDA) supports the change in the definition of a Metropolitan Statistical Area (MSA). A change to designate counties with a minimum population of 100,000 as MSAs, would help in our efforts to bring more businesses and new opportunities to the Imperial Valley and its cities.

Although the purpose of the metropolitan area classification is to provide a nationally consistent set of definitions suitable for collecting, tabulating and publishing Federal statistics, it is also used by companies when they are evaluating whether or not to locate in a particular community. Also, it would allow the County, having the MSA designation, the ability to do its own planning.

MSA status will enable our County to be more competitive, assist in the development of new economic opportunities and reposition our area as a new market for national and international investment, advertising and promotion. Having MSA status would allow our community to compete on an equal basis with larger areas and counties that have MSA status.

VIDA appreciates your support of this change and look forward to working with you and your staff on this endeavor.

Sincerely,

A handwritten signature in black ink that reads "Mark Matthews" with a stylized flourish at the end.

Mark Matthews
Executive Director

cc: Carol Starr

 **Imperial Valley Press**

P.O. BOX 8770 EL CENTRO, CA 92844 TELEPHONE (780) 337-3400 FAX (780) 353-3003

E. Mayer Maloney Jr.
Publisher

July 28, 1997

The Honorable Duncan Hunter
Member of Congress
2265 Rayburn Building
Washington, D.C.

Via Fax

Dear Congressman Hunter:

The Imperial Valley Press strongly supports the change in the definition of a Metropolitan Statistical Area (MSA). A change to designate counties with a minimum population of 100,000 as MSAs would aid in attracting much-needed economic opportunities to El Centro and the Imperial Valley.

Although the purpose of the metropolitan area classification is to provide a nationally consistent set of definitions suitable for collecting, tabulating and publishing Federal statistics, it is also used by companies when they are evaluating whether or not to locate in a particular community. I firmly believe our county meets the expectations of companies seeking a location to expand their businesses.

MSA status will enable our community to be more competitive, assist in the development of new business opportunities and re-position our community as a new market for national investment, advertising and promotion. Having MSA status would allow our community to compete on an equal basis with larger communities that already have MSA status.

As an active participant in the Imperial Valley community, the Imperial Valley Press eagerly supports this change and hopes to assist in these efforts to increase job creation and job retention. I believe this change would make a dramatic improvement in the economic life of the Imperial Valley. Thank you very much for your interest in this matter. If I can be of any further help, please let me know.

Sincerely,



E. Mayer Maloney Jr.
President and Publisher

Mr. HORN. Mr. Redmond, the distinguished new colleague from New Mexico.

**STATEMENT OF HON. BILL REDMOND, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW MEXICO**

Mr. REDMOND. Good morning, Mr. Chairman, and thank you for allowing me to be here this morning; and members of the Subcommittee on Government Management, Information, and Technology, fellow Members of Congress, ladies and gentlemen of the audience. I am grateful to have this opportunity to express my views regarding the changing standards for the definition of metropolitan statistical areas.

Like most of you this morning, I too believe that changing the MSA standards would positively impact many communities nationwide, including my home State of New Mexico. I believe that the city of Farmington in San Juan County, New Mexico, with MSA status, would be vital to stimulate the economic growth in that area. It is plagued with high unemployment and underemployment. There is a portion of San Juan County, on the Navajo reservation, where we run between 30 and 40 percent unemployment, and it has been that way for almost 30 years.

As Congress' newest Member, I recently came to Washington with several goals, one of which is aimed at improving the employment opportunities in my home State of New Mexico. By receiving MSA status, San Juan County would be placed in a preferred position among national marketing directors and would be able to attract hotels, restaurants, and retail establishments. According to the 1990 census, a substantial portion of San Juan County workers are employed already in the service industries, so this would be an asset to the community.

In addition to increased employment opportunities, a change in the MSA status would result in additional revenue for roads, homes funded through Housing and Urban Development, which is very important, and also Medicare reimbursements. The potential for improvements for the infrastructure is vast. The measurement of the epicenter often is not an indication of the population density of the region as it is in northern New Mexico. A recent conversation that I had with Farmington Mayor John Taylor revealed strong community support for MSA status and Mayor Taylor said that the MSA status could greatly improve the quality of life in San Juan County.

Like many other communities in the Nation, San Juan deserves the ability to compete on a level playing field for Federal funds; and I support and I strongly encourage my colleagues to support the proposal that would change the Office of Management and Budget MSA standards for the 2000 Census to include all the counties with a population of 100,000 or more.

And I thank you, Mr. Chairman.

Mr. HORN. Thank you.

[The prepared statement of Hon. Bill Redmond follows:]

Testimony of Representative Bill Redmond

Good morning, chairman horn, members of the subcommittee on government management, information and technology, fellow members of congress, ladies and gentleman: I am grateful for this opportunity to express my views regarding a change of standards for the definition of metropolitan statistical areas, or MSAs.

Like most of you present this morning, I too believe that changing the MSAs standard would positively impact many communities nationwide to include a community in my homestate of New Mexico. I speak on behalf of the city of Farmington in San Juan county, New Mexico where MSAs status would be vital to stimulate economic growth in an area that is plagued with high unemployment and underemployment. A portion of San Juan county has over 30% unemployment.

As congress' newest member, I recently came to Washington with several goals, one of which is aimed at improving employment opportunities in New Mexico. By receiving MSA status, San Juan county would be placed in a preferred position among national marketing directors thus attracting restaurants, hotels, and retail establishments. According to the 1990 census, a substantial portion of San Juan county workers are employed in the service industry.

In addition to increased employment opportunities, a change in MSA status would result in additional revenue for roads, homes funded through housing and urban development and Medicare reimbursements. The potential for improvements of basic infrastructure is vast.

A recent conversation with Farmington, New Mexico mayor John Taylor revealed a strong community support for MSA status. Taylor said (quote) "MSA status could greatly improve Farmington's quality of life."

Like many other communities in the nation, San Juan county deserves the ability to compete on a level playing field for federal funds.

I support, and encourage my colleagues to support any proposal that would change the office of management and budget MSA standards for the 2000 census to include all counties with a population of 100,000 or more.

I thank you Mr. Chairman for your time.

At this time I would be happy to answer any questions.

Mr. HORN. We are now joined by our distinguished colleague from New York, Mr. Hinchey.

STATEMENT OF HON. MAURICE D. HINCHEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. HINCHEY. Thank you very much, Mr. Chairman. I very much appreciate the opportunity to be here this morning, and I very much appreciate the fact that you are conducting this hearing on an issue that is of great importance to the communities that are represented by myself and the other members here on the panel before you this morning.

As you know, the current census regulations for metropolitan statistical areas require either an urbanized area with a core population of 50,000 people and a county population of 100,000 people, or a contiguous population of 50,000 people in a county of at least 100,000 people, or an area contiguous to a previously designated MSA with at least a 15 percent commuter rate to that previously designated metropolitan statistical area. These criteria put one of the counties that I represent in the 26th Congressional District in New York, namely Ulster County, at a distinct and perhaps insurmountable disadvantage.

First, most municipalities in this particular county, Ulster, were incorporated more than a century ago, and in some cases, two or three centuries ago. As you can imagine, cities and towns of that age have much smaller boundaries than, for example, relatively new cities in the western parts of the country. In terms of meeting the core population and contiguity requirements, the communities of Ulster County are disadvantaged. Outer, more suburban areas incorporated within a western city's boundaries are incorporated into separate townships and villages. In the district that I represent, the core city in this particular county, the city of Kingston's more recent incorporation was at the turn of this century, and New York State law strongly discourages future annexation. In fact, as a practical matter, it is impossible.

Second, this particular county, Ulster, faces difficulties in meeting the commuter rate requirements into other MSAs because of the congestion of our region in New York. Ulster County is within close proximity to three other designated MSAs and a reasonable distance to the New York metropolitan region. While Ulster has a commuter rate higher than 15 percent, 15 percent of the population does not commute to any one MSA. But that higher rate of 15 percent finds themselves commuting into a number of metropolitan statistical areas, including the metropolitan area of New York City.

Finally, the efforts of the residents of Ulster County to protect the integrity of its communities effectively prohibit Ulster County from becoming an MSA. Ulster County is a scenically rich and historically important area. Because we have made a concerted effort to preserve the unique character of our region, instead of promoting strip mall development up and down the main thoroughfares, we fail to meet the census contiguity requirements. The Census requirements seem designed for areas with steady, consistent geography. With its wetlands and rolling hills and open rural areas, the topography of Ulster County cannot fit these particular designations and requirements. For these reasons and others, we

believe that changes to the metropolitan statistical area requirements are needed for the Census which will take place in 2000.

To the letter of the law, Ulster County has and may always have difficulty in meeting the current requirements as they presently exist, yet the county has a population of more than 165,000, a population as much as 150 percent higher than other MSAs. In the spirit of the law, I believe Ulster County and other counties represented here deserve to be qualified for MSA status.

We clearly have a community of interest surrounding our primary city, the county seat, Kingston. Kingston, New York, is the center of commercial, civic, and cultural activity in this area. The fact that the natural growth of the city's surrounding population clusters is slightly farther away than in other parts of the county should not preclude the county from MSA status and the benefits that flow from that designation.

The bottom line is that any Census regulations of this kind are arbitrary and, I think, need more flexibility, Mr. Chairman, than they currently have. As my colleagues and I have explained, there are communities across this country that deserve this designation, but are precluded from it due to their own unique characteristics.

Without some flexibility in the regulation, the Census is also precluding these communities from certain economic development advantages. I realize that economic development was never the intent of the MSA status, MSA status was never designed to help promote economic development, but in practice, MSA status is an important tool frequently used by the private sector in making a variety of economic decisions. Changes to the Census regulations are sorely needed to ensure that these communities can compete with counties of comparable size. We request Census regulations be changed to allow counties with populations of at least 100,000 people to be designated as metropolitan statistical areas.

Again, Mr. Chairman, I just want to personally thank you for your attention to this issue. It is one that is important to a large number of the people that I represent, and I think that the committee has before it a number of reasons why this designation ought to be changed. And I hope and know, as I know you, Mr. Chairman, that it will get your careful and considerate deliberation; and I thank you very much.

[The prepared statement of Hon. Maurice D. Hinchey follows:]

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Testimony of Congressman Maurice Hinchey
Subcommittee on
Government Management, Information and Technology
July 29, 1997

Good morning Chairman Horn, Ranking Member Maloney, and members of the subcommittee. Thank you for the opportunity to address the subcommittee today on an issue of great importance to my constituents in Ulster County, NY and to the residents of the counties in our broad coalition.

As you know, the current Census regulations for Metropolitan Statistical Area status require (a) an urbanized area with a core population of 50,000 people and a county population of 100,000 people, (b) a contiguous population of 50,000 people in a county of at least 100,000 people, (c) or an area contiguous to a previously designated MSA with at least a 15% commuter rate to the previously designated MSA.

These criteria put Ulster County at a distinct -- and perhaps insurmountable -- disadvantage. First, most municipalities in Ulster County were incorporated more than a century ago, and in some cases, two or three centuries ago. As you can imagine, cities and towns of that age have much smaller boundaries than, for example, relatively new cities in the western parts of the country. In terms of meeting the "core population" and contiguity requirements, the communities of Ulster County are disadvantaged. The outer, more suburban areas incorporated within a western city's boundaries are incorporated into separate townships and villages in my district. Our core city of Kingston's more recent incorporation was at the turn of the century, and New York State law strongly discourages future annexing.

Second, Ulster County faces difficulties in meeting the commuter rate requirement into other MSAs because of the congestion of our region in New York. Ulster County is within close proximity to three other MSAs, and a reasonable distance to the New York metropolitan region. While Ulster has a commuter rate higher than 15%, 15% percent of the population does not commute to any one MSA.

Finally, the efforts of the residents of Ulster County to protect the integrity of its communities effectively prohibit Ulster County from becoming an MSA. Ulster County is a scenically rich, historically important area. Because we've made a concerted effort to preserve the unique character of our region -- instead of promoting strip-mall development up and down our main thoroughfares -- we fail to meet the Census contiguity requirements. The Census requirements seem designed for areas with steady, consistent geography. With its wetlands and rolling hills, the topography of Ulster County cannot fit these requirements.

For these reasons and others, we believe that changes to the Metropolitan Statistical Area requirements are needed for the 2000 Census. To the letter of the law, Ulster County has and may always have difficulty in meeting the current requirements. Yet the county has a population of more than 165,000 -- a population as much as 150% higher than other MSAs. In the spirit of the law, I believe Ulster County and the other counties represented here deserve to qualify for MSA status. We clearly have a community of interest surrounding our primary city. Kingston, NY is the center of commercial, civic and social activity in Ulster County. The fact that the natural growth of the city's surrounding population clusters is slightly farther away than in other parts of the country should not preclude the county from MSA status and its benefits.

The bottom line is that any Census regulations of this kind are arbitrary and need flexibility. As my colleagues and I have explained, there are communities across the country that deserve this designation, but are precluded from it due to their own unique characteristics. Without some flexibility in the regulations, the Census is also precluding these communities from economic development opportunities. I realize that economic development was never the intent of MSA status—but in practice, MSA status is an important tool frequently used by the private sector. Changes to the Census regulations are sorely needed to ensure that these communities can compete with counties of comparable size. We request Census regulations be changed to allow counties with populations of at least 100,000 to be designated Metropolitan Statistical Areas.

Mr. HORN. Well, we thank all five of you for testifying. We are joined by the ranking minority member on the committee, Mrs. Maloney. Do you have any comments?

Mrs. MALONEY. I congratulate all of my colleagues for coming forward. Mr. Hinchey from the great State of New York, you put forward a very forceful testimony and I look forward to the other remarks. Thank you.

I ask that my opening remarks be put in the record as read.

Mr. HORN. They will be without objection.

[The prepared statements of Hon. Carolyn B. Maloney and Hon. Danny K. Davis follow:]

**STATEMENT OF THE HONORABLE CAROLYN MALONEY
ON DEFINING METROPOLITAN STATISTICAL AREAS**

July 29, 1997

Thank you Mr. Chairman, I am pleased you called today's hearing, and I welcome my colleagues who are going to testify today.

This is the first of two hearings today that deal with our statistical system, and the third we have had in the last three days. This is testimony to the importance that statistics plays in the every day life of government. Today's subject, Metropolitan Statistical Areas, is important to communities because it affects how the community is viewed by those outside. It is far less personal than the measurement of race we discussed last Friday, but to the community leaders it is just as important.

The designation of metropolitan status brings with it recognition from companies determining where to locate outlets, and from advertisers looking for target markets. Even the Federal government distinguishes between metropolitan and

nonmetropolitan areas in determining the reimbursement of hospitals for Medicare.

Unfortunately, the current system of defining metropolitan areas seems to have reached the limits of its usefulness. With 80 percent of the population in metropolitan areas, there is little contrast drawn by the definition. It is clear from the testimony of the witness before us today that there is a need for significant revision of these definitions.

I do not pretend to know what the answer to that revision should be. I would, however, urge OMB to move cautiously. As we saw with measuring race, as the government invest more and more power to a given definition, it makes it more difficult to change that definition. The definition of race is intertwined with the enforcement of civil rights. Consequently, there are many who rightly fear that a change in the definition will affect that enforcement.

Similarly, the definition of Metropolitan areas has become intertwined with federal payments, civic pride, and the ability of

communities to attract new industry. Any change in that system will be met with concern.

I would urge the Census Bureau and OMB to do everything possible to take the discussions of these changes outside the confines of the federal statistical community and to make sure that all affected parties have ample opportunity to comment.



STATEMENT OF DANNY K. DAVIS (IL)
"Subcommittee on Government Management, Information and
Technology"
July 29, 1997

Thank you Mr. Chairman for convening this important hearing regarding Metropolitan Statistical Areas (MSA). I would also like to thank our distinguished panels of witnesses for sharing with us their expertise as it relates to this issue.

The question of how to define Metropolitan Statistical Areas will be of critical importance for the 2000 Census. Metropolitan Statistical Areas consist of one or more counties which meet certain population size, density, and commuting criteria. The current rules require that to be designated a metropolitan area a county must have a population of 100, 000 and either a city of 50,000, or an urbanized area of that size. Designation as a MSA is important for marketing, civic pride, and federal funding purposes. More importantly, big retailers and restaurant chains might not consider going to a city without MSA designation.

This issue is directly related to the economy of those communities seeking MSA status. Thus, it is important to ensure that the current requirements for MSA status are fair and if not we must change them. Therefore, I look forward to hearing from our experts and in engaging them in thoughtful dialogue regarding this important issue.

Again, thank you Mr. Chairman.

Mr. HORN. Mr. Sununu.

Mr. SUNUNU. I have no opening statement, Mr. Chairman. I certainly appreciate the testimony that has been presented here, and I look forward to the testimony from Ms. Katzen as well.

Thank you.

Mrs. MALONEY. May I just ask one question? Very briefly, could you just go down the line and just answer one question. What do you see your communities gaining if they are designated metropolitan areas? In just a brief answer, what would you gain if you were designated one?

Mr. HOLDEN. Mrs. Maloney, I believe that the gain that would come from the Federal Government directly would be minimal. I think there might be some changes in reimbursement to health care providers, but I think the gain from the private sector, the investment and economic development, is what our communities would gain.

Mrs. MINK. I think my response would be the same. I don't think that there are large potential Federal grants. There might be a few at HUD in CDBG and programs like that, but, basically it is being listed as a significant area for potential development, and my two counties that are affected would be, I think, dramatically assisted if they were included in this designation.

Thank you.

Mr. HINCHEY. Mrs. Maloney, I agree with my colleagues that there would not be any significant alteration of relationships between these communities and the Federal Government in any really material way. However, there are benefits which would flow to the communities as a result of MSA designation, as a result of their interaction with the private sector.

A number of major economic entities in the private sector base decisions about locations and various things of that nature—advertising—on the designation of MSAs. They will, for example, routinely consult the directory of metropolitan statistical areas, and they will focus their attention on those MSAs. If you live in a community that is not designated as an MSA, therefore, you do not get that attention and the economic benefits that flow from it.

Now, if you happen to live in a community such as the one that I described, which is a very old community, settled really back in the 17th century in some cases, even in the 16th century, and you have municipalities that were incorporated in the 18th century, then you find that the arbitrary requirements that are laid out for MSAs—and I don't mean that in a derogatory way; arbitrary in the sense that you could pick any number of criteria and use them—these criteria simply do not favor old, established communities. Therefore, this particular area that I represent finds itself at an economic disadvantage vis-a-vis other communities in other parts of the country.

So it is really an issue, I think, of fairness and justice and equanimity that we are asking you to address here.

Mrs. MALONEY. Is it sufficient to wait until the 2000 Census to make these changes, or should they be made beforehand? I'll just add another question to it.

Mr. HINCHEY. Well, I would just say, the sooner, the better. But I addressed my remarks to the centering around the 2000 Census

because that is the next convenient time when these changes could be made.

Mr. HUNTER. I think Mr. Hinchey has walked through this pretty effectively. An MSA is a standard of economic focus, if you will. And when people are making decisions for advertising, business expansion, and other areas of economic development, they say, show us the MSAs; bring the MSAs, for example, in southern California or bring the MSAs in New York or wherever. If you are not an MSA, you are not a focus; you are not identified as an area where there are lots of people that want to buy lots of things or do lots of business. And so you are a blank spot, if you will, on the map for a lot of large businesses and advertisers.

Mr. REDMOND. San Juan County is the only county in my entire district that will benefit from this and we have on the Navajo reservation between 30 and 40 percent unemployment and some of the most dismal poverty statistics in the Nation. And the city of Farmington is what is referred to as a border town because it borders the reservation.

Basically, this is going to make a correction in the data. The region is large enough population-wise to be qualified for an MSA because of the amount of people that are there, even though the epicenter itself does not have the required number of people. The city of Farmington on a weekend will swell to over 100,000 people as Native Americans come off the reservation to do marketing, but when you actually count residents, we don't have the population base necessary to become an MSA.

I think that as far as economic development goes, many of the young Native American people that are able to get a college education—they end up finding they have to leave the community and separate themselves from their families. If we can become a focus for economic development, as Congressman Hunter, has said, we will be able to keep the Navajo culture more intact and keep Navajo families intact. So there is not only an economic side to it; there is a cultural, familial side to this that we will benefit from.

Mr. HORN. Mr. Redmond, does your district already include all of the Navajo reservation?

Mr. REDMOND. No, the Navajo reservation is spread over three States, and I'm not familiar with the border towns on the Arizona side or on the Utah side.

Mr. HORN. I am thinking of the Navajo reservation as in New Mexico. You have all of it?

Mr. REDMOND. Yes.

Mr. HORN. Because it is the size of the State of West Virginia. And I remember holding a hearing there when I was vice chairman of the U.S. Commission on Civil Rights and in 1973 there were 136,000 members of the tribe. I don't know what it is now.

Mr. REDMOND. It is the largest Native American tribe in the Nation.

Mr. HORN. But you are absolutely right on the unemployment situation there. A lot of work needs to be done.

Mr. REDMOND. Farmington is a border town that, on a weekend, when people come to town to do business the town swells to over 100,000 people and that is just a variable. It is not accounted for in the current formula.

Mr. HORN. In terms of my own bias in this, I think you have a real point on what you say. I think our problem is that the Federal Government does not usually recognize the tremendous use that is made of certain types of Federal actions in terms of the private sector.

The ZIP Code, which is under the administration of the U.S. Postal Service, is a good example. I have been working for 3 years to try to get a city of 9,000 within my district that is completely surrounded by the second largest city in Los Angeles County, and we cannot get it because three ZIP Codes come out of the inner city of the largest city that completely distort the city of Signal Hill.

So I am very sympathetic to what you are talking about, and I think Federal officials are going to have to realize, and Congress who authorizes this, that when we authorize certain types of choices in terms of statistical data, they are used for other reasons than the Federal Government might have collected them. However, that's the reality and we need to be in touch with reality, and so I think you made a very good case.

I would extend to you the invitation, since this hearing won't be that long—we have essentially three more witnesses, but the principal one is the administrator of the Office of Information and Regulatory Affairs, the very able Sally Katzen; she will be up next. If you would like to stay, we will have a dialog here.

I believe that putting the witnesses—as she knows—that have something they want to do with the Federal official that can do it, or not do it, and getting closure on these things. So if you would like to stay around, you are welcome. We will make room for Mrs. Katzen and her two bright assistants that are in this area.

So we can swear you in. She lives up here; we built a room for Mrs. Katzen, our witness Friday and this afternoon.

Mr. HOLDEN. I have some other records that I would like to submit for the record.

Mr. HORN. Without objection, they will be included at this point.

You know the routine, and have Mrs. Wallman and Mr. Fitzsimmons join you.

[Witnesses sworn.]

Mr. HORN. The clerk will note that all three witnesses have affirmed. We are glad to see you again, and we will be glad to see you again this afternoon.

STATEMENT OF SALLY KATZEN, ADMINISTRATOR, OFFICE OF INFORMATION AND REGULATORY AFFAIRS, OFFICE OF MANAGEMENT AND BUDGET

Ms. KATZEN. It is a pleasure, as always, to be here.

Mr. HORN. You are a very good witness.

Ms. KATZEN. Mr. Chairman and members of the subcommittee, I appreciate the opportunity to appear before you today to discuss the metropolitan areas program. I am accompanied today by Katherine Wallman on my left, who is the Chief Statistician of the United States. She is the head of the statistical policy branch of the Office of Information and Regulatory Affairs at the Office of Management and Budget. On my right is James Fitzsimmons, who is the chief of the population distribution branch, Bureau of the Cen-

sus, who leads much of our metropolitan areas work on behalf of the Federal statistical system.

As you know, I have a lengthy written statement that goes into a lot of detail, and I would request that that be incorporated in the record at the appropriate place.

Mr. HORN. It will be automatically done.

Ms. KATZEN. Let me try to summarize what I think are the more salient points of that statement during this brief oral testimony.

I believe that the official metropolitan areas program is a success story, a statistical success story that is now nearly 50 years old. Shortly after World War II, it became clear that the value of data produced at the metropolitan level by the Federal Government agencies would be greatly enhanced if the agencies used a single set of definitions for the Nation's metropolitan areas. This is a concept that appears in a number of our statistical projects, and consistency among Federal agencies is desirable.

The predecessor of OMB, the Bureau of the Budget, led the effort to develop standard metropolitan areas in time for their use in the 1950 decennial census. The purpose of the metropolitan areas is the same today as it was when they were first defined. The classification provides a nationally consistent set of definitions for collecting, tabulating, and publishing Federal statistics.

Stated differently, OMB establishes and maintains metropolitan areas solely for statistical purposes; and in reviewing and revising metropolitan areas, OMB does not take into account or attempt to anticipate any public or private sector nonstatistical uses that may be made of the definitions.

Now, while the basic concept has remained the same since the end of World War II, there have been changes in the standards themselves. They are reviewed and revised preceding each decennial census, so we are currently entering the period when this work must be undertaken to complete the standards that will be employed in the first decade of the 21st century. Periodic review of the standards is necessary to ensure their continued utility and to be certain that area definitions can be implemented using criteria that are both relevant and measurable.

The definition of metropolitan areas is a function of applying the standards selected to the data that are produced by the Census Bureau. This process takes place on a comprehensive basis each 10-year period after the new population, commuting, and other data are available from the decennial census. It is relatively straightforward process of applying existing standards to the data. It is not a matter of submitting a request for designation or otherwise applying, if you will, for permission to call yourself an MSA or appealing to the exercise of discretion. We simply take the standards and apply them to the data.

We do this during the intercensal years as well. Typically, this occurs when there is a change in the populations, which are data that are made available to us. These data are used along with the commuting data from the previous decennial census because that is not updated in the intercensal years. Typically, this annual process will produce one or two new metropolitan areas, and OMB issues a bulletin on or around June 30th of each year indicating whether there are new or reused metropolitan areas. There was no

such bulletin in 1997 because there were no metropolitan area changes as a result of the application of existing standards to the newest data.

The concept of a metropolitan area is that of a core area, consisting of a large population nucleus, together with adjacent communities that have a high degree of integration with that core. That is a concept to which I will continually return as we discuss these standards, because what it says is that a metropolitan area has a core and that the outlying areas are related to that core.

Metropolitan areas themselves are of three types. One, metropolitan statistical areas, which are known as MSAs; two, consolidated metropolitan statistical areas, CMSAs; and three, primary metropolitan statistical areas, PMSAs. The bases for types of areas and the numbers of them are set forth in my written statement.

While there are permutations and variations, again, I want to emphasize the basic concept is a central city and the county or counties in which it is located, together with outlying counties if they have enough commuting to the central counties and meet other criteria. It is also important to remember that the geographic units used in defining metropolitan areas are, for the most part, political areas established under State and local laws.

Having heard the previous panel, I would note that there is substantial discretion available at the local level for defining the boundaries of various counties, and this has both pluses and minuses for our program. A county could be drawn to be very, very large and could pick up huge tracts of land with different degrees of population density. Or in the case that we heard from Mr. Hinchey of New York, local communities have the option of local annexation to increase the size of some of their boundaries; and local annexation is not an infrequent occurrence. Stated another way, there is a certain amount of discretion at the State and local level which then gets incorporated because we use, for the most part, that data for our standards.

The other issue that was discussed by the preceding panel is the uses of metropolitan areas. As I mentioned, OMB establishes the metropolitan area designations for statistical purposes only. We recognize that some agencies use the areas for a variety of non-statistical purposes, including determinations about eligibility and benefit levels in certain Federal Government programs. In some instances, that is the result of legislation in which Congress chose to incorporate the metropolitan area definition in the authorization of the program activities for the agency.

There may be other instances where a Federal Government agency elects to use metropolitan areas in a nonstatistical program, and if so, it is then, in our view, the agency's responsibility to ensure that the definitions are appropriate for that use. In addition, as the chairman noted, it is quite frequently the case that what is done for Federal purposes is then used in some way by the private sector.

In reality, we recognize that there are many private sector uses of metropolitan area definitions. For example, the areas are ranked by population size and used for market analysis and advertising purposes. I would note that OMB has no control over the use to

which this standard is put by the private sector, nor the appropriateness of the use.

Finally, there was a question about the timing of changes that should or could occur. As I mentioned at the outset, there has been traditionally a review of the metropolitan area standards preceding each decennial census. We are now 2½ years before Census 2000, and therefore we have already begun the work of reviewing the metropolitan area standards to determine whether they are appropriate or require changes at the beginning of the next century.

While I cannot predict what aspects will be revised, I can tell you that the review will be comprehensive, thorough, and open-minded. We have already begun to explore some of the issues. The Census Bureau has entered into contracts with four universities to explore some of the subject matters and it held an open conference in November 1995, attended by representatives of Federal, State, and local government agencies and the private sector.

The conference participants identified a number of issues which they thought were important to review in the next 2½ years: whether the Federal Government should define metropolitan/non-metropolitan areas; the geographic units to be used in defining those areas; the criteria to be used to aggregate the units in defining statistical areas; whether there should be hierarchies or multiple sets of areas in the classification system; the kinds of entities that would receive official recognition in the new system; whether a system should reflect statistical rules only or allow a role for local opinion; the frequency of updating; and territorial coverage.

Now, at the conference, there was some agreement—indeed, in some instances, substantial agreement—on some of the points. First, there was substantial agreement that the Federal Government should indeed define standard areas at the metropolitan and nonmetropolitan level. While many people now have the means to define areas for their own purposes, thanks to computers and a wealth of geographic information system software, areas defined by the Federal Government still offer the advantages of comparability to a wide community of users.

Second, there was agreement at the conference that there should be areas defined using the county as the fundamental unit because of data availability and familiarity. There was also support for areas based on smaller units. Although some suggested 5-digit ZIP Code areas, others favored census tracts and others favored minor civil divisions. These are areas which we will be exploring. Most individuals at the conference regarded commuting data from the decennial census as the best measure to determine the extent of the areas, but other sources of information were identified and are worthy of being reviewed.

There was also strong agreement that statistical areas defined following the next Census should cover the entire area of our country, and that the areas could better account for the components of the continuum of settlement than do the current metropolitan areas and their nonmetropolitan residual concept that is used.

Moving from the work that has already been done in the conference to getting a revised set of standards in place before Census 2000 is the task that we face for the next 2½ years. It is, we believe, a challenging assignment. In addition to the research and

testing that must be undertaken to explore suggested alternatives, this period will feature periodic solicitation of public comment and responses to the views that are expressed.

I want to underscore that there will be substantial opportunities for public comment as we proceed over the next few years. The proposed metropolitan area standards review project schedule provides for the first solicitation of public comment in November 1998, following a year-long program of research and evaluation that we are now beginning. At that point, new standards will not have been drafted. We will seek views on proposed options. A second solicitation of public opinion will take place in July 1999, following preparation of draft standards. And we plan to conduct at that point at least one public hearing.

I can tell you now that OMB is committed to a thorough, open review of the metropolitan area standards, and that we will consider all subjects that have been and will be raised because such a review is critical for the public and private data users in the first decade of the new millennium.

I am happy to answer any questions from the Members or my new panel members.

[The prepared statement of Ms. Katzen follows:]

**PREPARED STATEMENT OF
SALLY KATZEN
ADMINISTRATOR
OFFICE OF INFORMATION AND REGULATORY AFFAIRS
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
U.S. HOUSE OF REPRESENTATIVES**

July 29, 1997

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear before you today to discuss the metropolitan area program. I am accompanied by Katherine Wallman, Chief Statistician at the Office of Management and Budget, and James Fitzsimmons, Chief of the Population Distribution Branch, Bureau of the Census, who leads much of our metropolitan area work on behalf of the Federal Statistical System.

Official *metropolitan areas* are a statistical success story that now is nearly 50 years old. Shortly after World War II, it became clear that the value of data produced at the metropolitan level by

Federal government agencies would be greatly enhanced if the agencies used a single set of definitions for the Nation's metropolitan areas. The Office of Management and Budget's (OMB's) predecessor, the Bureau of the Budget, led the effort to develop *standard metropolitan areas* in time for their use in the 1950 decennial census. Since then, vast numbers of directly comparable metropolitan area data products have become available to government, business, scholars, citizens' organizations, and others interested in studying various aspects of our country's metropolitan areas.

OMB defines metropolitan areas by applying standards to population, commuting, and other data from the Census Bureau. The standards are established administratively by the Director of OMB under the authority most recently set forth by the Congress in the Paperwork Reduction Act of 1995 (44 U.S.C. 3504). The relevant provision of the Act states:

- (e) With respect to statistical policy and coordination, the Director shall--
 - (3) develop and oversee the implementation of Governmentwide policies, principles, standards, and guidelines concerning--
 - (A) statistical collection procedures and methods;
 - (B) statistical data classification;
 - (C) statistical information presentation and dissemination;
 - (D) timely release of statistical data; and
 - (E) such statistical data sources as may be required for the administration of Federal programs;

The purpose of metropolitan areas is the same today as it was when they were first defined: *the classification provides a nationally consistent set of definitions for collecting, tabulating, and publishing Federal statistics*. Stated differently, OMB establishes and maintains metropolitan

areas solely for statistical purposes. In reviewing and revising metropolitan areas, OMB does not take into account or attempt to anticipate any public or private sector nonstatistical uses that may be made of the definitions.

In what follows I will present first an overview of the metropolitan area program calendar, indicating that at this point in the decade we are starting the decennial review of the standards that must be complete by Census 2000. Second, I will present an explanation of how OMB defines metropolitan areas, including the limited role of local opinion. Third, I will provide an overview of the current metropolitan area inventory and then a brief report on uses of metropolitan areas. My final comments discuss our plans for the standards review in the coming two-plus years.

Metropolitan Area Calendar

The metropolitan area standards are reviewed and, if warranted, revised in the years preceding each decennial census. We currently are entering the period when this work must be undertaken to complete the standards that will be employed in the first decade of the twenty-first century. Periodic review of the standards is necessary to ensure their continued utility and to be certain that area definitions can be implemented using criteria that are both relevant and measurable. Public comment solicited in *Federal Register* notices and through other means is an integral part of this process. The Federal Executive Committee on Metropolitan Areas (FECMA), which includes representatives of a dozen Federal agencies, plays a lead role in proposing and reviewing proposed changes in the standards.

The definition of metropolitan areas is a function of applying these standards to data produced by the Census Bureau. This process takes place every ten years after the new population, commuting, and other data are available from the decennial census. Revised definitions of metropolitan areas based on 1980 and 1990 census data appeared, for example, in OMB bulletins released in June 1983 and June 1993, respectively. Metropolitan area changes based on application of the standards to decennial census data include expansion and contraction of existing metropolitan areas, combination of areas, designation of new metropolitan areas, and changes in central cities and metropolitan area titles.

Application of the standards to Census Bureau current population estimates and special census data (along with commuting data from the previous decennial census) occurs in the intercensal years. Typically, this annual application of the standards produces one or two new metropolitan areas. OMB practice is to issue bulletins announcing changes based on these data effective on or near June 30. If application of the standards to new data produces no metropolitan area updates, there is no announcement that year; there was no announcement this past June 30 for that reason.

Defining Metropolitan Areas

The general concept of a metropolitan area is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of integration with that core.

The general concept has been essentially the same since metropolitan areas were defined before the 1950 census.

Metropolitan areas are of three types: *metropolitan statistical areas (MSAs)*, *consolidated metropolitan statistical areas (CMSAs)*, and *primary metropolitan statistical areas (PMSAs)*. Most metropolitan areas are MSAs. Some large metropolitan areas that have populations exceeding one million qualify as CMSAs if they are divided into PMSAs, as I will explain later. Geographic units used in defining metropolitan areas include both political areas established under state laws, such as counties and cities, and other statistical areas defined by the Census Bureau.

Qualification of a new MSA requires that there be a city of at least 50,000 population or a Census Bureau-defined urbanized area (of at least 50,000 population, by definition). The presence of a city of at least 50,000 inhabitants--outside a current metropolitan area--is enough to bring about the definition of an MSA; if an area is to qualify based on the presence of an urbanized area, the standards require that there must also be a total population of at least 100,000 in the would-be MSA.

The fundamental geographic unit or building block used in defining metropolitan areas outside New England is the county. The county or counties that contain the identified large city or urbanized area are the *central counties* of the MSA. Additional *outlying counties* are included in the MSA if they have enough commuting to the central counties and meet specified levels of such settlement pattern measures as population density and percentage of the population that is urban. There is a step arrangement in the standards regarding outlying counties, by which the stronger the commuting ties with central counties, the easier it is for a county to meet the

settlement pattern requirements. If, for example, the commuting from a potential outlying county to a central county is greater than 50 percent, the candidate county will qualify for inclusion with a population density of at least 25 persons per square mile; at lower levels of commuting, combinations of higher density and/or other specified characteristics must be met for qualification. The lowest level of commuting accepted for potential qualification of an outlying county is 15 percent.

If a multi-county area qualifies by these definition steps and has more than one million total population, it may qualify to be a CMSA instead of an MSA. This occurs if component areas can be designated within the overall area by following a set of rules that take into account population size and commuting patterns. If these component areas meet the requirements and local opinion supports their recognition, they are defined as PMSAs, and the entire multi-county area becomes a CMSA. (PMSAs can be a single county or groups of counties.) The Dallas-Fort Worth, TX CMSA, for example, comprises the eight-county Dallas, TX PMSA and the four-county Fort Worth-Arlington, TX PMSA. This two-tiered structure permits recognition of important metropolitan entities that nonetheless are clearly within a larger neighbor's sphere of influence as indicated by commuting patterns.

In New England, the fundamental units of MSAs, CMSAs, and PMSAs are the subcounty cities and towns, reflecting the administrative importance of these entities as well as the volume of data available for them. The geographic extent of metropolitan areas in New England also depends on commuting, in conjunction with population density. Data users who want metropolitan areas

across the Nation defined with the county as the basic geographic unit have available to them the *New England County Metropolitan Areas* (NECMAs). OMB defines the county-based NECMAs as alternatives to the MSAs and CMSAs in New England.

Central city designation is a function of population size and commuting patterns. The largest city in each MSA and CMSA is a central city, and many metropolitan areas have a single central city. Additional cities qualify as central in an area, however, if they have sufficient populations and, in specified circumstances, they meet commuting requirements that are designed to select cities with a substantial employment base.

The metropolitan area standards specify circumstances in which OMB seeks local opinion. These circumstances include, first, the assignment of an outlying county (or New England city or town) that has qualifying and approximately equal (within five percentage points) commuting to two different areas. Second, in specified circumstances local opinion is sought regarding the potential combination of adjacent metropolitan areas. Third, there are sometimes titling options for metropolitan areas that call for gathering local opinion. Finally, local opinion is sought regarding recognition of PMSAs that already have met statistical requirements. When seeking local opinion, OMB contacts the appropriate congressional delegation.

Most aspects of metropolitan area definitions do not involve local opinion but rather are a matter of applying standards to data. The designation of a new MSA is an example of an action that does not involve local opinion.

On matters of definition, as on other matters regarding the metropolitan area program, OMB also receives the advice of FECMA.

Current Metropolitan Areas

There are currently 277 separate metropolitan areas in the United States and Puerto Rico: 258 are MSAs and 19 are CMSAs. Within the 19 CMSAs, there are 76 PMSAs. Central cities number 550.

Many of the non-New England metropolitan areas in the United States comprise a single county: 107 MSAs fit that description. One hundred eight MSAs and CMSAs range in size from two to four counties, 33 include five to nine counties, and 14 metropolitan areas include ten or more counties. Most of the areas with the largest number of counties are CMSAs. The New York-Northern New Jersey-Long Island CMSA includes 27 counties in New York, New Jersey, and Pennsylvania, and 60 towns and cities in Connecticut; this CMSA is the only metropolitan area that crosses between New England and the balance of the United States.

The MSAs and CMSAs outside New England include 814 counties, slightly more than one-fourth of all counties in those states. MSAs and CMSAs in New England account for 577 cities and towns. Metropolitan areas account for 19.8 percent of the U.S. land area. Among the regions of the United States, the percentage of land area that is within metropolitan areas ranges from 15.7 percent in the West to 40.0 percent in the Northeast.

Nearly 80 percent of the 1994 U.S. population lived in metropolitan areas as currently defined, which confirms what we already knew--that most people live on a relatively small portion of the Nation's land area. Forty-three metropolitan areas each had a 1994 population of greater than one million, and more than half (54.5 percent) of the total U.S. population lived in these metropolitan areas. The New York-Northern New Jersey-Long Island CMSA's 1994 population of 19.8 million was the largest, about 4.5 million more than the second place, five-county Los Angeles-Riverside-Orange County CMSA. The Washington-Baltimore CMSA ranks fourth in size among metropolitan areas.

Uses of Metropolitan Areas

Although OMB establishes the metropolitan area definitions for statistical purposes only, some Federal agencies use the areas for a variety of nonstatistical purposes, including determinations about eligibility and benefit levels in certain Federal government programs. If a Federal government agency elects to use metropolitan areas in a nonstatistical program, it is that agency's responsibility to ensure that the definitions are appropriate for that use. Sometimes legislation specifies the use of metropolitan areas for nonstatistical programmatic purposes; we will continue to work with the Congress to identify the resultant, often unintended consequences of the use of metropolitan areas in this fashion.

There are also many private sector uses of metropolitan area definitions. For example, metropolitan areas are ranked by population size and used for market analysis and advertising purposes. OMB, of course, has no control over private sector uses of metropolitan areas.

Possible Changes in Standards for Defining Metropolitan Areas

All aspects of the metropolitan area standards are potentially subject to revision before Census 2000, including the fundamental geographic units for defining areas (currently counties outside New England and cities and towns in New England), the measures used in aggregating those units (currently commuting, as modified by settlement pattern characteristics), and the frequency of definition updating. While we cannot now predict what aspects will be revised, if any, we can predict that the review will be comprehensive, thorough, and open-minded.

Earlier this decade, the Census Bureau entered into agreements with four universities to sketch out and evaluate in preliminary fashion alternative approaches to establishing metropolitan and nonmetropolitan areas. The reports produced under the agreements were published in a Census Bureau working paper, which became the centerpiece of discussion at an open conference held in November 1995 that was attended by representatives of Federal, State, and local government agencies and the private sector. The major issues addressed in the research papers and/or at the 1995 conference included: (1) whether the Federal government should define metropolitan and nonmetropolitan areas, (2) the geographic units to be used in defining areas, (3) the criteria to be used to aggregate the units in defining statistical areas, (4) whether there should be hierarchies or multiple sets of areas in the classification system, (5) the kinds of entities that would receive official recognition in a new system, (6) whether a system should reflect statistical rules only or allow a role for local opinion, (7) frequency of updating, and (8) territorial coverage.

The conference discussion featured widely ranging views, but there was agreement on some issues. First, there was substantial agreement that the Federal government should indeed define standard areas at the metropolitan and nonmetropolitan level, although a few participants argued otherwise. More people now have the means to define areas for their own purposes than ever before, thanks to computers and a wealth of geographic information system software, but areas defined by the Federal government still offer the advantage of comparability to a wide community of data users. In other words, the advantage of being able to obtain directly comparable data from different sources for areas defined in consistent fashion--the primary intent of the metropolitan area standard--still has great value to data users even though they could define their own statistical areas more inexpensively than in the past.

In addition, there was agreement at the conference that there should be areas defined using the county as the fundamental unit because of data availability and familiarity. There also was support for areas based on smaller units--though some suggested five-digit ZIP Code areas, while others favored census tracts or minor civil divisions--to foster greater precision and to meet special purpose needs. There were suggestions, in fact, that multiple sets of areas using different units should be provided, along with documentation on appropriate uses. More generally, there were suggestions that greater emphasis should be placed on providing data and guidance for "do-it-yourself" areas.

Most individuals at the conference regarded commuting data from the decennial census as the best measure for determining the extent of areas. Other data--including electronic and newspaper

market penetration data, local traffic study data, and wholesale distribution data--are available and usable for special purposes. Population and housing unit density also were viewed as potentially playing some role, and employment density received mention.

There was strong agreement that statistical areas defined following the next census should cover the entire territory of the country and should better account for components of the continuum of settlement than do the current metropolitan areas and their nonmetropolitan "residual." There was consensus that the areas should be defined using a consistent set of rules for the entire country; there were multiple expressions of discontent with the current metropolitan areas classification that distinguishes between New England and the rest of the country in terms of units used for definition as well as rules for the aggregation of units.

Approaching 2000

Moving from the promising work accomplished under the Census Bureau's agreements with the universities and the 1995 conference to having a new, revised set of standards in place before Census 2000 is the task of the coming two-and-a-half years. It is a challenging assignment: in addition to the research and testing that must be undertaken to explore suggested alternatives, this period will feature periodic solicitation of public comment and responses to views that are expressed.

I want to underscore that there will be substantial opportunity for public comment as we proceed over the next few years. The *Federal Register* will provide the principal medium for

disseminating news of progress and soliciting comment. The proposed Metropolitan Area Standards Review Project schedule provides for the first solicitation of comment in November 1998, following a year-long program of research and evaluation that we are now beginning. At that point, new standards will not have been drafted; rather we will seek views on proposed options. A second solicitation of public opinion will take place in July 1999, following preparation of draft standards. We then plan to conduct a public hearing.

OMB is committed to a thorough, open review of the metropolitan area standards that will be critical for public and private data users in the first decade of the new millennium.

Mr. HORN. Well, we thank you.

Mr. Sununu, do you have any questions?

OK, Mrs. Maloney?

Let me ask you one question here on that commuting standard. It is commuting in one direction, as I recall it; is that correct?

Ms. KATZEN. The concept, you will remember, is a central area with outlying areas that are integrated with it. So you would like to see whether a county has commuting to a particular central city. There are instances where there will be commuting to several different identified metropolitan areas, and that's actually one of the roles of local opinion, which is to see whether a county with commuting to two or three places wants to be part of one or the other of the metropolitan areas.

Mr. HORN. Well, you certainly see that in California. In urban California, you've got a 360-degree commuting area with most cases.

Mr. FITZSIMMONS. Local opinion comes into play if there is approximately equal and qualifying commuting to more than one metropolitan area.

Mr. HORN. I don't see what local opinion has to do with it. It seems to me that local behavior is what matters, not opinion. Where did the opinion bit come in?

Mr. FITZSIMMONS. Well, local behavior is taken into account in the actual commuting patterns. If a county is qualified based on commuting patterns they have—if qualified to be in a metropolitan area, but it qualifies in two different metropolitan areas at the same strength, essentially then OMB solicits local opinion as to which one it wants to go to.

Ms. KATZEN. I should note that our solicitation of local opinion is done through contacts to the congressional delegations. We do not go out and do sample surveys in the local areas but rather contact the congressional delegations that are affected. As Jim was mentioning, this is done where there are, in effect, two equal choices; rather than having OMB arbitrarily assign a particular outlying county to one area rather than the other, where the county qualifies for both, we seek congressional guidance in the form of local opinion.

Mr. HORN. There are two simple ways that most States can give you the data, and one is obviously a ZIP Code analysis of the employees in the surrounding area as to, where do their employees live. In southern California people think nothing of driving a 140-mile round trip to hold a job in Long Beach, CA. They come from Riverside, San Bernardino by the hundreds, by the thousands, and that is certainly one way to get it.

The other is the State Department of Highways, CalTrans in our case. You can see the flow moving in a certain direction in traditional working hours and make certain judgments about where traffic from point A is going to point B. This kind of thing. And it seems to me there is a way to get these data.

But what concerns me is when you say these data are solely for statistical purposes, I don't think that's right. These data are to analyze what is happening in America and when you see their use by the private sector, it seems to me we should just recognize reality.

Mr. Holden, do you want to ask some questions?

Mr. HOLDEN. Thank you, Mr. Chairman.

First, Ms. Katzen, I would like to thank you for your testimony and you and Dr. Fitzsimmons for your attention to this issue. You have been very helpful to me as I have been trying to explain to my constituents what hurdles we need to go over to be recognized as a metropolitan statistical area. And I know that you are in the process of promulgating your regulations for the next Census, and I know that you are going to be taking into consideration all the testimony that we have presented today and all of the correspondence that we have sent on to you.

I would just like to take this opportunity again to reiterate some of the problems I think occurred in 1990 regulations. And that is, I understand the need for uniformity, to have standards throughout the country; however, we are a large Nation and our geography is different and there are areas where it is impossible, in my opinion, to use the same standards in Pennsylvania as in California. And I would ask to you consider that again as you are promulgating your regulations for 2000.

Also, on the commuting factor, I believe that the designation of an MSA area for a county commuting 15 percent of the population benefits the commuting county, not the county receiving the commuters. So, therefore, when counties have an excess of 15 percent, such as Schuylkill County where we have 22 percent, I would ask you to take into consideration that the eastern part of the country is crowded. Our population areas are close together, and there are many areas where the people commute to different areas adjacent to their home county; so I would ask you to consider those also. I know that we have talked about this before.

Ms. KATZEN. I would note, as I think the chairman knows, that I was originally born and raised in Pittsburgh, and therefore have some familiarity with the problems of strip mining and other activities in Pennsylvania generally.

I appreciate your understanding of the need for uniformity. And I was struck by the fact that all the members of the preceding panel acknowledged the role of standards and recognized that there is a need for some consistency. How they are applied is the issue that we are grappling with.

The other point that I would just like to make is that there is a sliding scale in determining whether an outlying county would be part of an MSA. The greater the amount of commuting, the lesser the amount of population density required. So we do try to adjust for some of those factors. But I think, as you have mentioned, there are other considerations that we will be looking at as well. We have appreciated very much the support that we have had from Members of Congress and we expect to be in touch with a number of them over the next 2½ years to be able to work with them as we go through the process of reviewing the standards.

So I thank you also for your help.

Mr. HOLDEN. And I believe you have answered this question, but maybe just clarify it for the record.

I gather this information is purely for statistical reasons; there was never any budgetary consideration given that would affect

HCFA reimbursement or HUD reimbursement. Is that what you said in your testimony?

Ms. KATZEN. That is correct. We do it for statistical purposes. There are some Federal agencies that use these areas because of legislation. And I think HCFA and HUD are two of those for which Congress has incorporated the concept of metropolitan areas into their statutory requirements.

During my tenure at OMB, Leon Panetta, who was then the Director of OMB, sent a memorandum to the heads of departments and agencies reminding them that if they used these standards or they used these areas in their programs without a legislative mandate, it is their responsibility to assure that those standards are appropriate for the purposes for which they are using them, and offered the assistance of our office to consult with them.

We have been in touch with some of the agencies on some of the issues, and I'm happy to give you a copy of that memorandum as well.

Mr. HOLDEN. Thank you.

[The information referred to follows:]



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

May 5, 1994

M-94-22

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

FROM: Leon E. Panetta 
SUBJECT: Use of Metropolitan Area Definitions

On December 28, 1992, the Office of Management and Budget issued revised metropolitan area (MA) definitions to reflect shifts in population and other demographic changes that had occurred during the preceding decade. At the time the revisions were announced, we provided guidance (OMB Bulletin 93-05) to Federal departments and agencies concerning the use of MA definitions for statistical purposes.

During the past year, we have received a substantial number of letters from Members of Congress, local government officials, and others involved with administering various Federal programs. For the most part, their correspondence has been related to nonstatistical uses of the MA definitions in the allocation of Federal program funds. Their concerns have highlighted the need to reiterate the purposes for which OMB defines metropolitan areas and our advice with respect to other uses agencies may make of these definitions.

The metropolitan area classification provides a nationally consistent set of definitions suitable for collecting, tabulating, and publishing Federal statistics. The definitions of metropolitan areas are established and maintained solely for statistical purposes. In periodically reviewing and revising the MA definitions, OMB does not take into account or attempt to anticipate any nonstatistical uses that may be made of the definitions, nor will OMB modify the definitions to meet the requirements of any nonstatistical program.

We recognize that some legislation specifies the use of metropolitan areas for programmatic purposes, including allocating Federal funds. For example, the Health Care Financing Administration uses MAs to define labor market areas and gather hospital wage data that is used in developing a hospital's standardized Medicare payment. The Department of Housing and Urban Development's Community Development Block Grant (CDBG) program targets 70 percent of CDBG funds to "entitlement communities" which include cities of 50,000 or more

or central cities of MAs. We will continue to work with the Congress to clarify the foundations of the metropolitan area definitions and the resultant, often unintended consequences of their use for nonstatistical purposes.

In cases where there is no statutory requirement and an agency elects to use the MA definitions in a nonstatistical program, it is the sponsoring agency's responsibility to ensure that the definitions are appropriate for such use. When an agency is publishing for comment a proposed regulation that would use the MA definitions for a nonstatistical purpose, the agency should seek public comment on the proposed use of the MA definitions.

I would appreciate your sharing this information with others in your department or agency.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Jun 30 1993

Uses of Metropolitan Areas by Federal Agencies

The Office of Management and Budget (OMB) defines Metropolitan Areas (MAs) in accordance with official, published standards under the authority of the Paperwork Reduction Act of 1980. The general concept of a metropolitan area is that of a core geographic area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Some MAs are defined around two or more nuclei.

The OMB designates areas with more than one million population that meet certain other requirements as "Consolidated Metropolitan Statistical Areas" (CMSAs), and defines their component areas as "Primary Metropolitan Statistical Areas" (PMSAs). It designates all other metropolitan areas as "Metropolitan Statistical Areas" (MSAs), and refers to the entire set of areas as MAs. MAs are composed of whole counties, except in New England, where they are based on cities and towns.

The MA classification provides a nationally consistent set of definitions of metropolitan areas suitable for collecting, tabulating, and publishing Federal statistics. The private sector also extensively uses the MA definitions, particularly for marketing research.

The MA definitions are not designed for nonstatistical activities. Nevertheless, many Federal agencies use the MA definitions to structure the geographic basis for allocating Federal funds.

This report provides examples of Federal agency uses of the MA definitions, for both statistical and programmatic purposes. It is not intended to serve as a complete cataloging of Federal uses of the MA standards.

Department of Agriculture (USDA)

Economic Research Service (ERS)

The ERS analyzes trends in the quality of life in nonmetropolitan areas through examination of data on population, employment, health, education, housing, and income. Therefore, it uses the MA definitions to exclude the metropolitan areas, and thus delimit its area of interest.

Farmers Home Administration (FHA)

The FHA makes rural housing loans in towns of 10,000 to 20,000 population only if they are located outside of MAs.

Department of CommerceBureau of the Census

The Bureau of the Census collects data on which MA definitions are based, but it also makes widespread use of the MA definitions in reporting data. The agency presents information by MSA, CMSA, and PMSA in products from the decennial census of population and housing, the quinquennial economic census, and the population estimates program. In decennial census and estimates reports, MAs appear individually, and they are aggregated by State and region, or are totaled to compare the metropolitan and nonmetropolitan characteristics of the Nation. Printed reports that present MA data for the Nation generally include a nationwide map of MAs; individual State reports with MA data generally include State maps that portray MAs. Also, for each MA the decennial census provides a census tract data report and census tract outline maps (as are provided for the balances of States).

Monthly and annual construction and retail trade reports and some periodic surveys, including the American Housing Survey, present data for selected MAs and in some cases for the metropolitan category.

The Bureau of the Census periodically publishes a State and Metropolitan Area Data Book that contains a wide range of information on MAs from the agency's censuses, estimates, and surveys and from other Federal sources as well. The annual Statistical Abstract of the United States also presents data for the metropolitan category and some tables showing individual MAs.

Bureau of Economic Analysis (BEA)

The BEA describes the U.S. economy through its national income and product accounts. Its Regional Economic Measurement Division provides estimates of total and per capita personal income and of earnings and employment by industry for individual MAs, and for a composite of metropolitan and nonmetropolitan areas at the State and national level. It maintains these data in a time series (begun in 1969) based on the most current MA definitions.

The Regional Economic Analysis Division periodically issues projections of total personal income, per capita personal income, earnings and employment by industry, and population for

individual MAs. It also prepares studies for other Federal agencies of the economic impact, at the county and MA level, of Federal personnel actions such as military base closings.

For the New England States, the BEA uses the New England county metropolitan area (NECMA) definitions rather than the definitions in terms of cities and towns.

Minority Business Development Agency (MBDA)

The MBDA develops and coordinates a national program for minority business enterprise. It uses statistics at the MA level to place and monitor Minority Business Development Centers.

National Institute for Standards and Technology (NIST)

The NIST (formerly the National Bureau of Standards) determines and publishes the F.I.P.S. (Federal Information Processing Standard) codes for MAs and other political and statistical areas.

Department of Energy

Energy Information Administration (EIA)

The EIA administers the Residential Energy Consumption Survey, the Residential Transportation Energy Consumption Survey, and the Commercial Buildings Energy Consumption Survey to collect data on the demand for energy in the residential and commercial sectors. In presenting the results of the surveys, the consumers of energy are categorized according to metropolitan versus non-metropolitan status, as well as many other attributes.

Department of Health and Human Services (HHS)

Health Care Financing Administration (HCFA)

The HCFA uses MAs and NECMAs for Medicare payment purposes. Medicare payments for inpatient hospital services are partially based on whether a hospital is located within an MSA, PMSA, or NECMA. These areas are used to define labor market areas and gather hospital wage data to develop a hospital wage index which is applied to the labor related portion of a hospital's standardized payment. Ambulatory surgery center, skilled nursing facility, and home health agency payments also use hospital wage index data to determine payment rates. In addition, HCFA establishes cost levels for reimbursing home health agencies and cost limits for routine service in skilled nursing facilities based on MSAs, PMSAs, and NECMAs.

National Center for Health Statistics (NCHS)

The NCHS collects, analyzes, and disseminates the Nation's vital and health statistics. NCHS uses the MA definitions extensively in the design of national health surveys and in the analysis and presentation of vital statistics and survey data. Data may be presented for specific MAs, for specific counties that are classified as metropolitan or nonmetropolitan, or for aggregations of counties based on metropolitan status.

Health Resources and Services Administration (HRSA)

The HRSA supports State and community efforts to plan, organize and deliver primary and preventive health care, particularly for the medically underserved and those with unusual needs. The MA classification is one factor used in establishing funding levels.

Other agencies

The National Institute on Drug Abuse and the Substance Abuse and Mental Health Services Administration use the MA definitions in survey design and in reporting some results from surveys.

The Administration for Children and Families uses the MA classification in program evaluation.

Department of Housing and Urban Development (HUD)

Community Development Block Grants (CDBG)

The CDBG program improves the housing environment and economic opportunities of low and moderate income persons. HUD targets 70 percent of CDBG funds to "entitlement communities" (cities of 50,000 or more or central cities of MAs, and metropolitan counties of more than 200,000 population, excluding the entitlement cities). Thirty percent of the funds go to "nonentitlement communities", which may be located either within or outside an MA. The CDBG program uses various Bureau of the Census data, at the MA level, in formulas designed to determine funding levels.

HUD administers the Emergency Shelter Grants Program with entitlement communities limited to CDBG entitlement places meeting minimum grant and population requirements.

Office of Policy Development and Research (PD&R)

PD&R conducts the American Housing Survey, a national survey of housing characteristics, and also collects data in 44 large

MAs over a four year period. It bases its rent subsidy levels on fair market rents as established within MSAs and PMSAs.

(Note: Also see Financial Regulatory Agencies)

Department of Labor

Bureau of Labor Statistics (BLS)

BLS data are collected from business establishments and private households. The data are published by MA for a number of programs including: Consumer Price Index, Consumer Expenditure Survey, Local Area Unemployment Statistics, Occupational Compensation Survey, and Current Employment Statistics.

Employment Standards Administration (ESA)

The Hour and Wage Division of the ESA determines the prevailing wage rates for government contracts on an MA basis.

Department of the Treasury

Internal Revenue Service (IRS)

The IRS uses relevant income and housing cost data for the MAs in monitoring tax exclusions for low interest housing bonds.

Office of the Comptroller of the Currency (OCC)

The OCC, the Federal Deposit Insurance Corporation, and the Federal Reserve Board oversee banking compliance with fair housing, fair lending, and other laws. The agencies require that banking organizations meeting certain criteria submit annual Mortgage Loan Disclosure Statements, which show the dollar amount and number of loans, by census tract, within an MA. The agencies also use MAs as one of several inputs in defining local banking markets and community reinvestment areas. (Also see: Financial Regulatory Agencies)

The Depository Institution Management Interlock Act fosters competition by prohibiting management officials from serving more than one unrelated financial institution, if the institutions meet certain criteria of size and proximity within MAs. (Note: Also see Financial Regulatory Agencies)

Office of Thrift Supervision

The Office of Thrift Supervision regulates savings institutions, requiring that they report, for evaluation, residential loans by metropolitan area.

Independent Agencies

Federal Reserve System

The Federal Reserve Board uses the MAs as one of several inputs in defining local banking markets and community reinvestment areas. (Also see Department of the Treasury, OCC)

Environmental Protection Agency (EPA)

The EPA summarizes air quality trends and status by MA in its annual Trends Report.

In MSAs and CMSAs where there were serious, severe, or extreme violations of the national ambient air quality standards for ozone or carbon monoxide, EPA was required, under the 1990 Amendments to the Clean Air Act, to use the outer boundary of the MSA or CMSA as the starting point for redefining the boundaries of the corresponding officially-designated "nonattainment area" for that pollutant. Portions of the MSA or CMSA could be (and were) excluded where emissions in those areas were determined not to contribute to violations anywhere in that MSA or CMSA. The portion of the MSA or CMSA remaining after these deletions was designated the official nonattainment area for that pollutant within that MSA or CMSA. Local emission reduction measures adopted to reduce ambient levels of that pollutant are to be adopted and applied in all portions of the designated nonattainment area.

Other statutorily-defined, geographically-targeted air pollution control requirements designed to reduce ambient levels of ozone, carbon monoxide, or particulate matter may, under certain circumstances, also be applicable in specific MSAs and CMSAs; if so, they are, for the most part, applicable in the entire MSA or CMSA. Such requirements include, among others: use of oxygenated fuels in winter; control of hazardous emissions from oil and gas wells; retrofit of pre-1994 urban buses to meet the 1994 particulate emission standards; acquisition of urban buses that use low-polluting fuels; and certain special requirements established for the MSAs and CMSAs in the "Northeast Ozone Transport Region," which extends from the Washington, D.C. area through the mid-Atlantic and New England States to Maine.

PMSA boundaries have no significance for any Federally-mandated air pollution control requirements.

Office of Personnel Management (OPM)

OPM provides technical information and data needed by the President's Pay Agent (the Director of OPM, the Director of OMB, and the Secretary of Labor) to determine boundaries for various types of payments for Federal General Schedule workers.

Financial Regulatory Agencies and HUD

The OCC, the Federal Deposit Insurance Corporation, the Federal Reserve Board, and the Office of Thrift Supervision oversee compliance with fair housing, fair lending, community reinvestment, and other laws among the financial institutions they supervise. The agencies use MAs and census tract boundaries, with corresponding demographic data, generally to define local banking markets and assess how well financial institutions serve the credit needs of low- and moderate-income neighborhoods.

Under the Home Mortgage Disclosure Act (HMDA) these four Federal financial regulatory agencies plus the National Credit Union Administration oversee compliance among those banks, thrifts, and credit unions (and their subsidiaries) that have offices in MAs and meet certain other tests. In addition, certain non-depository mortgage lenders must report to HUD. Within MAs where they have branch offices, these lenders must report property location by census tract, in addition to other loan data, to their supervisory agencies at the end of each calendar year. Acting through the Federal Financial Institutions Examination Council, the six agencies use the data to produce individual HMDA disclosure statements and MA aggregate reports that are available to the public.

Mr. HORN. Mr. Hunter, do you have any questions?

Mr. HUNTER. Yes, thank you, Mr. Chairman.

And thanks for being here, testifying, and letting us be on the panel here with you. How many MSAs are there, just generally?

Ms. KATZEN. 278 metropolitan areas. This information is in my written testimony.

Mr. HUNTER. OK.

Ms. KATZEN. —277. I'm sorry; I am off by one. There are 277 separate metropolitan areas in the United States and Puerto Rico; 258 are MSAs, 19 are CMSAs, and within the 19 CMSAs, there are 76 PMSAs that are identified.

Mr. HUNTER. OK. Thank you. I think you made my point in your answer.

We are talking about 12 counties that, were the contiguity requirement not in place, would be MSAs. What is interesting I think about this problem is that this is a classic problem where you have something which is precise, which is numbers, statistics, that is integrated with something which isn't precise, which is vague definitions, theories, and ideas. I'm looking at the idea of a core area with highly integrated satellites.

Who defines what is a highly integrated satellite. In thinking about that, I think about Imperial County in my district. Imperial County is highly removed from any other population center. If you get in your car in San Diego, you drive 120 miles to get to the population in Imperial County. Yet the three major communities, starting with Brawley, drive another 10 or 15 miles to the south, you see Imperial, another 5 miles and you're in El Centro. Because there's a few acres of farmland in between these three areas, which are just a few miles apart, they're considered, "not contiguous." Yet the people that live in those counties, in those communities within Imperial County, because we are so far removed from any other population center in southern California, are much closer in terms of business relationships, social relationships, and every other type of relationship than people, for example, who would live in the city of San Diego's metropolitan area—Chula Vista and National City—where they are literally right next door. But because they are in a huge metropolitan area have very little integration with the guy that lives five blocks down the street.

So the question is, isn't it kind of arbitrary? If those two pictures on the wall are Brawley and El Centro and they're 15 miles apart, the mere fact that you don't have a couple of subdivisions making it contiguous, is that really a function of science and higher thinking, or is it just kind of a result of a bureaucracy that doesn't recognize people? Because in the end, in a 100,000-person county, you have got 100,000 people. Why is that contiguity so critical?

Ms. KATZEN. You raise a very interesting dilemma there, which I would like to address somewhat indirectly. The issue for some of these counties is not so much whether they are highly integrated or contiguous, but whether there is a central city or central core to which they are, in effect, attached—whether there is a "there" there in the core concept.

I say that because there is absolutely nothing wrong with sprawling communities that have a strong sense of community. Indeed, many would say that that is the American way. But the concept

of a metropolitan area is one that starts with the concept of a core city, and it is the outlying areas that are attached to it. If there are a number of outlying areas but there is no central city, there is no central metropolitan area, and it would not satisfy the concept of metropolitan area.

Mr. HUNTER. I guess that's my point. Though, I think that's a distinction without a meaning. I mean, what does that mean? Does that mean that you don't have a central metropolitan opera or you don't have a central police station? If you have three separate but equal communities that are divided by a few acres of farmland that aren't in a circle as a core, but they're on a linear strip because of the way that the particular geography and economic operation of that community happens to be, what's the difference? You have still got 100,000 buyers. You still have 100,000 shoppers. You still have 100,000 workers. You still have 100,000 homeowners.

Why is the concept of a core or a circle—maybe that comes from Washington, DC, where everything spreads out from the Capitol, and you have this wheel and the hub and the spokes that go around it. But in terms of people and the impact of their lives on one another, they don't have to live in a circle or a core.

Ms. KATZEN. There is nothing magical—

Mr. HUNTER. Just a little argument.

Ms. KATZEN. That's all right. This is important.

There is nothing magical about the configuration, whether it be a circle or a triangle or a square.

Mr. HUNTER. What does "core" mean?

Ms. KATZEN. Core is something that is focused, a metropolitan urban center that, by the local definition, is a city, town, or county. Now, you know—

Mr. HUNTER. Let's go beyond an arbitrary political subdivision. What is a focus?

Ms. KATZEN. Regrettably, once one goes beyond the standards, one is potentially on a slippery slope. Let me just say, I am trying to defend—

Mr. HUNTER. What we are talking about is whether or not the standard is arbitrary. I agree that you have got to have standards. I think Tim is, too.

Ms. KATZEN. I am in a position now where we are undertaking a review, and we will be looking at the various recommendations and suggestions, exploring them both on a public comment basis and on a research basis. And I no more want to say, what is here cannot be changed, than to say, now we are going to change it this way. So my comments are intended to describe what we are doing, and to give you the best explanation that I can of how we have gotten to this particular point, and to engage in a discussion which should not, I hope, be viewed as my being negative or affirmative on any particular point.

On the substance, I think it is important to recognize—and several of the panel members and you have—that where you have some precision, if you say 15 percent, well, what if it is 14 percent? What if it is 13 percent? What if it is 12, 11, 10? Regrettably, there are times when we have standards, and departures from those standards may appear to be arbitrary. They may also give meaning to the application of those standards. And it is an issue that we

have to wrestle with, just as we have to wrestle with the chairman's issue of the private sector uses of these, even though we do not design them for the private sector.

But once you acknowledge that there are standards and once you acknowledge you are talking about 100,000 as the population of an urbanized area, what if I have, then, some Congressman or other person comes to me and says, "OK, I have an urbanized area that has 98,000, and I have got one that has 96,000, and I have one that has 94,000?"

Mr. HUNTER. At least at this point you are talking about truth in advertising, because then if you change an MSA to say that it is now going to be 95,000 or more, when an advertiser says, bring me the MSAs, he knows that when he gets that MSA, there is 95,000 out there.

We have counties that have over 100,000 people. So they have as many counties as all the other MSAs. They are not pulled from the MSA files because they're shaped wrong, the communities in them are shaped wrong, and there is some blurry and vague idea that can best be done with hand gestures about a core that we haven't met. And I would submit that in all matters logical, we do meet that.

So we want to be more precise than I think you folks do because we actually want to go on numbers, real numbers. We think that the standard, logical, nonarbitrary number is to use the population of a county which is 100,000 folks. So I understand you have got—Mr. Chairman, thank you for letting us indulge in this, and thanks for suffering us here.

But I guess my last question would be, is there any logic in having this contiguity requirement, which often it is simply a function of who's got the strip malls or housing developments that follow down this—generally it's usually a freeway or a main street or the throat of a particular community to link them together as opposed to cases where you don't have contiguity simply because you have farmland or mines in between.

Is there any logic there when you have the same number of people?

Ms. KATZEN. Again, I would have to say that based on the current standards, the concept of a—

Mr. HUNTER. But is there logic in the standard?

Ms. KATZEN. I believe there has been and that it has well served the Federal Government and the State and local governments who use this information. You speak about advertising and truth in advertising, which I wholeheartedly support. Metropolitan statistical areas were designed and developed so that we could gather data about education levels, income, poverty, housing, other statistical information, aggregate information on a comparable basis—

Mr. HUNTER. And the county gives you on that.

Ms. KATZEN [continuing]. To determine for those areas that qualify as metropolitan areas and those that are not so defined. That may or may not be the best, in some platonic sense or altruistic sense, gathering of data or use of data, but it is the purpose for which they have been undertaken for the last half century. We will be looking at whether that is the approach that we should be pursuing in the next 2½ years, and I hear very clearly there are

strong sentiments that we must broaden our horizons as we do our work.

Mr. HOLDEN. If I could just followup, Mr. Chairman. Thank you for your indulgence. You talked about the core population. I would just say that Schuylkill County we have the city of Pottsville, the only city in the county. It is where the county government sits. It is where two major hospitals are located. It is absolutely the center of commerce in Schuylkill County. But because of the geographical barriers, we were unable to achieve that, and because of the need, in your opinion, to have, you know, national standards, I believe that maybe a set number for the population would be the best way to be fair in this matter.

Mr. HORN. I agree with Mr. Holden on that. It is one thing to designate 100,000, but then to put these things arbitrarily that you are moving commuting in one way, I just couldn't believe it. You look at the growth of California, Los Angeles County. The second largest city in America, is the city of Los Angeles, 3 million people. Los Angeles County has 10 million people. It has 88 cities and right adjacent to it is one of the great postwar growth areas known as Orange County.

The city of Costa Mesa and its shopping center takes in more sales tax than the whole city of San Francisco. So you want to talk about where people are moving in cars in Los Angeles and Orange County. They are going to the mall in Costa Mesa and they come from Beverly Hills. They come from PV, Palos Verdes, and all of this. Those are things that have nothing to do with the 50-year-old standard of the postwar where there was one core city around America and then suddenly freeways came and people said let's get out of the core city. Let's go to the suburbs and have a little white picket fence and green grass and et cetera. And we all know the story.

Now you have urbanized areas that are way beyond the core city, and eventually in 50 years, you will have contiguousness between the city of San Diego, which Mr. Hunter comes near, and Los Angeles. You will have one solid urban area, and only the Tehachapi Mountains will prevent it from going up and taking in Bakersfield. A little hard to build in the Tehachapis. But you look at Sacramento right now, you have people from Stockton to Sacramento. You don't know it when you drive. The houses are 5 miles off, but they are contiguous right up to the city of Sacramento and it doesn't make sense when we have a 50-year-old standard that isn't in keeping with the patterns that people are doing. Whether we like it or not, economic patterns have substantially changed in 50 years.

I just thought, how many times do I go into the core city of Los Angeles? I don't go there more than twice a year. When I was not a Member of Congress, when I was there full time, I didn't go in there more than twice a year. I go to the airport and I take off in a plane, but as I have told many hearing panels in California, I have never even bought a newspaper in the airport, so what is my contribution to the city of Los Angeles as the core city? Zilch is my contribution to it. So I am very sympathetic growing up on a farm, living in urban America. I've seen the patterns change. That formula hasn't seen the patterns change.

Ms. KATZEN. I don't mean to be unsympathetic. As I said earlier, I felt it important to try to set forth what the standards are now, what they are based on, the concepts that they rest on, the purposes that they serve, and the uses to which they are put. In the next 2½ years we will have a chance to see whether that makes sense for the new millennium and we will be rethinking all aspects of it.

One of the issues is whether the Federal Government should continue to define metropolitan areas. We are talking about metropolitan areas in the old-fashioned, if you will, concept of a metropolis, which means, if I have my Latin or Greek right, a metropolis—that is sort of a city in the, if you will, old-fashioned sense. And we are now talking about economic areas. We are talking about social areas. We are talking about different things which, as I said, may well be the American way.

I think all of these questions could be, should be, and will be part of our review. But at the beginning of the review, when I do not want to prejudice any of the issues, I simply wanted to lay out the predicate for where we are now and how it is now functioning without prejudging the outcome.

Mr. HORN. Yeah, obviously the simple way is take the critical mass of 100,000 and say, hey, you have got a lot of people here.

Mr. HUNTER. A whole lot of people.

Mr. HORN. I come from San Benito County, which then had 13,000 people and I looked the other day, it now has 40,000 people and I think there are too many people that have come to that county. I want them to stay in urban America, frankly. But those are a lot of feelings that those of us have when we remember Green Mountains without houses slipping down them. Any other questions?

Mr. HUNTER. Mr. Chairman, thank you for indulging us, and Ms. Katzen, thank you for putting up with our questions here. I hope to work with you.

Ms. KATZEN. I look forward to that. I look forward to working with both of you and your colleagues as well.

Mr. HORN. Mr. Davis, the gentleman from Illinois, do you have any questions?

Mr. DAVIS. No, thank you, Mr. Chairman. I do have a statement.

Mr. HORN. It will be put in the record as if spoken at the very beginning following Mrs. Maloney's.

We thank our Members of Congress. We have another panel more economically oriented from the private sector that will show us the use of some of these data. And if you would like to sit with that panel, Ms. Katzen, we welcome you.

Ms. KATZEN. I am due back here at 2 o'clock, sir. I think I will do something else.

Mr. HORN. We appreciate you coming here this morning. Thank you very much.

All right. We are now on our last panel for the morning. And this will probably be the shortest hearing we have ever held on anything. Mr. Spar, Mr. Marshall, will come forward. We are in business. Gentlemen, as you know, raise your right hand.

[Witnesses sworn.]

Mr. HORN. Both witnesses have affirmed. Let us start with Mr. Ed Spar, the Executive Director of the Professional Association on Federal Statistics. Welcome, Mr. Spar.

STATEMENTS OF ED SPAR, EXECUTIVE DIRECTOR, COUNCIL OF PROFESSIONAL ASSOCIATIONS ON FEDERAL STATISTICS; AND ALVIN MARSHALL, MEMBER OF THE BOARD OF DIRECTORS, SCHUYLKILL ECONOMIC DEVELOPMENT CORP.

Mr. SPAR. Good morning, sir, I will extract from my testimony and request that the full testimony be put in the record.

Mr. HORN. It is automatic with every witness in the record the minute we introduce you.

Mr. SPAR. Not that we speak with each other, but it was COPAFS that hosted that conference that Ms. Katzen mentioned. So we really do cooperate an awful lot. My comments really come from the private sector. Before joining COPAFS, I was president of a company called Market Statistics and we produced publications that reached over 60,000 marketing and sales executives around the United States.

Metropolitan areas are certainly one of the most important constructs of the private sector. Companies use them to develop sales territories, to develop sales quotas, test new markets, to delineate sites for expansion, use in advertising, and on and on and on.

Rankings are used as cutoff points. It is typical to see an advertising agency use the top 10, 25, or 50. Sales people, who make their livelihoods basically through commissions, rightfully so, believe that they know the sales territories best and one of the reasons that metropolitan areas is so important to them is that they see them as fair. They are based upon standards that are consistent for everyone. Essentially, they are areas that are not manipulated.

I would say that metropolitan areas are more used than almost any other government construct. That includes Bureau of Economic Analysis areas, consolidated areas, and urbanized areas. Metropolitan areas also are the basis for almost all the other types of areas that the private sector creates such as Rand McNally trading areas and radio listening markets. Oddly enough, they are not used for television markets which are more based upon the construct of viewing and I will get back to that a little later. The strengths are obvious. They are a good measure of urban concentration. They delineate socioeconomic segments fairly well and from a private sector point of view, since you are always updating them in the private sector, they are good for the purpose of being able to find or because you can find a lot of data.

The problems are, of course, that once you have got the area, they don't change over a 10-year period. The second is they cover the entire country. Third is when you finally do get a change after 10 years, they are a significant change and there are an awful lot of them and sort of abrupt.

What is needed, I believe, is a better geographic segmentation of the metropolitan area. My first example is the concept of a suburb. We all talk about a suburb, but there is no definition of a suburb in terms of metropolitan areas. From a private sector point of view, what you have really got is an inner core. I call it an inurban. Then

you have got an urban area, then you have got a suburban area. Then after that, what you consider an ex-urban area, a term I think Sectorski came up with in the 1950's. But it is that part that is no longer urban, but not really rural yet. And then finally you have the rural areas. You have got this sort of continuum which is something that you are not able to get currently from the metropolitan area construct.

Because of this kind of a problem, what is happening is the private sector has been moving more and more away from using metropolitan areas, although they wouldn't like to, as I said this, because they are standards and they are consistent. What has happened is that you find that private sector companies are now starting to use television markets because they cover the entire Nation, or they use some of these rather sexy, if you would, constructs that have been developed by private sector vendors based upon clusters. And what they are, some of the names are kind of cutesy.

You will find "Shotguns and Pickup Trucks" is one cluster; very descriptive. On the other side of the spectrum you would find something like "Fur Coats and Stationwagons." This helps people define the area conceptually and since it covers the entire Nation, they are able to use them across all uses.

Anyway, if I might, let me give you my Buck Rogers approach where I think the solutions might lie from a private sector, again, perspective. I think the entire Nation should be covered. I think how it should be covered is by building blocks. You startup from block groups or tracts or ZIP Codes. I don't think you should abandon the county, but the county should be constructed as you move your way up. This would allow you, if you think of it conceptually, think of it conceptually, to think about it as concentric circles. They are not really circles, obviously, but you have this inner core and then it goes on and on and on. So finally what you have got essentially is the whole Nation covered by a whole series of areas. I almost see them in terms of their being in conflict with each other.

The other suggestion, I think, coming out of the private sector is that they have to be updated annually. There is just too much that goes on. We have heard testimony there is so much that goes on right now that to have an area updated once every 10 years doesn't make any sense. You've got to have it so that a county or perhaps even a piece of a county—well, no, I think you have to keep the county concept whole, but a county could move from one area to another area based upon how things have changed. Put another way, essentially what I see is a set of dynamic areas which would enable the private sector to see how flows take place.

Finally, I think there could be a stronger working relationship between the public and the private sector. I don't have a clue how this would necessarily work right now. Obviously, the standards that the Federal Government have have to be extremely strict, but I do believe they could make better use of the geographic information technology, the demographic updating technology that the private sector has developed. Again, this is something that would have to be worked out.

What I am not suggesting is that the private sector create metropolitan areas. That would be about the worst thing that could happen. One, obviously nobody would want to do it. But second of all,

without the standard, if you would, this official standard, then this whole problem of something that is comparable for everybody that you could rely upon, that would be lost.

I certainly want to compliment OMB, who over the years, have produced absolutely great work and they have been very open about this process. Also, I think the Census Bureau whose task it is to go through the rigorous intellectual work to get this done must be complimented for their work. This has been a very open and cooperative process. And although the private sector grumbles an awful lot about it, I want to assure you that they're grateful. Thank you, sir.

[The prepared statement of Mr. Spar follows:]

Council of Professional Associations on Federal Statistics

Suite 402, 1429 Duke Street, Alexandria, VA 22314-3402 • (703) 838-0404

Good morning. My name is Edward Spar, Executive Director of the Council of Professional Associations on Federal Statistics. Before taking this position, for 21 years I was the President of Market Statistics, a demographic research firm located in New York. Market Statistics produces the Survey of Buying Power, which is a compendium of demographic and socio-economic data for cities, counties and metropolitan areas, reaching over 60,000 sales and marketing executives. As part of my present work, the Council has conducted a conference on potential changes to metropolitan areas, and I've actively worked with the Office of Management and Budget and the Census Bureau in giving advice from the vantage point of private sector users of these areas. Therefore my remarks will be from the private sector point of view.

Metropolitan areas are one of the most important geographic constructs used by the private sector. Companies use metropolitan areas to develop sales territories, allocate sales quotas, determine sites for expansion in building new plants and adding stores in an area, allocate print advertising dollars based upon household or population coverage, test new products, and many other uses based upon whether an area is, or is not, metropolitan. Rankings of metropolitan areas are used to determine major vs. minor markets and as a means of a cut off for allocating resources such as advertising dollars to the top ten, or top twenty five markets. For sales people, the allocations of quotas translates into livelihoods. Sales people who make their

living for the most part on commissions are convinced, and sometimes rightly, that they know their territory better than anyone else. They want that area to be fairly determined. Because metropolitan areas are perceived as official, sales people usually accept them. They are based upon a set of standards that are consistent for everyone.

Of all the types of areas delineated by the government, including Bureau of Economic Analysis Areas, Consolidated Areas, or Urbanized Areas - metropolitan areas are the most widely used for the above applications. Metropolitan areas are also the core geography of trading areas such as those developed by Rand McNally, and radio listening areas developed by Arbitron Ratings. I would point out that television rating areas are determined by other factors such as signal strength.

For the private sector the major strengths of metropolitan areas are that they are fairly good measures of urban concentration. Further, they implicitly delineate socio-economic segments within the areas. And since they are county based, it's possible to find reasonably accurate demographic data to evaluate the areas. Historically, the weaknesses of the areas are that they do not cover the entire country; existing areas cannot be changed, except in rare cases, until the next census. And when the changes take place after a decennial census, there are significant changes all at once and the changes are large in number. Another problem is that for private sector uses, there is a need for better geographic segmentation within the metropolitan area.

For example, there is no definition of suburbs. Nor is there a contrast for example between the suburbs vs. the more rural or exurban area, vs. the truly rural part of a county. Within the central city, there's no delineation of what I would characterize as in-urban vs. that area of the city which touches on the suburban fringe. Indeed, suburban parts of metropolitan areas have often been derived by subtracting the central city portion from the metropolitan area as a whole. Obviously, in small metropolitan areas where the suburban population is part of the central city, and the non-central city portion might actually be characterized as rural, this approach makes little sense. Because of these perceived problems, the private sector has more and more moved away from using metropolitan areas and relies more on television market areas which cover the entire country, and other areas developed by private sector demographic firms which segment the market place into socio-economic clusters based upon both updated demographic characteristics and smaller geographies such as ZIP codes.

So what's to be done? Allow me to first take the Buck Rogers approach and ask for the sky. If the private sector had its druthers, it would ask for areas to be defined by small geographies such as ZIP codes, or block groups that cover the entire nation. Currently, for that part of the country that's not metropolitan, the private sector will sometimes use the non-metropolitan balance of the state as an entire territory. As you can imagine, these tend to be very large areas, and this approach doesn't make much sense. What is needed is a shift in concept where every county is perceived

as having some "metropolitaness" if you will. The trick is to measure the degree.

Although small sub-county geographies would be the building block, counties would still play an important role in depicting the areas. The metropolitan areas would have internal delineations for the inner-city, the city fringe areas, suburbia, exurbia, and rural. Of course the areas would cover the entire country and would be economically independent of each other perhaps using variation of the Bureau of Economic Analysis Area approach. The metropolitan areas would be updated annually based upon public and private sector data agreed upon by the Office of Management and Budget. I honestly haven't a clue as yet on how the private sector would work with OMB, but perhaps a public-private sector partnership could be developed.

So much for Buck Rogers. I expect that only some of the above will ever become a reality. Therefore I recommend that the priorities should start with covering the entire country, building areas from sub-county geography, and developing a procedure to update areas more frequently than once in ten years. Put another way, the areas must be dynamically based upon changing demographic and socio-economic conditions. Accomplishing this will call for very creative thinking. I suggest that OMB take a look at what private sector firms have accomplished through demographic and geographic information systems. Admittedly, the private sector certainly has more latitude in its use of data. However, is there the possibility that the public sector, which must

certainly maintain strict criteria, take advantage of the private sector's demographic and geographic information system capabilities? Can the public sector use any of the socio-economic and demographic variables that are annually updated by private sector firms? I believe this option is worth exploring. Any major shift based upon using new data sources would certainly have a major effect on the comparability of the new areas to those currently in existence. However, this may well be the case no matter what OMB decides for the year 2000.

Finally, I am in no way suggesting that the private sector take over the responsibility of defining metropolitan areas. First, I doubt anyone would want to do it. Second, the private sector is very happy to have an official set of standards which are free of any manipulations. OMB has, over the years, performed an invaluable service to the private sector, even if unintentionally. The Census Bureau, in its work for OMB, is to be complimented for its rigorous approach in developing what is invariably a complex set of standards. It has been an open and cooperative process, and one for which the private sector, no matter how much it might complain, is grateful.

Mr. HORN. We thank you, and now we have Mr. Marshall. A member of the board of directors of the Schuylkill Economic Development Corp.

Mr. MARSHALL. Good morning, Chairman Horn, members of the committee, Members of Congress, and ladies and gentlemen of the audience. I live and work in Schuylkill County, PA. I happen to be the former chairman and I am presently a board member, as you mentioned, of the Schuylkill Economic Development Corp., which is our local industrial development agency. I am also the chairman of the MSA Community Fairness Coalition.

I am here today on behalf of all of the members of Schuylkill County, who live in Schuylkill County and want to thank you very much for holding this hearing and to give us the opportunity to present our views of Schuylkill County on the importance of gaining MSA status and on the criteria that we believe are unfortunately most unfair in precluding county communities such as Schuylkill County from attaining MSA status. Even though we exceed the minimum population requirements as currently designated, we are still nevertheless precluded from achieving MSA status.

Schuylkill County, as you heard, is a county of 153,000 people. We are located on the southern boundary of the Pennsylvania anthracite region. We are also located midway between Philadelphia and Harrisburg, and we lie 50 miles from Allentown and Reading. All of those communities are MSAs.

Our community has worked extremely hard and admittedly has been relatively successful in rebuilding the local economy of Schuylkill County from what at one time was a 22 percent unemployment level in the early 1960's, after the decline of the anthracite coal industry. Today, proudly, our unemployment stands at 8 percent, but that's still not enough. We are still trying and we have been successful in attracting industries, including some major Fortune 500 companies to locate plants in our community, but we still find ourselves with an ongoing need to create additional jobs to make our unemployment level closer to State and national levels which are below 8 percent.

We also continue to strive to get our average wage rates higher so that more of our constituents can enjoy better schools, better living conditions, and a better quality of life in general.

As we compete in the national and international marketplace for new jobs and for job retention, we continue to find ourselves at a definite competitive disadvantage because of our inability to obtain MSA status. Even though our community is significantly larger than a number of communities that already have MSA status, because of the current criteria that requires the contiguous core population of 50,000, which you have heard so much about this morning, and based on what we consider to be unfair developmental land standards, or again because of this need to have a 15 percent commutation pattern of workers to one single destination, Schuylkill County has been unfairly precluded from satisfying current MSA standards or the application of those standards.

This has resulted in what I call a competitive disadvantage. I previously mentioned the efforts of our community that we have made over the last 40 years to reconstruct our local economy. Our

degree of success has been the result of a truly public-private partnership between local investment—and I might add the workers themselves have contributed to local industrial community drives to create new plants and new jobs. In fact, we have local job-creating pools through State, county, and Federal agency grants and we have also benefited, frankly, from low-interest loans that financed the renaissance.

Despite all of these efforts, during the most recent years, it has become readily apparent that without MSA status it is exceedingly difficult if not truly impossible for Schuylkill County to recruit good paying jobs to the area we live in.

That old adage, “If you build it, they will come,” may be good for Hollywood, but it doesn’t necessarily apply to Schuylkill County and our revitalization efforts. We are one of those communities that are surrounded by MSAs to which 22 percent of our people commute every day, but not 15 percent in one direction. And that’s why we have been hurt terribly, we believe, by the failure to achieve MSA status.

The significance of MSA status, you have heard today in the private sector, is most important. I would point out two communities, if I may, that achieved MSA status in the 1990 census and the results that we are aware of to those communities.

Greenville, NC, is one of them. This received MSA status in 1990 as a result of the census and they received and realized a significant acceleration of expansion of both national retail chains in and to their community. This expansion was preceded, I might add, by national restaurant companies that created a shopping and a dining environment which has been most important to the growth of their community. The increased data and the information that arises from MSA status delivers to those communities a method of improved planning activities and it allowed Greenville to present current statistics to new companies coming into their area to relocate there. Without MSA status, Schuylkill County has been denied all of these benefits to our definite disadvantage.

Pocatello, ID, is another community that recently attained MSA status. They experienced a 20 percent increase in phone requests and true inquiries from companies desiring to locate in a new MSA area. Their experience saw the location of four new businesses within a very short period of time after they achieved MSA status, one of which was a disposable medical firm that expects to expand 600 manufacturing jobs in the next 3 years. Statistical information has been more frequently updated, which allows the dissemination of much more current information to new prospects. Housing funding was increased and reimbursement for health care services also increased.

We believe in good conscious that similar benefits and results will become available to Schuylkill County with MSA status, as has been achieved by Greenville and Pocatello, ID. It is our belief that if we attain MSA status it is critical to our efforts to rebuild our local economy. The current standards of core population and the commuter patterns simply do not apply, in our opinion, in a fair and equitable fashion across the communities of America. The members of the MSA Fairness Coalition, the 12 communities that are here represented today, are all in the same situation. They are

being prejudiced, we believe, unfairly by the fact that they cannot qualify.

Representative Holden was very careful in explaining the land configuration problems that Schuylkill County faces. The land capable of being developed in one section of our country with high density and few land options does not fairly represent practical investment or any developmental potential in other communities such as Schuylkill County.

The ravages of the coal industry, unfortunately, have left certain areas practically undevelopable from an economic standpoint. Notwithstanding either the definition or the application of standards have called that land developable and we are unable to expand the contiguity of the core city, Pottsville, to reach that 50,000 population level.

Standards, we believe, must be based on fairness and equity for communities to compete for jobs. But to compete with a distinct disadvantage places communities such as ours in a position where it is practically impossible to gain good jobs and move local communities forward or to improve the quality of life.

We have a core city that can achieve a goal if the standards change. We believe and we respectfully ask the members of this committee to respond to the plea of Schuylkill County and the 11 other communities that are part of the MSA fairness coalition to allow you to change the communities so that none of us suffer from the disadvantage we now suffer.

By changing the government standards for MSA status so that all communities of 100,000 or greater people will qualify for MSA status, you will level the playing field and you will give us the equal status that eliminates our competitive disadvantage and allows us to compete in the economic development marketplace as equals.

I might add, Mr. Chairman, that we have over 350 letters from local people who feel that strongly about becoming an MSA that we would like admitted in the record.

Mr. HORN. We certainly will take a look at it. And if we can include them, we will.

[NOTE.—Additional letters can be found in subcommittee files.]

[The letters referred to follows:]

SCHUYLKILL CANCER TREATMENT CENTER

One Norwegian Plaza - Suite 100

Pottsville, PA 17901-3057

(717) 622-8500

FAX (717) 622-0261



RADIATION ONCOLOGY
David J. Moylan, III, M.D.
Medical Director

July 21, 1997

Representative Tim Holden
303 Corestates Bank Bldg.
Pottsville, PA 17901

Dear Tim:

I have written to you on many occasions on important issues affecting our county and country but I want to take this opportunity to encourage your continued efforts at gaining Metropolitan Statistical Area Status for Schuylkill County. It seems to me that the government standards for MSA qualification are somewhat arbitrary since there are communities with less than 100,000 people receiving this designation. The fact that our county unemployment rate is still 3% above the state average underscores the need for obtaining MSA status.

I am hopeful that the continued loss of jobs to Mexico could be reversed by obtaining the MSA status for Schuylkill County.

I truly appreciate your efforts on behalf of your Schuylkill County constituents. I hope you can transmit our concerns and this letter to the Government Reform Oversight Sub-committee.

Sincerely yours,

David J. Moylan, III, M.D.
Medical Director

DJM/bjw

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July 21, 1997

Government Reform and Oversight Subcommittee
ICO The Honorable Tim Holden
United States House of Representatives
101 North Centre Street
Pottsville, PA 17901

Dear Representative Holden:

Thank you for your initiative in pursuing changes to the federal regulatory standards that determine community Metropolitan Statistical Area (MSA) status. I know the Subcommittee Hearing currently scheduled for July 29th will serve as the platform to create standardized criteria for MSA eligibility. With your efforts, Schuylkill County will enjoy this MSA status and its inherent economic growth and development.

Thank you for improving the future of Schuylkill County by improving its QUALITY OF LIFE.

Sincerely,


Darlene Dolzani, President
SKIP Board of Directors



THIS OFFICE IS ENVIRONMENTALLY CONSCIOUS





M. Fran Zack Real Estate
141 S. Lehigh Avenue Frackville, PA 17931

PHONE: 717-874-4221

FAX: 717-874-0240

July 16, 1997

Government Reform and Oversight Subcommittee
c/o Congressman Tim Holden
101 N. Centre St.
Pottsville, Pa. 17901

Dear Congressman Holden:

I am writing to you to encourage your continued efforts at gaining MSA status for our area.

I know you are well aware of the economic conditions in our area and I believe you will do your best to change the federal standards to enable us to qualify for MSA status.

This is a good area with hard working people and its a shame that we are being penalized because of factors beyond our control.

Keep up the good work

With kindest regards, I remain,

Sincerely,

Fran Zack

Multicare

THE MULTICARE COMPANIES, INC.

O r w i g s b u r g M a n o r
nursing & rehabilitation center

July 18, 1997

Government Reform and Oversight Subcommittee
c/o Congressman Tim Holden
101 N. Centre Street
Pottsville, PA 17901

Dear Congressman Holden,

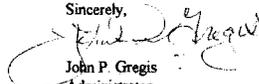
As one of your Schuylkill County constituents, I am writing to you to encourage your continued efforts at gaining MSA status for our community. For years we have worked to rebuild our county and its economy after the decline of anthracite coal left us with 22 % unemployment. Our efforts at revitalization have been more difficult because of our inability to meet federal government standards for qualifying as a Metropolitan Statistical Area (MSA), even though there are communities in the United States with less than 100,000 people that have qualified. Without MSA status, our capacity to compete for jobs and community development have been limited and our unemployment rate is still 3% above our state average.

Please continue your efforts in attempting to change the federal standards that determine community MSA status. It makes sense that a community population standard such as 100,000 people, rather than community topography or commuter patterns should be the determining factor in qualifying for MSA. A common standard would assure the capacity to compete fairly, rather than being disqualified by factors beyond a community's control.

With MSA status, Schuylkill County would move forward more quickly with job creation, community development and investment and therefore an improved quality of life. Changing the MSA standard to 100,000 population will make all of our efforts more fruitful.

Thank you for your efforts on our behalf. Please convey my thoughts and letter to the Government Reform and Oversight Subcommittee.

Sincerely,



John P. Gregis
Administrator
JPG/imm

1000 Orwigsburg Manor Drive
Orwigsburg, PA 17961

717 366.2999
fax: 717 366 8924



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Government Reform and Oversight Subcommittee
c/o Congressman Tim Holden
101 North Centre Street
Pottsville, PA 17901

July 17, 1997

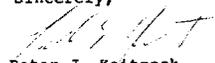
Dear Congressman Holden:

As Executive Director of an agency serving 564 and employing 115 of your constituents, I am asking that your efforts at gaining M.S.A. status for our community continue.

As I'm sure you are aware, the success of agencies such as ours is dependent on the support of our community. As our community thrives, so do we. With M.S.A. status, Schuylkill County would move forward more quickly with job creation, community development and investment and therefore, the improvement of quality of life for all citizens.

Thank you for your efforts and any and all consideration given this request. Please share this letter with the Government Reform and Oversight Committee.

Sincerely,


Peter J. Keitsock
Executive Director

PK/ph

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89TH DISTRICT
JAMES J. RHODES
 PLEASE REPLY TO:
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 HARRISBURG, PA 17120-0030
 (717) 787-2837
 33 E. CENTRE STREET
 HANOVER CITY, PA 17046
 (717) 773-0881



Senate of Pennsylvania

July 22, 1997

COMMITTEES

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 PHEAA BOARD OF DIRECTORS
 EDUCATION COMMITTEE OF NCSL
 COMMISSIONER, EDUCATION COMMISSION OF
 THE STATES

The Honorable Tim Holden, Member
 United States House of Representatives
 101 North Centre Street
 Pottsville, PA 17901

Dear Congressman Holden:

I am very pleased that, thanks to your efforts, the House Government Reform and Oversight Subcommittee will hold a public hearing on July 29 to examine the criteria used to determine a community's eligibility for Metropolitan Statistical Area (MSA) status. You have my full support for your efforts to change MSA eligibility criteria to include communities with a population of 100,000 or more. With this change, Schuylkill County would be able to realize the economic benefits that accompany MSA status.

Schuylkill County's combination of clear economic need and aggressive economic development would make it an ideal candidate for MSA. The decline of the anthracite coal industry presented Schuylkill County leaders with the challenge of rebuilding our regional economic base. Through the excellent work of local elected officials, business leaders, and community organizations such as the Manufacturer's Association of Northeastern Pennsylvania, the Schuylkill County Chamber of Commerce, and the Schuylkill Economic Development Corporation, we have made much progress toward revitalization. However, these efforts have been made more difficult because Schuylkill County has not been able to receive MSA status. This is particularly discouraging because Schuylkill County's population of 152,585 is larger than that of some MSA communities.

Changing eligibility for MSA status to include areas with a population of 100,000 or more makes sense for the program and for Schuylkill County. For the program, a 100,000 population standard would ensure that all communities can compete fairly for the designation and would guard against communities being disqualified based on topography and commuter patterns. For Schuylkill County, a 100,000 population standard would allow our region to supplement its revitalization efforts with the powerful job creation, community development and investment tools that MSA status would bring.

The Honorable Tim Holden
July 22, 1997
Page 2

Once again, I am hopeful that your efforts and the support of many Schuylkill Countians will persuade subcommittee members to recommend the change that we seek. Be assured that I stand ready to assist you as we work toward our goal of motivating economic growth in Schuylkill County.

Sincerely,



JAMES J. RHOADES
State Senator

cc: Mr. William Deschiak
Mr. David Donlin
Attorney Al Marshall
Mr. Frank Zukas



RALPH H. LUTZ, Ed.D.
SUPERINTENDENT

SAINT CLAIR AREA SCHOOL DISTRICT
227 SOUTH MILL STREET
SAINT CLAIR, PA 15700

TELEPHONE: 717-429-2716
FAX: 717-429-2862

July 23, 1997

Government Reform and Oversight Subcommittee
c/o Congressman Tim Holden
101 N. Centre Street
Pottsville, PA 17901

Dear Congressman Holden:

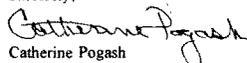
As one of your Schuylkill County constituents, I am writing to you to encourage your continued efforts at gaining MSA status for our community. For years we have worked to rebuild our county and its economy after the decline of anthracite coal left us with 22% unemployment. Our efforts at revitalization have been more difficult because of our inability to meet federal government standards for qualifying as a Metropolitan Statistical Area (MSA), even though there are communities in the United States with less than 100,000 people that have qualified. Without MSA status, our capacity to compete for jobs and community development have been limited and our unemployment rate is still 3% above our state average.

Please continue your efforts in attempting to change the federal standards that determine community MSA status. It makes sense that a community population standard such as 100,000 people, rather than community topography or commuter patterns should be the determining factor in qualifying for MSA. A common standard would assure the capacity to compete fairly, rather than being disqualified by factors beyond a community's control.

With MSA status, Schuylkill County would move forward more quickly with job creation, community development and investment and therefore an improved quality of life. Changing the MSA standard to 100,000 population will make all of our efforts more fruitful.

Thank you for your efforts on our behalf. Please convey my thoughts and letter to the Government Reform and Oversight Subcommittee.

Sincerely,


Catherine Pogash
Board President



Minersville Area School District

M. Joseph Brady, Superintendent - (717) 544-4764
Ercole J. Laccianca, H.S. Principal - (717) 544-4761
Judith A. McGrory, Elem. Principal - (717) 544-2077
Fax (717) 544-6162

July 24, 1997

*Government Reform and Oversight Subcommittee
C/O Congressman Tim Holden
101 North Centre Street
Pottsville, PA 17901*

Dear Congressman Holden

As one of your Schuylkill County constituents, I am writing to you to encourage your continued efforts at gaining MSA status for our community. For years we have worked to rebuild our county and its economy after the decline of anthracite coal left us with 22% unemployment. Our efforts at revitalization have been more difficult because of our inability to meet federal government standards for qualifying as a Metropolitan Statistical Area (MSA), even though there are communities in the United States with less than 100,000 people that have qualified. Without MSA status, our capacity to compete for jobs and community development have been limited and our unemployment rate is still 3% above our state average.

Please continue your efforts in attempting to change the federal standards that determine community MSA status. It makes sense that a community population standard such as 100,000 people, rather than community topography or commuter patterns should be the determining factor in qualifying for MSA. A common standard would assure the capacity to compete fairly, rather than being disqualified by factors beyond a community's control.

With MSA status, Schuylkill County would move forward more quickly with job creation, community development and investment and, therefore, an improved quality of life. Changing the MSA standard to 100,000 population will make all of our efforts more fruitful.

Thank you for your efforts on our behalf. Please convey my thoughts and letter to the Government Reform and Oversight Subcommittee.

Sincerely yours

A handwritten signature in cursive script that reads "Steve Curran".

*Steve Curran, Treasurer
MINERSVILLE AREA BOARD OF EDUCATION*

SC/lap

Mr. MARSHALL. Thank you, I would be pleased to answer any questions and I thank you very much for allowing us and Schuylkill County to be represented here.

[The prepared statement of Mr. Marshall follows:]

**Testimony for House Government Reform and Oversight Subcommittee -
July 29, 1997**

Good morning Chairman Horn, members of Congress, guests. My name is Alvin Marshall and I am a resident of Schuylkill County, Pa., and former chairman and present board member of the Schuylkill Economic Development Corp., our local industrial development agency. I am also the chairman of the MSA Community Fairness Coalition. I want to thank you for this opportunity to present the views of Schuylkill County, Pa. on the importance of gaining Metropolitan Statistical Area (MSA) status, and the criteria that we believe are unfair in precluding county communities, such as Schuylkill County, Pa., that exceed minimum population requirements as currently designated, from qualifying for MSA status.

Schuylkill County, Pennsylvania, is a community of 153,000 people, located on the southern boundary of the Pennsylvania anthracite region. We are located in northeastern Pennsylvania midway between Harrisburg and Philadelphia. Our community has worked hard and been relatively successful in rebuilding our local economy from the depths of 22% unemployment in the late 1950's after the decline of the anthracite coal industry. Today, our unemployment rate stands at 8%, and although we have been successful in attracting industries, including some major Fortune 500 companies, to locate plants in our county community, we still find ourselves with the on-going need to create additional jobs to get unemployment closer to the state and national average. We also continue to strive to get our average wage rates to higher levels so that more of our constituents and neighbors can enjoy better schools, living conditions, housing and a greater quality of life in general.

As we compete in the national and international marketplace for job retention and new job creation, we continue to find ourselves at a definite competitive disadvantage because of our inability to gain Metropolitan Statistical Area (MSA) status. Although our county community is significantly larger than a number of communities that currently enjoy MSA status, because of the current criteria that requires contiguous core population of 50,000, based on alleged developmental land standards, or the need to have a 15% commutation pattern for workers going to a single destination. We have been precluded from satisfying current MSA definitions. This leads to the competitive disadvantage described earlier.

I previously mentioned the efforts our county community has made over the past 40 years in reconstructing our local economy. Our degree of success has been the result of a public-private partnership between private local investment, including workers pledging dollars to fund-raising campaigns, to make local job creating investment pools, through county, state and federal agency grants, and more recently, low interest loans to finance our renaissance. Despite these efforts, during the past few years, it has become readily apparent that without MSA status it is exceedingly difficult, if not impossible, to recruit good paying jobs to our area of Pennsylvania. The old adage....if you build it they will come.... may be good for Hollywood but does not necessarily apply to Schuylkill County's revitalization efforts.

The significance of MSA status is borne out by the success of those communities that were recently designated as new MSA communities. For example, Greenville, North Carolina, a community which received MSA designation after the 1990 census, experienced a significant acceleration of expansion of national retail chains in and to the community. This expansion was preceded by national restaurant companies that created a shopping and dining environment that has been important to the growth of that community. The increased data and information that MSA status delivers to communities has also improved planning activities and allowed Greenville to present current statistics to companies looking at Greenville for business location.

Pocatello, Idaho, also a new MSA community, experienced a 20% increase in telephone requests and inquiries from companies considering location in a new MSA. Pocatello's experience saw the location of at least four (4) new businesses within a short time span after MSA designation, including a disposable medical supply firm that expects to expand to 600 manufacturing jobs within the next three years. Statistical information has been updated more frequently, allowing the dissemination of current information to prospects. Housing funding has increased, as did reimbursement for health care services. We believe that similar benefits and results will become available to Schuylkill County with MSA status, as were experienced by Greenville, NC and Pocatello, ID.

It is our belief that gaining MSA status is critical to efforts to rebuild our local economy. The current standards of core population and commuter patterns simply do not apply in a fair and equitable fashion across the communities of America.

Land capable of being developed in one section of the country with high density and few land options does not represent practical investment or development potential in other American communities. Standards must be based on fairness and equity for communities to compete for jobs, but to compete with a distinct disadvantage places communities, such as Schuylkill County, Pa., in a position where it is practically impossible to gain good jobs and move local economies forward and improve the quality of life.

We respectfully ask the members of this Government Reform and Oversight Subcommittee to respond to the plea of Schuylkill County, as well as all of the communities represented in our MSA Fairness Coalition. Fairness and equality require that you allow us to compete with the other communities of America, without the disadvantage we now suffer! By changing current government standards for MSA status, so that all communities of 100,000 or greater population will qualify, you will give us the equal status that eliminates our competitive disadvantages and allows us to compete in the economic development marketplace as equals.

Thank you for your time and interest. We will be happy to respond to any questions here or in the future concerning our request.

Mr. HORN. While they are here, let me extend the invitation to Mrs. Wallman and Mr. Fitzsimmons please join us here. You can ask questions and they can ask questions and I think we will get some closure on this. Why don't you come back to the table and we welcome you.

One of the problems obviously is the current definition, and I guess I would ask our friends from Census and OMB, what are the options one might think about when you have got the 100,000 mark having been met, and then you have either commuting in one direction—and, of course, I'm saying why not commuting in several directions? What is the standard that the commuting means when you have the 100,000?

Ms. WALLMAN. Mr. Chairman, you are going to see me rely extremely heavily on my colleague from the Census Bureau, Mr. Fitzsimmons, who is indeed an expert. I would note that the commuting actually is not unidirectional, and Jim will give a little more explanation of that.

Mr. HORN. Good.

Mr. FITZSIMMONS. Commuting under the present standards, in fact, is measured in both directions. By "both," I mean from a county possibly qualifying for outlying county status to a central county and the reverse; commuting is measured to the central county and from the central county.

Mr. HORN. Well, that is really one direction. You are going to the place.

Mr. FITZSIMMONS. Meaning it is not multiple metropolitan areas? Yes. The key there is that OMB's practice has been to define individual metropolitan areas rather than metropolitan classes or you might come up with a different term, classes of counties. So in defining individual metropolitan areas, if you have some commuting from a county to each of three or four surrounding metropolitan areas, which metropolitan area would you put the county in if it doesn't qualify to any of the four?

That's the question posed by the current standards. And they prevent it. You could think in terms of classes of counties based on different kinds of characteristics instead, but the current standards are ones about defining individual metropolitan areas.

Mr. HORN. What were some of the options when this standard was developed? What was another way to look at that? And why did the Census Bureau settle on that particular one-way standard to and from a particular area?

Mr. FITZSIMMONS. Metropolitan areas were developed before the 1950 census. They followed from work that had been done for several decades before that in defining an entity called the metropolitan district at the Census Bureau. Metropolitan areas were actually developed by the Office of Management and Budget with an interagency committee.

Beyond that, I don't know what other considerations they had in defining areas with regard to whether they considered classes of counties. The standards were evolving. They were going from something called metropolitan districts, again, to metropolitan areas, but they were still defining individual metropolitan areas. It was also a different time. The commuting patterns were different before

1950 than they are now and that's part of the reason why all of this is up for evaluation between now and Census 2000.

Mr. HORN. Are there some options that people are considering that haven't been brought up this morning? And if so, what are they just for the record?

Mr. FITZSIMMONS. The full range of options is out there, including not using commuting measures at all: using population densities as a surrogate for commuting, for example, and as a larger measure of activity patterns.

I think in the flows that you were talking about earlier, you were not limiting yourself to journey to work and daily commuting, which is what has been used to date. It has been suggested, for example, that we could look at population density as a surrogate for the web of activity that involves not just journey to work, but the other journeys that people take on a daily or weekly basis. That is one of the proposals.

Mr. HORN. Which would include shopping, entertainment, recreation, all of those options?

Mr. FITZSIMMONS. That immediately poses measurement problems, but, yes, that has been proposed.

Mr. HORN. There is certainly a lot of truth to that. We talk about the soccer moms and often they are leaving a particular home area to get to a recreational or an artistic cultural function with the children and then coming back to that home area and it does contribute to the economy to some extent.

Mr. FITZSIMMONS. Yes, though, again, we will come up against the hard rock of measuring these things in a way that they can be applied across the United States.

Mr. HORN. Well, conceivably since the Census Bureau believes in sampling to some extent, couldn't one sample in this area?

Ms. WALLMAN. Mr. Chairman, I think it is fair—I am not going to get into the sampling discussion right now.

Mr. HORN. I am just saying here is a place to apply it.

Ms. WALLMAN. Well, there actually is a proposal that the administration has asked the Congress to look at with respect to a more frequent updating of some of our basic demographic information, known as the American Communities Survey. I am sure you have been exposed to that at some point.

Mr. HORN. No, I would like you to tell me about it.

Ms. WALLMAN. You would like me to tell you about the American Communities Survey? I could do my best, and I have colleagues here who probably could fill in if I make any errors. But the general concept is over the next decade to look toward having annual information of the type that we have traditionally gathered through the decennial census long form, so that we have more up-to-date information for use in allocation of Federal funds. This surely is one of the concerns that we would have. There are a number of other areas that could be explored as well.

One of the issues that has come up recently is if we were to stick with our thoughts about commuting data, would the American Communities Survey provide a vehicle—I make the pun unintentionally—to have more up-to-date information on commuting.

My colleague, Mr. Spar, has indicated that maybe we should update the metropolitan areas more frequently. We need data in

order to do that, depending upon what constructs we would decide to use.

Mr. HORN. The question often comes up about these subcounty areas or submetropolitan district, metropolitan consolidated whatever it is. Obviously, two come to mind that people do use for various purposes and those are the census tract and the ZIP Code.

Could you just for the record, for the average citizen and the average Congressional Member, sort of differentiate between what goes into picking a particular census tract. And in relation to your knowledge, although it isn't, I guess under your jurisdiction, to what extent does a ZIP Code overlap or have different criteria? I would just like to get it spelled out simply and I know you will do that in a very fine way.

Ms. WALLMAN. Mr. Chairman, I will do that most effectively if I defer to one of my colleagues.

Mr. HORN. Well, some colleague?

Ms. WALLMAN. Mr. Spar or Mr. Fitzsimmons may know the answer to this question more than I do.

Mr. SPAR. There is really no relationship between the two, sir. The tract is obviously a government definition that is pretty much consistent over time. The idea being it gives you a chance to see how things change socioeconomically. I'll get in trouble by saying this, but I have no belief that the ZIP Code is geography.

Mr. HORN. Then, what do you think it is?

Mr. SPAR. I believe it is nothing more than a bunch of carrier routes for delivery of the mail. You, sir, said that you came from a small farming area. Then you are aware of the fact that this line is mythical that goes from point A to point B in terms of trying to designate what a ZIP Code looks like. There is no real geography that you follow along the road to make that square. On the other side, you have got a building that can have five ZIP Codes in it. Floors 34 through 37 could be one ZIP Code.

Mr. HORN. I am sorry, I missed hearing that last part.

Mr. SPAR. You could have a building that has three or four ZIP Codes in it. The Empire State Building or the World Trade Center has more than one ZIP Code in the building because of this concentration, if you will, of mail delivery. All a ZIP Code is is a means of delivering the mail. There is really no relationship between those two. The way I'd put it, one is geography and one is just a construct.

Mr. HORN. In your judgment, should there be another concept behind the ZIP Code besides simply delivering the mail?

Mr. SPAR. Probably not, because the problem would be trying to get the data.

Mr. HORN. The fact is the insurance industry uses ZIP Code to set their rates; right?

Mr. SPAR. Yes, they do. Oh, yeah, they use it for all kinds of measures and there are firms that update ZIP Code information and the Census Bureau even tabulates once every 10 years from the decennial census at the ZIP Code level. All the point I am trying to make as long as we don't think of them as a picture of geography, they are very valuable to aggregate to get an idea of what a subcounty area might be like. Same for the tract, if you could update the tracts.

Mr. HORN. Well, that's what I want to get at. What is the most useful for various purposes? We've got two subgroups here, a census tract and a ZIP Code. They're done by different agencies for different purposes. Now, if you as a demographer, which you are, had to pick and choose between one of them, what would be the most useful of the two for most of the data-gathering reasons in the private sector as well as the public sector?

Mr. SPAR. I would opt probably for block groups within tracts.

Mr. HORN. You would go for what?

Mr. SPAR. A block group, which is a subset of a tract. A tract is made up of a bunch of block groups and then the tract itself, and buildup, because—

Mr. HORN. You are talking about this census tract?

Mr. SPAR. Right, exactly right. And then build those up. Those are geographies that we can actually find a crosswalk, Third Street and 7th Avenue kind of situation. I would prefer to use those and have those updated more frequently than every 10 years. Be able to build inner cores, if you would, and then move out. The entire Nation is tracted, which would enable such a construct to take place. One other thing—

Mr. HORN. I would like to ask Mr. Fitzsimmons if you could give to me a simple way that you develop a census tract and what was the basic purpose when a census tract was designed. Was that simply to take the census or to see change in an area or what?

Mr. FITZSIMMONS. Yes, they are statistical areas defined by the Census Bureau with local participation. I'm not an expert on census tracts, but they have a range of population within which they fit to keep them roughly equal in size across the Nation.

Mr. HORN. Well, what's the range roughly?

Mr. SPAR. 4,000 people.

Mr. HORN. 4,000 people per tract?

Mr. SPAR. Yeah, and the idea being when they start to really grow, then they split them. Census tracts aren't changed unless there is really a need to do so. Detroit had to redesign their entire area at one point because of all the shifting that went on in the inner city, but if you don't have major changes—New York City is an example. There has been little change in the actual tracts in New York City over the last—I think they started in 1950.

Mr. HORN. In a sense, we have 50 years of data by census tract in most areas of the United States where there wasn't rapid change?

Mr. SPAR. Certainly, for the central cities. And then over time they started to track the entire Nation. I am correct, Jim? I think in 1990?

Mr. FITZSIMMONS. The 2000 Census will have a completely tracted United States. In 1990, there was a combination of these tracted and block numbering areas outside of metropolitan areas. In earlier times only metropolitan areas would have had tracts within them.

Mr. HORN. Let me round this out. I am just curious, does this buildup in the bottom simply 4,000 at a time and spread out? Do you draw a geographic line around the 4,000? Is that the way it works? You go from some center point in, let's say, core city and start building census tracts outward or is there some relationship

to race, ethnicity, age, whatever, in these tracts that you're trying to develop?

Mr. FITZSIMMONS. No, they're based on total population.

Mr. HORN. Simply population and nothing else. Not type of population?

Mr. FITZSIMMONS. No.

Mr. HORN. So, let's face it, registrars of voters probably use census tracts in a way to develop some of their districts simply because of the population. If you assume there is a certain relationship between voters, there might be due to some population mostly kids in the area now and not enough people for the registrar to put a polling booth in a census tract, but just cutting across their own lines. So I'm curious how census tracts are used by people in the marketing business, shall we say. Is this just a happenstance, and since there is no real formulation of who goes into a census tract except sheer numbers?

Mr. SPAR. What the private sector has done is they have updated these geographies. They have taken various demographic techniques and they update age, race, sex, income, et cetera. And these updates actually go down to as low as the subtract area, the block group. They then reallocate all of this so the final determination, this market area, is a grouping wherever probable of known geographies like tracts, but now you basically have updated information and you have got a market segment.

The market segment, as I said before, could be some cluster of areas, but the advantage from the private sector point of view is that you can—you're not constrained by counties, you're not constrained by the data that you have got from the public sector where the only thing it is updated for all intents and purposes is population. The private sector takes a totally different approach to the creation of areas. They are freer. They have less constraints.

Mr. HORN. But you could, with that stability of the tract in terms of numbers, unless split, you could have a real snapshot of change as it occurs over time in terms of economics, taxation, and all the rest of the things, presumably, that the economic side would mirror to some degree what is going on in that tract.

Mr. SPAR. That's exactly what the private sector does.

Mr. HORN. Well, any other questions? Mr. Marshall, would you like to ask any questions?

Mr. MARSHALL. No, sir, I would not.

Mr. HORN. OK. How about members of the administration, would they like to ask any questions?

Mr. FITZSIMMONS. Sir, I would just add that census tracts and ZIP Codes have both been suggested as possible units to use in defining metropolitan areas and nonmetropolitan areas in the future. They are options that will be explored.

Mr. HORN. I will suggest again, I think one of the best groups in America that we ought to be hiring during the census are the postal workers. They walk these territories. They know what is real and what is unreal in terms of some residences. Some people have 26 people living in a residence. That will never be picked up on much of your sampling or your mailing or anything else. And yet that postal worker will know from long experience who is around the neighborhood. And it seems to me there ought to be a

real opportunity there. This is after hours, pay them whatever, and that would be good for the postal workers, and I think you would have a very accurate count. Much more than I think we do now, very frankly.

Are there any other subcodes, areas besides the ZIP Code and the census tract that we ought to have some understanding of? Is that it? Basically, the ZIP Code, presumably, for delivering mail?

Mr. FITZSIMMONS. There was a third one that escapes me at the moment that's also been suggested.

Mr. HORN. Why don't we just put it in the record?

Ms. WALLMAN. It's in the record.

Mr. FITZSIMMONS. It's in the written testimony.

Mr. HORN. Mr. Davis, do you have any questions?

Mr. DAVIS. Thank you very much, Mr. Chairman. You know you sometimes baffle me about your knowledge and wisdom when you start talking about 26 people in one building or one house. It sounds like you have been in the communities that I'm familiar with. And where I live. And I didn't know that you knew about those. But—

Mr. HORN. Trust me, I do.

Mr. DAVIS. Thank you. Mr. Marshall, I could feel your testimony.

Mr. MARSHALL. Thank you, sir.

Mr. DAVIS. I mean when the group decided who they wanted to come down and make the case, I guess they couldn't have done better in terms of selecting a person. Could you tell me—I want to see if I could see it—just what would your community get in benefit if it did, in fact, receive the MSA designation?

Mr. MARSHALL. We believe what Schuylkill County would gain is principally more in the private sector than from what I will call government assistance. Through research, we have learned that there are certain funding elements that would come through housing and urban development, and other perhaps government agencies that would be directly available to Schuylkill County. But that is not really the true significance of what we see MSA status to be. Mr. Spar detailed greatly the benefit to a community such as ours.

We are shut out from having availability of national companies and national retail chains even considering Schuylkill County because we are not listed on the national MSA lists and they are significant. We have not been able to yield growth in both, as I said, the retail area and the industrial area.

Our ability to gain economic development has in effect been stunted, not shortchanged, but stunted in the sense that not being in an MSA eliminates, again, our community from even being considered by a Fortune 500 company who won't look at anybody who is not an MSA. Our community has suffered the ravages, unfortunately, of the coal industry which after World War II significantly died. We have been fighting an uphill battle for years. Quite honestly, we have been trying to attain MSA status, I am told, for 20 years, and because we cannot meet the criteria merely because of the configuration of our county, we have been shut out.

What MSA status would bring to Schuylkill County, as I said earlier, is the ability to let us compete on a level playing field with Harrisburg, Reading, Allentown, Philadelphia, MSA communities that surround us. They have created an enclave which has ex-

cluded Schuylkill County from being able to compete in the private sector. That's what we would gain, not necessarily increased government funding.

Mr. DAVIS. It is like some of us if we don't go home on weekends and things like that to our districts, although they all know we exist. When we are out of sight, we are out of mind. And even though we are real, if you're not on the chart, you're not on the list. Then you're not really considered—

Mr. MARSHALL. Exactly. A good analogy is having a degree, but not getting on the list for a job. Being shut out unfairly, we believe.

Mr. DAVIS. So private sector concerns weigh just as heavily or perhaps even more heavily than considerations in relationship to interaction with government or governmental agencies.

Mr. MARSHALL. Absolutely, sir. Without question.

Mr. DAVIS. If there were to be changes in the designation, would it be of any real value to have those changes occur prior to the taking of the 2000 year Census or would it be better to see if there might not be a way to move ahead and make adjustments before then?

Mr. MARSHALL. I believe the expression "the sooner the better" was used here today. Unquestionably, benefits would flow as soon as Schuylkill County could be designated as an MSA. And right now, yes, without question, we believe that if it could be done tomorrow, there would be benefits flowing to all 12 communities that are part of the MSA coalition with no detriment to the Federal Government.

Mr. DAVIS. Mr. Spar, you have heard the testimony. What would your reaction be?

Mr. SPAR. Well, two things. First, I think it certainly should wait until the 2000 Census so that we have the latest information in order to be able to fairly delineate these areas. But there is an irony which is, I just don't believe the entire Nation should be classified one way or another. In other words, I see almost every county in the United States having a degree of metropolitanness, if you would.

Under that scenario, I think Mr. Marshall might be quite unhappy with me, because you are no longer exclusive. You no longer have a special delineation because you are now metropolitan and somebody isn't. Everybody is to some degree metropolitan, which I think is the right way to go on this.

So I think there's—I have a different approach to the problem. I certainly agree with you. In fact, I believe that your county to a good degree is a metropolitan type of county, along with many, many others. But I would see you in one of these areas that would fit the entire range of the Nation. That might be very different than the way you would like to see it.

Mr. DAVIS. Let me just pursue, Mr. Spar, a little bit. Give your direction. It seems to me that one of the reasons that the MSA designation came about or was developed in the first place, was to try and identify core population groups. How would the utilization of smaller entities such as ZIP Code areas and that kind of thing, how that would impact upon the one reason at least for the designation?

Mr. SPAR. First of all, it would enable you to have a better delineation. What would happen is that you could use small geographies to be able to give you a better breakout of the core, if you would. I'll give you an example. If you have a small metropolitan area, the central city has a downtown core, and probably most of that central city is suburban. It's usually only in the large metropolitan areas where you have this very large area and you don't have a suburban area until you get to the next county. That is not the case probably in the vast majority of metropolitan areas, but we don't have any way of differentiating that right now.

You can only differentiate that if you use the geography below the county level. I think I am answering the question. It allows you this ability to get this core construct as juxtaposed to the balance of the area. I think that answers it.

Mr. DAVIS. Would there, then, be anything that we would call something other than having been designated? I mean, would that affect other definitions?

Mr. SPAR. Oh, for sure, absolutely. I think what you're going to have here is the whole metropolitan definition is going to be completely different and you will still have the city, but rather than just saying you have the city of X, you'll have what I call for lack of a better phrasing, in-urban core of city X, and then you will have the urban surrounding part of city X, and then you will have the suburban part of city X. See what I'm saying? I see this as basically a continuum across the Nation.

You could argue that just about any county in the United States, 3,142 counties in the United States, has some degree of metropolitanness. How do we bring them together? That's not an easy—I don't have any ready answer for that.

Mr. DAVIS. Since the consideration still has some time, could I just ask, and this is perhaps my last question, if each one of you might consider, are there other things that could be looked at in terms of shared information with OMB before the census is taken? And would it be put into the hopper or the pot as this question is being considered? So if there are other possibilities or other items that could be looked at, would you each share those if you have got some?

Mr. SPAR. I had mentioned in my opening remarks that I believe there's been a lot of good work done in the private sector in terms of geographic information systems and in terms of the ability to update demographic data. I don't suggest that OMB or the Census Bureau use all of these—these data or all of these constructs, but I think there might be some public-private partnership that could be developed that would aid the government in updating these areas in terms of small geographies and in terms of more often.

Mr. DAVIS. And let me just say, if the changes that we are talking about were, in fact, made, and the affected communities were able to get their designations, do you see any other groupings that would express concern or opposition in terms of how those changes might affect them?

Mr. SPAR. Sure. With trepidation, sir, one of the areas that I would be concerned about, that comes to mind immediately would be redlining. If you are using small constructs, one has to be very, very careful that what we are not doing here is defining ghettos.

Something I've thought about quite often, and struggle with. That's scary. And I think that has to be taken into account. One has to look at that very closely. However, census and OMB decide to change these areas.

Mr. MARSHALL. I realize that there needs to be uniformity, but I've always believed that some classification of counties based on the configuration of the local communities would be meaningful here. Schuylkill County happens to be a fourth class county. We can't really compare ours for example to Philadelphia which is a first class county. But we are treated on the same level as they are.

I believe that benefit might be gained by smaller communities that are homogenous, and we are, and commuting patterns within Schuylkill County will prove that the core community that they looked for is now there, even though it might be wider than the contiguous land area that they look for. They have drawn arbitrary lines. And I don't mean this as a criticism, but they have these objective standards that really are not fairly applied.

So I would look really to some form of classification that would give smaller counties an opportunity of qualifying on a better basis from that standpoint.

Mr. DAVIS. I thank you all very much, and I certainly would suggest that OMB is wrestling and I think moving in some very positive and direct ways to try and clarify these issues and I appreciate the work that you're doing. Thank you very much, Mr. Chairman.

Mr. HORN. I take it, Mr. Marshall, when you say a fourth class county, you're talking about Pennsylvania law?

Mr. MARSHALL. Pennsylvania law.

Mr. HORN. What is the sequence? About six classes?

Mr. MARSHALL. I think there are eight classes.

Mr. HORN. Some States just assign a class to every city or population in ascending or descending order.

Mr. MARSHALL. I don't know what the criteria is.

Mr. HORN. To make law that presumably applies to that county, which it wouldn't in a completely rural county.

Mr. MARSHALL. We lump fourth to eighth class counties under one segment of our law, so there obviously must be some relationship.

Mr. HORN. I am familiar with your area, being that Pottsville is the home of John O'Hara and Pottsville was also the home of a close friend of mine who was a great political scientist and reporter when he was there, and that is James Rikley. I don't know if you have ever run into Jim.

Mr. MARSHALL. We are also the home of Union beer.

Mr. HORN. You are the home of a lot of things. You do face some real problems with those anthracite piles. They probably haven't changed much since I was there and you have got a tough time. So we are sympathetic with you.

One of our fine professional staff members noted this, Mr. Fitzsimmons. "Census tracts were developed as administrative units to balance the workload of conducting the census. They remain useful for that purpose, but have maintained constant boundaries wherever possible to facilitate comparisons across time." Is that a pretty accurate statement?

Mr. FITZSIMMONS. I am sorry, you are reaching beyond my expertise with census tracts today.

Mr. HORN. Is that pretty much what your understanding is?

Mr. SPAR. Yes, yes, sir.

Mr. HORN. At least we have got you two generalists seated next to two statisticians of the United States and the demographer in the private sector. What more can I ask for this morning?

Well, we thank you all for coming. I think it has been a very enlightening discussion. We have all learned a lot and I want to thank the staff that put this together starting with J. Russell George against the back wall there, staff director for the Subcommittee on Government Management, Information, and Technology. The staff member particularly responsible for this hearing is my colleague on your right, Mark Brasher, professional staff member; and John Hynes, professional staff member; Andrea Miller the majority clerk; David McMillen, professional staff member for the minority; and Jean Gosa, the clerk for the minority. We have four free laborers here known as interns, bright college students, Darren Carlson, Jeff Cobb, John Kim, Grant Newmann, and our court reporter, Joe Strickland. And we thank you all, and with that, this hearing is adjourned.

[Whereupon, at 11:37 a.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

OFFICE OF THE MAYOR

The Honorable Bob Stump
House of Representatives
Washington D.C. 20515-0303

Dear Congressman Stump:

Regarding the proposed change to the OMB regulations for the 2000 Census:

A change to the MSA status as regards counties like Yavapai County, Arizona is not only logical, it is practical. Too many western cities and towns are deprived of benefits that would be derived from local management of funding simply because they do not comply with the population requirements as they now stand.

The fact that the communities are not always contiguous does not lessen the need for the same consideration as those that are. Our own small community is 8 miles from Prescott and about 15 miles from Prescott Valley, yet we have the same problems in this Tri-City area as we would if our boundaries were contiguous or we were one city or town.

We, in Yavapai County, have been working toward cooperation in many areas. Our fire departments cooperate to the point that we have county fire personnel manning local stations and that use a central repair facility for equipment. The police departments use a central hiring pool. The road departments share equipment and cooperate on projects. We also have a Regional Association of Governments whose main objective is improved communication and understanding of each others problems to find areas in which we can help each other. We have established the Central Yavapai Transportation Planning Organization (CYTPO) that was directly responsible for the agreement on the Airport Connector. And, believe it or not, the three Mayors and the President of the Yavapai Tribe meet once a month for lunch!

If we can do all that on our own initiative, think of what could be accomplished if we were privileged to control available funding directly through local community agencies!

Anything that you can do to encourage the proposed change in the OMB regulations certainly has our full support.

Sincerely,



Kate Nelson
Mayor

**Prescott
Newspapers
Inc.**

Publishers of:
The Daily Courier
The Prescott Valley Tribune • Chino Valley Review
This Week Magazine • Today's Real Estate

P.O. Box 312 • Prescott, AZ 86302
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8249 E. Hwy. 69 • Prescott Valley, AZ 86314
(520) 775-3804

Aug. 11, 1997

Congressman Bob Stump
211 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Stump:

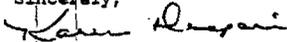
As it is now, Yavapai County's population status limits national advertising opportunities.

For example, one major coupon advertiser deems Yavapai County a "C" and "D" market, which means coupons can be distributed in The Daily Courier only one time each month.

We believe that with a Metropolitan Statistical Area status, this coupon advertiser would give the Courier an "A" and "B" designation, affording the Courier the opportunity to distribute coupons on a weekly basis.

Thus, MSA status would expand national advertising opportunities for the Courier, which, in turn, would appeal to customers and potential customers and expand the Courier's circulation.

Sincerely,



Karen Despain
Managing Editor

BOB STUMP
36 DISTRICT, ARIZONA
211 CANNON BUILDING
WASHINGTON, DC 20515-0323
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DISTRICT OFFICE:
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Congress of the United States
House of Representatives
Washington, DC 20515-0303

VETERANS' AFFAIRS COMMITTEE
CHAIRMAN
SUBCOMMITTEE ON HOSPITALS AND
HEALTH CARE
NATIONAL SECURITY COMMITTEE
VICE CHAIRMAN
SUBCOMMITTEE ON MILITARY
INSTALLATIONS
SUBCOMMITTEE ON MILITARY
PROCUREMENT
REPUBLICAN STEERING COMMITTEE

July 29, 1997

Chairman Stephen Horn
Government Management, Information and
Technology Subcommittee
B373 Rayburn HOB
Washington, D.C. 20515-0001

Dear Steve,

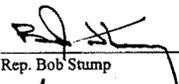
As Members of the Arizona Congressional Delegation, we support efforts by your Committee, the Office of Management and Budget (OMB) and the Bureau of the Census to review Census Bureau regulations regarding Metropolitan Statistical Area (MSA) designation, and to make necessary and appropriate corrections.

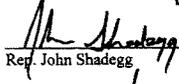
MSAs are currently defined by having either: an urbanized area with a core population of 50,000 people and a county population of 100,000; a contiguous population of 50,000 people in a county of at least 100,000 people with specific density requirements; or an area contiguous to a previously designated MSA with an out-migration of at least 15% of the population to the MSA.

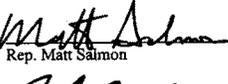
Geographical barriers prohibit 12 counties in the United States, including Yavapai County in Arizona, from achieving the core density requirement of 50,000. Under the proposed standard, any county with 100,000 people or more could receive MSA status, regardless of density.

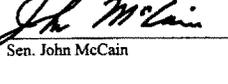
Your serious consideration of this proposal is greatly appreciated.

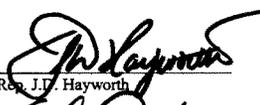
Sincerely,


Rep. Bob Stump

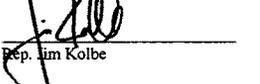

Rep. John Shadegg


Rep. Matt Salmon


Sen. John McCain


Rep. J.L. Hayworth


Rep. Ed Pastor


Rep. Jim Kolbe


Sen. Jon Kyl

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Congress of the United States
House of Representatives
Washington, DC 20515-0303

VETERANS' AFFAIRS COMMITTEE
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REPUBLICAN STEERING COMMITTEE

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Government Management, Information and
Technology Subcommittee
B373 Rayburn HOB
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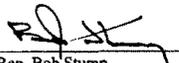
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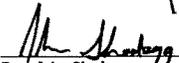
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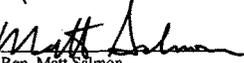
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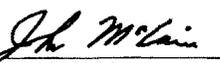
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Sincerely,

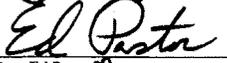

Rep. Bob Stump


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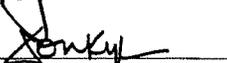

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