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## Community and Economic Development in North Carolina and Beyond Blog: Understanding the Financial Position of Households Using the American Community Survey

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In previous posts, we have talked about publicly available data on inflationary measures including the Consumer Price Index and the Construction Cost Index as well as on commercial energy use from the US Energy Information Administration (EIA) and the US Census. The US Census also has a rich set of data on the financial position of households within our community. These data are especially relevant and helpful for determining the affordability of government utility services such as water and wastewater rates.

It used to be that Census data were collected once every ten years, as mandated in the US Constitution. But since the 2000 Census, the federal government now conducts the ongoing, annual American Community Survey which provides detailed information on population and housing characteristics and is the basis on which hundreds of billions of federal dollars are distributed to communities.

For communities with populations of at least 65,000, survey data are collected annually. Areas with populations of 20,000 and above have data collected once every three years, and all areas have data collected at least once every five years.

Unlike the decennial census which strives to collect data from every household in the United States, the American Community Survey is just that—a survey, which uses statistical sampling to determine the reported values for any community, and those values come with a margin of error, which can be large depending on the size of the community.

The easiest way to access data about your community is through the American FactFinder portal by simply typing in the name of your community (though, unlike what the website suggests, you should enter your community in the format of “Graham city, North Carolina” or “Cary town, North Carolina”).

One of the most interesting tables, located under the Income tab, is called “Selected Economic Characteristics (Employment, Commute, Occupation, Income, Poverty, ...).” This table gives a wide range of information about income and employment, from what types of industries residents are employed in to how they commute to work. Perhaps the most relevant data in this table for community and economic development staff are those related to employment, income brackets, and participation in various government programs.

Let’s think back on the question of the affordability of water and wastewater service, for example, and whether the community should consider creating a social safety net program for people who struggle to pay utility bills. Knowing the Median Household Income or MHI for the community (which may not match up perfectly with the MHI of the water system) is helpful—what percentage of that income would a typical water and sewer customer spend each month on bills?

But knowing what the median household would spend on water and wastewater is less helpful than knowing what people at other income levels may spend. The Selected Economic Characteristics table helps provide a fuller picture by outlining the number of households in the community in various income buckets (Less than \$10,000; \$10,000 to \$14,999; etc.). That way, you can calculate what percentage of different income levels pay for water and wastewater service and the approximate number of households in your community at that income level, though remember to consider the margin of error in these calculations.

Another measure of whether an affordability program may be appropriate is to look at how many people in the community are not working or are on a fixed income. The unemployment percentage (which is presented in this table) includes only people who are looking for work, but the table also includes people not in the workforce at all, including those not looking for work and those who are retired. Retirees are also reflected in the number of households with Social Security income



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and retirement income, and the average income for each category.

It may also be appropriate to look at how many people in the community are receiving other government social safety net programs. The Selected Economic Characteristics table includes several of these measures such as households with Supplemental Security Income (SSI), with cash public assistance income, and with Supplemental Nutritional Assistance Program (SNAP, commonly called food stamps) benefits. Households taking advantage of these programs may be more likely to take advantage of a utility bill assistance program as well.

Having access to survey data on a regular basis, rather than having to wait 10 years for full census data, gives communities a better opportunity to assess the affordability of key government services and whether or not it is appropriate to create some program to assist citizens in paying bills. While these survey data have some margin of error and may not be updated every year, they can help provide a better picture of the full financial position of households within a community.