



The Commonwealth of Massachusetts  
Office of the Inspector General

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January 3, 2005

His Excellency W. Mitt Romney  
Governor of the Commonwealth of Massachusetts  
State House, Room 360  
Boston, MA 02133

Dear Governor Romney:

I am writing to express my continuing concern about the Commonwealth's failure to pursue a U.S. Census adjustment that would correct the federal government's false impression that Massachusetts is losing population.

This is not just a matter of the state's image. It's about money. Massachusetts is currently losing an average of \$24 million a year because the U.S. Census Bureau undercounts the state's vast student population.

The federal government annually distributes nearly \$200 billion using the Census Bureau's annual population estimates to distribute cash across the nation. Many of the programs, including Medicaid, serve our state's neediest residents.

As my staff and I delve into our mandated audit of the state's uncompensated care program, I am increasingly worried that Massachusetts is not getting its fair share of federal Medicaid dollars.

I know that you are among a bipartisan group of governors lobbying to keep Washington from cutting Medicaid funding. This certainly is a worthy effort. However, I believe Massachusetts can quickly – and cheaply – boost its allotment of federal funds by commissioning its own population estimate and convincing the U.S. Census Bureau that our numbers are more accurate than theirs.

The U.S. Census Bureau in December released the figures the federal government will use to calculate population-sensitive grants in 2005. Massachusetts was the only state in the nation to lose population. This year's official loss of 3,852 residents will cost the state an estimate \$1.9 million in federal funds.

This is not a new issue.

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In May 2003, I wrote to you explaining that the methodology the Census Bureau uses to measure population migration from state to state does not fully account for the substantial student in-migration from other states to colleges and universities in Massachusetts. In addition, the Census Bureau does an excellent job of counting student out-migration after graduation.

In other words, the Census Bureau doesn't count all of the freshmen coming into Massachusetts but subtracts almost all of the graduates leaving the state.

At the time, I told you that the Massachusetts Institute for Social and Economic Research, or MISER, an institute located at the University of Massachusetts at Amherst, had previously developed its own estimates of the student in-migration population.

In the 1990s, MISER used its own models to convince the Census Bureau to add 30,000 residents to Massachusetts' total population.

Last year, I asked you to appeal the Census Bureau's 2003 data and request that the Census Bureau adjust its statistical formula. I noted that MISER needed a secure funding source to do the valuable work of securing Massachusetts' fair share of federal funds.

The project started out well. You wrote a letter to the U.S. Census Bureau asking the federal agency to work with Stephen Coelen, the director of MISER, to revise Massachusetts' population estimates. The Census Bureau responded favorably, saying they welcomed the opportunity to continue working with Dr. Coelen.

However, just as Dr. Coelen was working with the Department of Revenue to develop the data he needed to provide the Census Bureau with a proper estimate, MISER lost its funding and the project ceased.

With the demise of MISER, the University of Massachusetts' Donahue Institute took over some census-related responsibilities. But Michael Goodman, the director of the institute's Economic and Public Policy Research, program told my office that he currently does not have the funding to develop an accurate population estimate.

It is too late to influence our 2004 census figures. We have already lost millions in federal funds because of that. But it is not too late to correct our population estimates for the remainder of the decade and reap an average of \$24 million a year that could come with a proper population estimate.

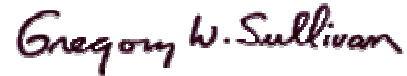
Dr. Coelen told my staff it would cost approximately \$100,000 to correct the U.S. Census Bureau's student migration figures – and its Massachusetts population estimate. That seems a minor investment to secure a major funding source.

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Given the state's continuing \$500 million structural deficit, we cannot continue to ignore this problem.

I urge the administration to revisit this issue. If my office can be of any assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Gregory W. Sullivan". The signature is written in a cursive style with a prominent "G" and "S".

Gregory W. Sullivan  
Inspector General