

Census & Business

A census-in-action fact sheet

Executive summary

Census data powers business decision-making. From data about people that help businesses understand their target market and staffing opportunities to data about our economy that businesses use to discover opportunities and benchmark success, the output from the Census Bureau is a vital public resource for the private sector.

This guide shows how census data is used in everyday decisions, why an accurate census count is important to the private sector, how census data is used to drive federal funding decisions, and how private data sets are underpinned by census data.

How business decisions are powered by the census

Business leaders know that effective decision-making relies on high-quality data. Information from the census and ACS is provided at a level of granularity that is necessary for businesses. While most federal surveys tell business leaders only about trends at a national or state level, the census and ACS provide business leaders with information about counties, cities, towns, and rural areas—a level of detail that helps businesses make smart choices.

Examples of everyday uses of census data in the private sector include:

- **Site selection:** Population estimates and projections and detailed data about people and communities from the census and ACS help companies understand where communities are growing or shrinking, where people in their target market live, who

What are the census and the ACS?

The decennial census and the American Community Survey are the two largest sources of public data in the United States. The census's once-a-decade snapshot of every household creates an outline for our understanding of the nation's population. The ACS's yearly information about people and families fills in that outline with detailed data on social and economic characteristics like income and occupation, housing costs, internet use, and languages spoken.

they are, and more. Census and ACS statistics include demographics—including age, race and ethnicity, gender, and income level—and population density, all of which are critical inputs to site selection decisions.

- **Labor force:** Data from the census and ACS on employment rates, occupation distribution, and education helps businesses make smart decisions about hiring and benefits.¹
- **Customer base changes:** Census data helps businesses understand how the age, gender, income, education, and other demographic characteristics of their potential customers in a geographic area are changing over time so they can plan to effectively meet customer needs or relocate their business to follow their target market.
- **Market analysis:** Data from the Census Bureau paints a picture of local economic conditions, from employment rates and industry data to the speed of new housing starts, that companies use to understand when to expand and when to hold steady.

¹ Even federal statistical agencies like the Bureau of Labor Statistics rely on decennial census and ACS data for weighting, benchmarking, and producing statistics on these topics.

Can't I just Google that?

Sure...but where is Google getting *their* information from? Private sector data is often built on an invisible foundation of public sector data: from A.I. trained on federal statistics to proprietary analytics that use the Consumer Price Index as a core component, public data is woven into the fabric of the tools we use to understand our world.

Moreover, nearly any demographic data that can be retrieved through a search engine can be traced back to the Census Bureau. Sites like Wikipedia that aggregate information from other sources generally pull population size and demographic information from the Census Bureau's data tables, city websites generally update demographic information when new census or ACS data is released, and most media outlets rely on census for accurate information about places in the United States.

The data analytics firms that large businesses rely on most are also powered by census data. For example:

- Haver Analytics uses data from the Census Bureau for all of its U.S. databases, including macroeconomic data on prices, inflation, employment, and labor markets.
- Proprietary indicators on financial conditions and economic trends from Moody's integrate and benchmark against Census Bureau data about the U.S. economy.
- S&P industry reports integrate and benchmark against Census Bureau industry data.

All of the firms listed here use data from the Census Bureau, Bureau of Economic Analysis, and Bureau of Labor Statistics. A current proposal before Congress would unite these three entities in a single entity. References to "Census Bureau" here take into account that expected future configuration.

Industry spotlights

Census data is used by all businesses for macro- and microeconomic decisions. The industry spotlights below show unique ways some of America's largest industries rely on specific census data for success

Healthcare

The ACS—the only source of reliable, cross-region comparable, community-level data—helps leaders locate health facilities and identify Health Professional Shortage Areas, plan for essential services, and hire medical professionals. Census data assist in the delivery and research of geographically driven health systems. For example, the federal Rural Health Program utilizes census data to define “non-urbanized areas” in serving Medicare patients. Regionally, this classification is used to collect data in urban and rural areas, which is important, as those in rural areas may be more likely to use public insurance. Additional examples include:

- **Health Determinants:** The ACS and census-derived Current Population Survey (CPS) both track factors that impact health, such as income, housing, and national origin. These factors' influence on health can be tracked by linking them with the Census Bureau's uniquely rich and compatible data.
- **Insurance:** The ACS is used to calculate Small Area Health Insurance Estimates—local coverage estimates that healthcare providers and insurance companies use to understand local markets. The Census-derived CPS Annual Social and Economic Supplement (ASEC) also includes health insurance. These data have been crucial in measuring uninsured rates and Medicaid and Medicare coverage.
- **Hospitals:** Health and Human Services' Healthcare Cost and Utilization Project utilizes decennial census and ACS data in its longitudinal hospital database, which is used to study service delivery and patient wellbeing at the national, state, and local levels.
- **Fertility:** The ACS and CPS's June Fertility Supplement provides fertility data. The Supplement examines population growth and informs policies concerning family demographics.
- **Disability:** The ACS and CPS ASEC record disability types and related work outcomes.

Data from the census and ACS also help determine hundreds of billions of dollars in federal funding for healthcare programs, which complement and supplement private sector health care and provide roughly 44% of hospital spending. For example, the formula that calculates Medicaid reimbursement levels includes the average income per person in each state based on census data.

Housing

The decennial census and ACS produce data that are crucial to the residential housing sector, which makes up about 16% of the national GDP. The ACS provides data on a housing unit's building type, cost, utilities, and occupants. The census provides data that are used to determine Fair Market Rents (FMR), which are used for several housing programs. Surveys that track current housing trends and help predict future trends depend on the census and ACS as well, including:

- **American Housing Survey (AHS):** The AHS measures housing supply, demand, conditions, and costs nationwide and uses decennial census data to determine which households will be included in the survey.
- **National Housing Survey (NHS):** Fannie Mae's survey uses the ACS to accurately represent all United States households' makeup and location. The survey helps create the Home Purchase Sentiment Index, which documents consumers' sentiments about the housing market and projects future trends.
- **Housing vacancies:** The Housing Vacancies and Homeownership Survey (HVS)—a supplement to the census-derived Current Population Survey (CPS)—uses decennial census data to establish which households will be included in the HVS and to determine the need for new federal housing programs. Regionally, the New York City Housing and Vacancy Survey uses the decennial census to make sure the survey represents all city households and uses decennial and ACS demographic and housing data to examine the city's housing market.

The private sector also depends on decennial census and ACS data in order to provide consumers and businesses with the most up-to-date information on the housing market, including:

- **Prices:** Zillow.com uses ACS data to value homes and create an affordability index, which can be used to determine a home or rental unit's cost. The S&P CoreLogic Case-Shiller Home Price Indices use both census and ACS housing stock data to measure changes in metro housing prices.
- **Housing type:** Ribbon Demographics uses ACS data to approximate demand for any new or renovated housing units and then matches people with the best types of units for them.
- **Real estate industry:** The Census Business Builder allows those who work in the housing industry, such as real estate agents and developers, to view their own data alongside ACS data. ACS data is tailored to their industry, location, and size to give them localized information. The National Association of Real Estate Investment Trusts also uses many decennial census-derived data sources such as the ACS, AHS, and CPS to examine housing trends, such as the shift from home ownership to renting in the last decade.

Manufacturing

The ACS contains rich manufacturing data, including the number of workers in a particular industry, their positions, education, and median earnings. The census and sources derived from it inform other premier surveys used to measure trends and needs in the manufacturing sector, including:

- **Price Indices:** The Consumer Price Index (CPI) uses Core-Based Statistical Areas (CBSAs), which are based on the census, to choose the households whose data is used to calculate the index and to measure inflation rates.
- **Labor Force:** The Current Population Survey (CPS), a census-derived dataset, includes statistics about the labor force by industry, including manufacturing.
- **Construction:** The Survey of Construction uses CPS and census results to provide housing sale and construction data, which manufacturers use to plan production and estimate market shares.
- **Exports:** The Census Bureau's "Exports from Manufacturing" uses census-derived Bureau of Economic Analysis (BEA) numbers to value exports and estimate job creation. The International Trade Administration's Exports from United States Metropolitan Areas uses CBSAs to record urban areas' exports.
- **Business Characteristics:** The Annual Business Survey uses MSAs to provide characteristics of businesses and entrepreneurs. The Census Bureau's County Business Patterns gives an economic overview of small areas nationwide. Its [OnTheMap](#) application shows where people work by demographic groups and industries; both use decennial census-derived sources.

Agriculture

The decennial census and ACS produce data that are essential to the agriculture sector, which underpins rural economies, national food systems, and global trade. These data help stakeholders understand the agricultural workforce, track population change in rural communities, and plan for infrastructure and services that support farming and food production. Census-derived data inform key agricultural surveys and programs that measure production, labor, and economic activity across the sector, including:

- **Census of Agriculture (USDA):** While conducted by the U.S. Department of Agriculture, the Census of Agriculture relies on Census Bureau geography and population benchmarks to ensure accurate coverage of farms and ranches nationwide. It provides comprehensive data on land use, production, and operator characteristics.
- **Labor Force and Farmworkers:** The ACS and census-derived Current Population Survey (CPS) provide data on employment, migration, income, and demographics of agricultural workers. These data help policymakers and employers understand workforce availability, seasonal labor patterns, and the needs of farming communities.

- **Rural Classification and Program Eligibility:** Federal programs administered by USDA and other agencies use census-based definitions of rural and urban areas to determine eligibility for agricultural subsidies, conservation programs, and rural development funding.
- **Supply Chain and Business Activity:** County Business Patterns (CBP) and the Economic Census provide data on agricultural-related industries such as food processing, equipment manufacturing, and distribution. These data help businesses and policymakers understand regional supply chains and economic linkages.
- **Disaster Response and Risk Management:** Census and ACS data are used alongside USDA data to assess the impact of natural disasters on agricultural communities, guide emergency response, and target recovery resources.

The private sector also depends on decennial census and ACS data to guide decision-making across the agriculture and food system. Agribusinesses use demographic and income data to forecast demand for agricultural products and identify emerging markets. Processors, distributors, and retailers rely on these data to determine where to locate facilities based on work-force availability, transportation access, and proximity to production. Lenders and insurers also use census-based data to assess risk, evaluate loan applications, and design financial products tailored to agricultural producers and rural communities.

Why a good count matters to business

Good data make for good decisions. With census data serving as a key input to so many datasets that guide business decisions, it's critical that the census counts everyone accurately. Over the last several decades, the census has grown increasingly accurate. In 2010, the national count was considered nearly perfect: the "undercount rate" (the rate at which people were missed) in the census was .01%. In 2020, despite conducting the count in the midst of the pandemic, the national undercount rose to only .24%.

However, the accuracy of the national count masks differences in accuracy at the local and regional level as well as among demographic groups. For example:

- Arkansas was undercounted by 5%, while Delaware was overcounted by 5%
- Regionally, the South was undercounted by 2% while the Northeast was overcounted by 2%
- Children ages 0–4 were undercounted by 5%; women ages 50 and over were overcounted by nearly 3%
- American Indian and Alaska Native communities were undercounted by more than 5%; white households were overcounted by 1.5%

Importantly, these gaps do not affect just the communities that are missed.

Because census data is used to build benchmarks, weights, and projections that apply nationwide, an undercount or overcount in any one place or population introduces distortions across the entire data ecosystem. In other words, if the census gets some communities wrong, it makes the data less reliable everywhere.

Especially where these gaps are compounded, such as for young people in communities of color in the South, the resulting figures can mislead businesses about who lives in a market, what they need, and how that market is changing.

As key users of census data, business leaders have a strong stake in ensuring that the count is as accurate as possible, not just in their immediate markets but across all communities.

More ways the census can add to your bottom line

Many companies receive tax incentives or grants from the federal government; others may contract with the federal government to provide a particular service. Census data frequently play a role in federal funding and contracting decisions. For example:

- **Opportunity Zones and Empowerment Zones**. The federal government often provides incentives to businesses to invest in struggling communities in the form of Opportunity Zones and Empowerment Zones, and census data is used to define the geography of the zone and data on income and poverty are used to show that an area qualifies.
- **Rural Business Development Grants (RBDGs)**. These help promote the development of small and emerging private businesses in rural areas. Rural areas are defined using census data; demographic and economic information about an area are used by the program to make determinations about which grants are awarded.

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