

# CHANGES TO THE METROPOLITAN STATISTICAL AREA DEFINITION

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A recent recommendation from the Metropolitan and Micropolitan Statistical Area Standards Review Committee to the Office of Management and Budget (OMB) suggests adjusting population thresholds for designation as a metropolitan statistical area (MSA).<sup>1</sup> This is a regular process that goes on after the Census, though this is the first recommended change in population threshold in at least the last three Censuses. The suggested change is to qualify for MSA designation the core city in the area would need 100,000 in population. The recommendation impacts North Dakota, clearly, because the proposed revision would drop MSA designation for Bismarck and Grand Forks and reclassify both as micropolitan statistical areas (MiSA).

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While the changes would impact ND MSAs the economic impacts are not entirely clear. The committee recommended no changes in funding allocations even with a change in status. In fact, OMB recommends using the designation as a statistical classification only, and the draft language mentions this: “The purpose of the Metropolitan and Micropolitan Statistical Area standards is to provide nationally consistent delineations for collecting, tabulating, and publishing Federal statistics for a set of geographic areas.”

Despite such reassurances, communities should pay careful attention to the language. The important policy question from this, for areas with changing classifications, will clearly focus on funding. Even OMB “recognizes that some legislation specifies the use of Metropolitan Statistical Areas for program purposes, including the allocation of Federal funds, and will continue to work with the Congress to clarify the foundations and potential impacts of these delineations.”<sup>1</sup> There are numerous policy/funding areas where this could be important, such as transportation funding, Medicare reimbursements, and others. The fact is the MSA designation proxies, likely badly, for rural v. urban status. It is apparent also from numerous news articles about this recommendation that community economic development initiatives often make use of these designations to attract businesses into as local area.

There are quibbles of a more academic nature here as well, such as a focus on core city population as the primary metric works against lower population and rural areas, especially

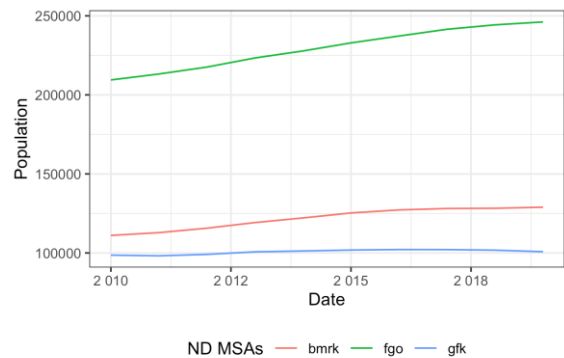


Figure 1. North Dakota MSA Population, 2010-19

when the draft also suggests the MSA “comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.” If social and economic integration are truly important, more inclusive metrics that would add value to a classification scheme can be researched and added. It may also be the case a more granular classification system would be beneficial, adding more insights into policy deliberations.

This is only a recommendation currently, not yet a proposed rule, and draft language is not yet available for public comment. It seems clear there is the potential for significant implications from the change in status for many communities.

<sup>1</sup> United States, Office of Management and Budget, “Recommendations from the Metropolitan and Micropolitan Statistical Area Standards Review Committee to the Office of Management and Budget: Changes to the 2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas”, 86 FR 5263, 5263-5266, 19 January 2021.

<sup>2</sup> United States, Office of Management and Budget, “Recommendations from the Metropolitan and Micropolitan Statistical Area Standards Review Committee to the Office of Management and Budget: Changes to the 2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas”, 86 FR 5263, 5263-5266, 19 January 2021.