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OMB Backs Off Change to 'City' Definition.

The threshold to be considered a 'metropolitan statistical area' will not be doubled

The Office of Management and Budget on Tuesday backed off from a proposed change to the federal definition of "city" that could have scrambled billions of dollars in federal spending for more than 100 communities across the country.

Each decade, OMB tweaks the definition of "metropolitan statistical area," but it hit a sore spot in January when it proposed doubling the threshold from 50,000 to 100,000 people. Members of Congress, business leaders and communities themselves pushed back, arguing the agency's proposed change would have an impact on programs ranging from housing to health care.

In a news release Tuesday, OMB said it would announce in a Federal Register notice on Friday that it would back off the proposed doubling of the threshold and instead make "modest revisions" to 2010 definition standards.

At a House Budget Committee hearing last month, acting OMB Director Shalanda Young acknowledged the resistance the agency has received, saying that "this issue shows bipartisanship is alive."

Originally a statistical marker, the MSA has grown into a designation used in funding decisions for hundreds of federal programs, including Community Development Block Grant programs, which distributed \$3.4 billion this fiscal year.

The National League of Cities and other organizations have argued that OMB hasn't done enough research on the potential impact of changing the MSA threshold, which could cause a ripple effect and disrupt Department of Transportation grants, Medicare reimbursements, rent calculations and more.

The Senate Homeland Security and Governmental Affairs Committee was scheduled to mark up a bill on the issue Wednesday that would mandate that OMB study the effects of the change.

Committee Chairman Gary Peters, D-Mich., one of the bill's sponsors, in a statement Tuesday praised OMB for dropping the "potentially harmful proposal."

"Communities of all sizes across Michigan and the United States are counting on federal resources to recover from the ongoing unprecedented public health and economic crisis," he said.

Nearly two dozen senators raised concerns about the issue in a March letter to OMB.

A federal interagency Metropolitan and Micropolitan Statistical Area Standards Review Committee, which recommended OMB make the change, argued that the country's population has more than doubled since the standards were established in 1950, making them due for an update.

The final register notice from the White House agency noted that the vast majority of comments

opposed the proposed change.

The new MSA definition will not touch the 50,000 threshold but will make other adjustments to the definition. OMB will adopt a public update schedule for changes and make more use of the American Community Survey conducted by the Census Bureau, according to the notice.

The MSA threshold issue has not gone away, however, as the agency said it intends to take another look at the definitions after the 2030 census.

“Recognizing the committee’s concern that MSA thresholds have not kept pace with population growth, OMB will work with the Standards Review Committee to conduct research and stakeholder outreach to inform the 2030 standards update,” the OMB news release said.

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By Michael Macagnone

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