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March 17, 2021

Dominic J. Mancini  
Deputy Administrator  
Office of Management and Budget  
725 17<sup>th</sup> St. NW  
Washington, DC 20503

RE: FR Doc. 2021-00988: Request for Comments on Recommendations from the Metropolitan and Micropolitan Statistical Area Standards Review Committee to the Office of Management and Budget Concerning Changes to the 2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas

Dear Deputy Administrator Mancini:

The National League of Cities (NLC) is the nation's foremost resource and non-partisan advocate for municipal governments and their leaders, representing all of America's 19,000 cities, towns, and villages and more than 218 million people.

The National League of Cities opposes the Office of Management and Budget (OMB) recommendation that would change the minimum urban area population to qualify as a metropolitan statistical area from the current 50,000 population to the proposed 100,000 population and urge OMB to reject this proposed change. The federal register notice published on January 19, 2021 and its associated appendix did not identify any specific purpose for the proposed change. The only possible justification offered from the 2010 Metropolitan and Micropolitan Statistical Area Standards Review Committee, in the appendix of the Federal Register Notice, simply stated that it was observed that the United States had increased population 2.2 times since 1950 while the population threshold to qualify a metropolitan statistical area had not.

The Federal Register Notice is careful to point out that, "...OMB does not take into account or attempt to anticipate any public or private sector nonstatistical uses that may be made of the delineations."

OMB's attempt to side-step the consequences of unilaterally changing the definition of Metropolitan Statistical Area (MSA) falls short of responsible rule-making, and OMB's own mission to provide oversight of agency performance, including the administration of programs that rely on current MSA designations to operate properly.

For instance, the Community Development Block Grant (CDBG) statute relies on the current metropolitan statistical area definition to provide federal formula grants to cities with 50,000 or more residents. Many cities between 50,000 and 100,000 residents would lose the budget certainty of an annual appropriation of CDBG funds, and the harm of such a loss would disproportionately fall on low-

income households and distressed communities that have few other sources of funding for redevelopment and revitalization.

How would this change affect cities?

The City of Sheboygan, Wisconsin, with a population of approximately 48,000, relies on CDBG funds to create economic development and jobs, revitalize neighborhoods, and support public services. If this designation is changed, Sheboygan will lose nearly a million dollars annually, costing municipal jobs and creating a gap in funding for a Midwestern city.

Mankato, Minnesota, is another example of a city that will lose \$400,000 of funding if this designation is changed. The money in Mankato is used for homeless shelters, preserving existing and creating new units of affordable housing, as well as paying for food support and medical care for the underinsured.

The City of Mankato in its letter to OMB succinctly sums up the affect that this change would have:

The scale of the need may be smaller than in very large metropolitan areas, but the need still exists and there are no other resources that would off-set the loss off CDBG funds. Whereas larger cities receive funding through HOME, ESG or other federal programs, smaller MSAs do not and CDBG is our only resource to leverage projects that help to meet the needs of low to moderate income people in our community.

Cities with a population between 50,000 and 100,000 that were designated as a CDBG entitlement grantee in the last two years would lose their entitlement status and their CDBG funding. Further, cities that see a future increase in population above 50,000 (but below 100,000) after the change, would not be eligible for CDBG entitlement status.

Second, MSAs bestow a type of prestige on communities that businesses look for when making investment decisions. In their letter submitted to OMB, The Area Development Partnership of Greater Hattiesburg, Mississippi states, “Many of the nation’s leading site selection consultants and companies want to locate in metro areas...Thus, losing this MSA designation would make it more difficult to grow our regional economy.”

Kip Harrington, a long-range planner in Rapid City, South Dakota, told the *Rapid City Journal*:

“The MSA designation also carries some weight with it, especially when people are doing research on areas for business expansion and development,” Harrington said. “It's really easy to find a lot of the employment and economic data for Metropolitan Statistical Areas, and it's not as much for Micropolitan Statistical Areas. The first thing most companies look at when they are looking to grow and expand is the MSA data. They are looking for these larger areas.”<sup>1</sup>

The 144 metropolitan statistical areas worry that if this change is enacted they are on the chopping block and will lose out on business investment in their communities.

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<sup>1</sup> “Proposal to change 'metro' area definition would cost Rapid City, city says,” Nathan Thompson, *Rapid City Journal*, March 13, 2021.

## The Unknown Unknowns

Finally, we oppose this change because the unknown unknowns are too great.

A report done by the Congressional Research Service (CRS) states:

In principle, metropolitan area delineations are to be used solely for descriptive, statistical purposes. In practice, however, they can have a use unintended by OMB, in formulas for allocating certain federal grant program funds. For this reason, among other reasons, CBSAs can attract congressional attention because they can be important to congressional constituents. No straightforward procedure exists for calculating the exact amount of money distributed through all federal grant programs whose funding formulas incorporate metropolitan area designations, or for determining how changes in these designations might affect the total funding allocated to a specific jurisdiction. Even identifying comprehensively which programs use metropolitan area designations would require reviewing the statutes, regulations, and formulas associated with all programs. If such identification were feasible, it would be only the beginning of any attempt to determine whether inclusion in, or exclusion from, a particular metropolitan area or its components translates directly into an increase or decrease in the money a particular jurisdiction might receive from all federal grant programs whose funding formulas rely on these designations. The question then would have to be addressed program by program and posed to department or agency program staff.<sup>2</sup>

CRS essentially said that it is too difficult to determine which programs use the MSA as a basis of their funding formula and the broader ripple effects of altering the status quo. This should be a warning about the unknown unknowns of making this change. One hundred and forty-four metropolitan statistical areas could be affected in ways that even the independent thinktank of Congress cannot anticipate.

We oppose the change and urge OMB to reject the recommendation to increase the MSA threshold population from 50,000 to 100,000 residents. Thank you for considering our request, and we look forward to your response. If you have any questions regarding our concerns, I encourage you to reach out to Irma Esparza Diggs, Senior Executive and Director, Federal Advocacy, at [diggs@nlc.org](mailto:diggs@nlc.org).

Sincerely,



Clarence Anthony  
CEO and Executive Director  
National League of Cities

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<sup>2</sup> “Metropolitan Area Designations by OMB: History, 2010 Standards, and Uses,” Congressional Research Service, June, 6, 2014.