

Considering Family Income in Determining if the Low and Moderate Income Threshold Has Been Met

November 13, 1990

Honorable Carl Levin
United States Senator
115 West Ottawa, Room 402
Lansing, MI 48933

Dear Senator Levin:

This in response to your September 27, 1990, letter regarding issues raised by the City of East Lansing. These issues were previously addressed in a February 12, 1990, memorandum from Assistant Secretary Kondratas to the HUD Field Office in Detroit, and my July 23, 1990, letter to you.

Your letter raised technical questions about several of the statements in my July 23 letter. First, you questioned whether a person's family income has to be considered in determining the person's status as a low- or moderate-income person under the CDBG program. You also said that the Census Bureau does consider a college student to be a permanent resident of the community in which they attend college.

I would like to clarify these issues, beginning with the need to consider family income. The definitions found at 24 CFR 570.3 for persons of low income, moderate income, and low and moderate income each state that a person is to be judged for this purpose based on whether he or she is a member of a family whose income would qualify him or her to be considered. In each case, however, the definition goes on to say that an "unrelated individual" is considered as a one-person family for this purpose. Since the definition of "family" in the regulation for these purposes hinges on the relationship of persons living in the same household, the real question to be addressed with respect to college students is whether they are to be considered as members of the household where they live while at college or where they reside while not at school.

This leads to your second issue. The Census Bureau prepares data for many different purposes. In addition to the Decennial Census, the Bureau issues annual Population Surveys, a variety of topical reports, and special "runs" for other purposes. In recently reviewing this matter with Census officials we learned that they classify a student's residence differently for different purposes. As you stated in your most recent letter to me, for the general purposes of the Decennial Census, students are considered residents of the community in which they have their "usual residence." Thus, for a college community, the population levels in the Decennial Census include all students living in the community's jurisdiction if they live there for the majority of the year. At the same time, however, to determine the number of persons in poverty in that community, the Census Bureau specifically excludes consideration of any students living in dormitories. For a third use, Current Population Surveys (CPS), the Census considers that a college student is a member of the family's household unless he or she is married or otherwise clearly independent of the family.

From the perspective of CDBG program administration, the decision as to which household to use (in cases where a college student is a member of more than one) for determining whether he or she should be considered to be a low- or moderate-income person is important. Since the distinction is for the purpose of ensuring that the program benefits persons based on their needs, we believe that it would be improper public policy to ignore the financial support that a student may receive from his or her family. To do so would be to judge students to be in need when they may not be. This would have the likely effect of providing them benefits at the expense of others in the community who lack the financial capacity to provide for themselves. It is noteworthy that, in making determinations of a student's need for financial assistance, most universities take into account the income and assets of the student's family, and do not consider the student to be financially independent for this purpose. We believe it is sensible to follow this same logic for the CDBG program.

I hope this information is helpful to you. Thank you for your interest in community development.

Very sincerely yours,

Timothy L. Coyle
Assistant Secretary