



April 27, 2023

Shalanda Young  
Director, Office of Management and Budget  
725 Seventeenth Street, NW  
Washington, DC 20503

RE: Initial Proposals for Updating OMB's Race and Ethnicity Statistical Standards

Dear Director Young:

Thank you for the opportunity to comment on the Federal Interagency Technical Working Group on Race and Ethnicity Standards' (Working Group) efforts to revise the Office of Management and Budget's Statistical Policy Directive No. 15: Standards for Maintaining Collecting, and Presenting Federal Data on Race and Ethnicity (SPD 15). The Working Group's efforts are critical to advancing racial equity in the United States and holding the federal government and private institutions accountable for serving communities of color equitably.

Given that the Federal and state and local governments have used race and ethnicity data to discriminate and this discrimination has led to the racial wealth gap, disenfranchisement of Black voters, and other significant harms to people and communities of color, it is important that the Working Group recognize and address the reasons why respondents may be hesitant to provide detailed, or any, race and ethnicity data to the government or other institutions collecting data that will be reported to the federal government. As detailed below, inclusive language and forms, clear communication about why data is being collected and how it will be used, and robust public education will help build public support for the collection and use of detailed data on race and ethnicity. In addition, the Working Group should ensure that all federal agencies use consistent standards for data collection and accept the use of well-tested statistical proxy methodologies when the collection of self-identified data on race and ethnicity is not possible or practicable.

#### *About Inclusiv*

Inclusiv is the national network of community development credit unions (CDCUs) with a network of more than 460 members in 48 states, Washington DC, the U.S. Virgin Islands and Puerto Rico. CDCUs include Community Development Financial Institution, Minority Depository Institution and Low-Income Designated credit unions. All CDCUs are financial cooperatives owned and controlled by the communities and people they serve, and have a mission of financial inclusion and equitable economic growth. Inclusiv is also the certified CDFI intermediary for CDCUs, and as such we raise and deploy capital and provide technical and program support to increase the capacity of CDCUs to serve low-income people and communities.

#### *Collecting Race and Ethnicity Data Using One Combined Question*

Inclusiv supports the Working Group's proposal to combine race and ethnicity data collection into one question that allows respondents to self-report all aspects of their racial and ethnic identities. We encourage the Working Group to engage with diverse, multi-racial and multi-ethnic focus groups to test the format of the question and

ensure that respondents feel both comfortable reporting and able to report all relevant aspects of their identities using the options provided. If the proposed data collection tool shown in Figure 2 is used, we encourage the use of examples of multi-racial/multi-ethnic reporting to help people understand the full scope of data the form seeks to collect. For example, showing an example form for a respondent who identifies as Afro-Latino would be helpful in highlighting how people who identify with more than one race or ethnicity can include all facets of their identity when filling out the form.

#### *Add “Middle Eastern or North African” (MENA) as a New Minimum Reporting Category*

Given the United States’ well-documented history of Islamophobia and the resulting discrimination against Americans who identify with Middle Eastern or North African nationalities or ethnicities, the Working Group’s proposal to add MENA as a new minimum reporting category that is distinct from the “White” minimum category is critically important. The proposed definition would benefit from a comprehensive list of geographies the Working Group would classify as being part of the Middle East and North Africa given that there are varying official definitions. For example, the World Bank and International Monetary Fund include Djibouti in their definitions of MENA but the Office of the United States Trade Representative does not. In addition, clarifying which minimum reporting category people who identify as Turkish should select would also be helpful given that Turkey is transcontinental and people could reasonably select MENA, White or Asian. Or, if the Working Group decides to allow people the flexibility to select any or all of those options, it would be helpful to include language in the form instructions to that effect and consider how to roll up a “Turkish” write-in category across all three minimum reporting categories.

#### *Request Detailed Race and Ethnicity Data*

Giving respondents the option to provide detailed race and ethnicity data if desired will not only significantly increase the value of the data collected by allowing intra-group analysis but is also likely to increase the accuracy of reporting given the wealth of options provided in Figure 2 that will guide people through filling out the form correctly. Although few public data sets include detailed race and ethnicity data, when detailed data are available, intra-group comparisons have shed significant light on economic disparities by nationality within the Asian American community and are likely to add significant value for other intra-group analyses as well.<sup>1</sup>

For respondents who prefer not to share detailed data, Figure 2’s rolled-up categories provide a clear way to indicate their race or ethnicity using the minimum reporting categories.

#### *Collecting Data without Self-Identification*

The Working Group should provide clear guidance for agencies and institutions on how to collect data when self-identification is not possible or practicable. In these cases, the use of well-tested proxy methodologies, like Bayesian Improved Surname/Name Geocoding (BISG/BING) should be preferred as these methodologies are based on data most agencies and institutions have readily available, avoid asking respondents intrusive or unwelcome questions, and are highly scalable. When more sophisticated methodologies like BISG/BING are not available, geographic proxies could also be used.

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<sup>1</sup> [https://www.nationalcapacd.org/wp-content/uploads/2020/11/CAPACD-PN\\_AAPI\\_Fact\\_File\\_FINAL\\_11.10.20.pdf](https://www.nationalcapacd.org/wp-content/uploads/2020/11/CAPACD-PN_AAPI_Fact_File_FINAL_11.10.20.pdf)

Observation is not a workable substitute for self-identification or proxy methodologies, because it introduces unpredictable sources of bias, is not scalable, and because so many interactions now take place online.

### *Terminology Updates*

The Working Group’s proposed changes to the terminology used within the minimum categories are, for the most part, positive changes that will remove outdated and offensive terms. For example, the Working Group’s proposal to stop using “Majority/Minority” is a welcome change. Using the specific terms people use to describe their race and ethnicity is both more respectful of the diversity of America’s population and more accurate as many people use “Minority” as a stand-in for a specific racial or ethnic group, like Black or Latino. In addition, the terms “Majority” and “Minority” will lose their currently understood meanings as demographics continue to shift and White Americans no longer constitute the majority of the American population. In fact, in California and Texas, this shift has already occurred.<sup>2</sup>

The removal of “who maintain tribal affiliation or community attachment” from the American Indian or Alaskan Native category, however, raises concerns that tribal sovereignty could be undermined as a result of this change. As a next step, the agencies should consult with Tribal nations to ensure this proposed change is welcome. In addition, the agencies should consider updating American Indian or Alaskan Native to Indigenous American and/or Native American to better reflect the terminology people currently use to represent themselves.

### *Explain Why Data Is Being Collected*

Whenever a government agency collects or requires private entities to collect and report race and ethnicity to comply with regulatory or programmatic reporting requirements, the federal agency that will use the data should explain why the data is being collected and how it will be used. Sharing this information with people who are providing data is a widely acknowledged best practice in equity-focused research.<sup>3</sup> One example of this practice is the Consumer Financial Protection Bureau’s model data collection form for mortgage lenders. The form includes a blurb explaining that the institution is asking for race and ethnicity data “to help ensure all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled.” It goes on to make clear that providing the data is optional and that it will be used to monitor compliance with anti-discrimination laws.<sup>4</sup>

### *Engage in Public Education and Outreach on the New Standards*

The federal government should engage in a robust public education campaign to build support for the collection and use of disaggregated race and ethnicity data. Connecting data collection to the successful implementation of initiatives like Justice40 or the Interagency Task Force on Property Appraisal and Valuation Equity that have the potential to materially improve economic outcomes for people and communities of color and redress some past harms will help motivate people to provide detailed data and dispel skepticism about the value of collecting race and ethnicity data.

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<sup>2</sup> <https://www.npr.org/sections/publiceditor/2011/08/29/140040441/on-race-the-relevance-of-saying-minority>

<sup>3</sup> <https://www.urban.org/sites/default/files/publication/102346/principles-for-advancing-equitable-data-practice.pdf>

<sup>4</sup> <https://www.consumerfinance.gov/rules-policy/regulations/1003/2019-01-01/b/#13>

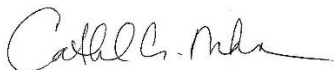
### *Ensure Data Standards Are Consistent Across All Federal Agencies*

As the federal government implements new standards for collecting information on race and ethnicity, it is important to keep in mind that there are many financial institutions that collect race and ethnicity data pursuant to federal requirements, for example, lenders reporting Home Mortgage Disclosure Act data to the CFPB or Community Development Financial Institutions (CDFIs) reporting on their lending activity to the CDFI Fund. Each program currently has its own race and ethnicity reporting requirements that may not be consistent with the standards this working group develops. They also have varying requirements for reporting when self-identification is not possible.

Many community-based lenders have limited budgets to create and build systems for data collection, electronic storage and reporting. It is critical that all race and ethnicity data collection required by federal agencies use definitions that are not only consistent across programs but also remain consistent over time so that lenders, particularly small, Minority Depository Institutions, only need to invest once in costly systems upgrades rather than having to pay for duplicative systems updates for each new program that emerges. It is also critical that rigorous, well-tested proxy methodologies are universally accepted as the alternative to self-identification in circumstances in which self-identification is unduly burdensome or otherwise impractical, as observation not only produces low-quality data but is often impossible given the scale of community-based lending and the fact that so many transactions are now entered into online.

Thank you for the opportunity to comment on this important update to SPD 15. Please contact Alexis Iwanisziw, SVP Policy and Communications ([aiwanisziw@inclusiv.org](mailto:aiwanisziw@inclusiv.org)) with any questions about these comments.

Sincerely,



Cathie Mahon  
President/CEO, Inclusiv