

Analyzing OMB classification of regions: three case studies

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The U.S. Office of Management and Budget (OMB) selects various U.S. geographical regions and classifies them into three different kinds of core-based statistical areas (CBSAs): metropolitan statistical areas (MSAs), micropolitan statistical areas, and combined statistical areas (CSAs). The difference between MSAs and micropolitan statistical areas is size: a CBSA must have a population of at least 50,000 in its largest urban area to qualify as an MSA; CBSAs that fail to meet this criterion are micropolitan statistical areas. Adjacent CBSAs are combined to form CSAs at the discretion of OMB, and commuting patterns are the primary basis for deciding how such areas are formed. In “[Regions defined and dissected](#)” (Regional Spotlight, Federal Reserve Bank of Philadelphia *Business Review*, fourth quarter 2015), Paul R. Flora takes a look at the Federal Reserve’s Third District (which covers banking markets in eastern Pennsylvania, southern New Jersey, and Delaware), and examines how CSAs in this area have evolved. His work presents several accounts of how commuting patterns and urban sprawl have shaped the formation of CSAs.

One narrative is about how Franklin County, PA, was merged into the Washington–Baltimore–Arlington, DC–MD–VA–WV–PA CSA, or, simply, the Washington–Baltimore CSA. In 2013, when OMB determined that Franklin County’s population had grown enough to qualify the county as an MSA (called the Chambersburg–Waynesboro, PA, MSA), the question arose as to whether it also qualified to be merged into either the Washington–Baltimore CSA or the Philadelphia–Camden–Wilmington, PA–NJ–DE–MD CSA. Chiefly on the basis of commuting patterns, OMB concluded that the former was the case, and the Chambersburg–Waynesboro MSA was merged into the Washington–Baltimore CSA. The merger confirmed “what every kid from Waynesboro, PA, had understood 50 years earlier”: that the Baltimore Orioles, and not the Philadelphia Phillies, were the hometown baseball team and that “[g]ood-paying jobs beckoned and TV signals emanated from over the Blue Ridge Mountains and inside the dual beltways.”

Another account concerns the Salisbury, MD–DE, MSA. In this case, OMB decided to expand the number of counties in that MSA. Previously, the Salisbury MSA consisted of just two Maryland counties: Somerset and Wicomico. Then, on the basis of population levels in the 2010 census, OMB decided to add Worcester County, MD, and Sussex County, DE, to the Salisbury MSA. Sussex County had been part of the Seaford, DE, micropolitan statistical area. But its growth of 40,000 between 2000 and 2010 warranted another look at its OMB status. When OMB addressed the issue, it found that, although the county remained 60 percent rural, its largest urban area was its portion of the nearby Salisbury MSA. That qualified Sussex County to be considered, together with Wicomico County, as the central counties of a single CBSA that was part of the Salisbury MSA. Finally, because OMB found

that Worcester County drew just over 25 percent of its workforce from the combined Sussex County–Wicomico County CBSA, it qualified as a part of the Salisbury MSA as well.

The author goes on to examine the shifting status of the Trenton, NJ, MSA, which consists of just Mercer County. From 1950 through 1980, when OMB first established the idea of an MSA, Trenton was a stand-alone MSA. Then, on the basis of the 1980 census, Trenton was designated part of the Philadelphia CSA in 1981. After that, OMB went to the 1990 census to move Trenton from the Philadelphia CSA to the New York CSA in accordance with annual surveys of cross-commuting patterns between Trenton and those two much larger cities. One finding was that Philadelphia supplied 23.9 percent of Trenton’s workforce while New York supplied 21.8 percent. This pattern of in-commuting favors Philadelphia as the CSA to which Trenton should be tied. “However,” notes Flora, “Trenton’s out-commuting ties are far stronger to New York—23.0 percent of Mercer County residents commute into New York versus only 7.9 percent into Philadelphia.” As a result, “New York absorbs Trenton into its CSA with a combined 44.8 percent compared with Philadelphia’s 31.8 percent.”

In sum, OMB has several ways of constructing regions and the MSAs that populate them. Watersheds and river basins are a natural means of delineating regions and are used in environmental planning. Historically, marketing regions were defined chiefly by the strength of television and radio signals emanating from the cities and towns within them. And sports allegiance can characterize a region culturally—as the narrative about Franklin County, PA, illustrates. But OMB has chosen commuting patterns, or “commutersheds,” as the prime way of defining and understanding regions and their economies, not least because this rigorous quantitative approach is in accordance with regional economists’ idea of an MSA as “an area containing a large population nucleus and adjacent communities that have a high degree of integration with that nucleus.”