



April 21, 2023

The Office of Management and Budget (OMB)
Office of Information and Regulatory Affairs
727 17th St, NW
Washington, DC 20503

Re: Docket Number OMB-2023-0001-0001

To Whom it May Concern:

The National Association for Latino Community Asset Builders (NALCAB), writes in response to the January 27th, 2023, notice and request for comments on the initial proposals from the Federal Interagency Technical Working Group on Race and Ethnicity Standards for revising OMB's 1997 Statistical Policy Directive No. 15: Standards for Maintaining, Collecting, and Presenting Federal Data on Race and Ethnicity (SPD 15). We appreciate the opportunity to provide comments given the impact inaccurate data has not only on the success and prosperity of Latinos but on economic growth in local communities throughout the nation.

NALCAB is a national organization that represents and serves over 200 diverse nonprofit community development and asset-building organizations across the country. Over half of our members are lenders, more than 50 of which are certified Community Development Financial Institutions (CDFIs). These organizations uplift Latino communities by strengthening access to quality affordable housing, safe financial products and services and the ability to start and grow successful businesses. Many of the people served by the NALCAB Network are low- to moderate-income individuals who are first- or second-generation immigrants. Complete data helps ensure the flow of government resources into our communities meets their unique needs and supports innovation, job creation, and asset building.

The United States relies on the flow of objective, credible data to support decisions impacting businesses, families, individuals, and communities. Latinos are the nation's second largest population group and growing. Accurate data plays a key role in supporting their success. Census data, for example, are used to determine the fair allocation of federal, state, and local funding. The federal government doles out more than \$800 billion annually toward census guided federal programs.¹

¹ <https://www.childtrends.org/publications/undercounting-hispanics-in-the-2020-census-will-result-in-a-loss-in-federal-funding-to-many-states-for-child-and-family-assistance-programs>



Particularly impactful to NALCAB members and the communities we serve are the formula grants that rely on such data to determine allocation amounts including the Community Development Block Grant (CDBG) and the HOME Investment Partnership Program (HOME). These programs and others like them fund local community development efforts including increasing homeownership, housing rehabilitation, revitalizing neighborhood centers, infrastructure improvements and job creation. These resources are even more important in a post pandemic economy when COVID-19 most acutely impacted historically underserved communities. Inaccurate data robs Latino, minority, rural and low-income communities hundreds of millions in key resources that are vital to promoting prosperity and economic growth in underinvested neighborhoods.

According to the Census Bureau's 2020 report, Latinos were undercounted at a rate of nearly 5%, the highest margin to date.² The absence of accurate and complete data obscures the totality of challenges our communities are facing in securing housing or accessing the capital needed to grow a small business, for example. Surveys by a consortium of Federal Reserve Banks over the past several years have consistently found large disparities between the ability of white-owned businesses and businesses owned by people of color in obtaining credit. The most recent survey found that Latino-owned firms that applied for financing obtained the financing they sought 50% of the rate of White-owned firms.³ Comprehensive demographic data helps policymakers make informed decisions to address inequities and ensure that Latino and other misrepresented communities have access to the tools needed to be successful.

NALCAB has a record of commitment to pursuing increased and accurate data. We have been a leader in the effort to ensure that the Consumer Financial Protection Bureau (CFPB) implements Section 1071 of the Dodd Frank and Wall Street Reform and Consumer Protection Act (P.L. 111-203). This landmark civil rights law requires lenders to disclose demographic information about the loans they make to small businesses to detect and deter discrimination in accessing capital. The ideal of opportunity for all is a bedrock of American democracy. The civil rights movement led to the gradual dismantling of laws that prevented minorities from accessing schools, jobs or neighborhoods and led to the passage of the Civil Rights Act of 1964 (P.L. 88-352), the Voting Rights Act of 1965 and the Fair Housing Act of 1968. Data collection is the cornerstone of effective Title VI enforcement. The importance of diligently gathered and thoroughly analyzed data cannot be overstated.

We offer the following comments in response to the recommendations of the Federal Interagency Working Group on Race and Ethnicity Standards;

² <https://www.census.gov/newsroom/press-releases/2022/2020-census-estimates-of-undercount-and-overcount.html>

³ Small Business Credit Survey: 2021 Report of Firms Owned by People of Color, <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/sbcs-report-on-firms-owned-by-people-of-color>



Completeness of Data

The Office of Management and Budget (OMB) requests public comment on collecting race and ethnicity information using one combined question versus separate questions.

NALCAB supports collecting a person's ethnicity and race using both aggregate categories and disaggregated subcategories, including the disaggregated subcategories with respect to Hispanics and Latinos. Disaggregating the data in that way has proven extremely valuable to uncover disparities within the broader groupings according to the Federal Government's own research.

The goal of SPD 15 is to ensure comparability of race and ethnicity across Federal data sets and to maximize the quality of the data by ensuring the format, language, and procedures for collecting data and effective. Almost half of Latinos in the 2010 census chose not to identify with any of the race categories included, while for the 2020 census that number was at 42%.⁴ Further, a Pew Research Center survey from 2020 found that Hispanic adults were more likely than White or Black adults to say the two-part race and ethnicity questions do not reflect their identity well: 23% of Hispanic adults said race and ethnicity questions did not reflect how they see their race and origin, compared to 16% of Black adults and 15% of White adults.⁵ In both the 2000 and 2010 censuses, over a third of those who selected a Hispanic ethnicity put themselves in the "some other race" category, making that the nation's third largest group for both decades.

The format of the questions is important to the completeness of the data. Those who do not identify with the race boxes may not answer the question nor return the form, resulting in undercounts. When Hispanics select "white" or "some other race," it makes it challenging to identify where there may be a need for bilingual services in schools or during elections, for example. Undercounts translate to lost dollars, inaccurate redrawing of electoral maps which facilitate the distribution of political power among states and a lack of understanding what community programs need to be funded to target specific needs.

The current OMB standards' two-separate questions approach limits the ability to report multiple national origins or sub-groups by Latinos. The inability to record and report multiple Hispanic national origins results in the loss of detailed information about the full diversity of Latinos. We urge OMB to adopt the "combined question" approach which provides Latinos with the option to choose multiple national origin or sub-group identifications. Census Bureau research indicates that the proposed approach decreases Latino nonresponse to the race question and reduces the number of Latinos who identify as "some other race." The 2020 Census data do demonstrate the continual

⁴ <https://www2.census.gov/programs-surveys/decennial/2020/data/redistricting-supplementary-tables/redistricting-supplementary-table-04.pdf>

⁵ https://www.pewresearch.org/hispanic/wp-content/uploads/sites/5/2021/11/RE_2021.11.04_Latinos-Race-Identity_FINAL.pdf



challenges that are presented by the separate question approach given that “some other race” is now the second-largest racial group in the nation.

Further promoting the most complete and accurate representation of the population NALCAB supports the separation of Middle Eastern or North African (MENA) individuals from the White classification. As OMB notes many in the MENA community do not share the same lived experience as White people and are not perceived as White by others. The addition of a MENA reporting category will better ensure this population is more accurately reflected and that its unique needs can be addressed.

Data Collection and Outreach

In data collection and outreach efforts, specifically with groups that are historically marginalized and may have a distrust in the Federal Government we urge OMB to explicitly partner with trusted grassroots organizations in traditionally hard to reach Latino and immigrant communities. Consistent gaps in data point to an inability to connect with Latino populations. Local community-based organizations have deep roots in these communities and the trust of residents who may otherwise not be reached by traditional outreach methods. To that end, we recommend that not only should OMB and the Federal Government work in greater conjunction with local organizations but also rely on the outreach infrastructure they have already built within their communities. These organizations are best placed to create meaningful contacts with individuals, through their understanding of what mediums and language will elicit responses and encourage participation among Latino and Latino immigrant populations.

It is also key that OMB and the Federal Government on the platforms and mediums used most by minority populations. In the case of Latinos, a well-documented one being WhatsApp’s messaging service⁶ and more recently numbers have significantly grown in usage of streaming services such as Hulu.⁷ Technology provides major opportunities should the Federal Government choose to make new advances in connecting with minority populations and forgo traditional digital outreach and marketing methods.

Closing

Lastly, we strongly recommend any changes made are based upon an interagency collaborative effort. Due to the many and varied needs of Federal agencies for racial and ethnic data, any changes to the existing categories should be the product of an interagency collaborative effort.

⁶ https://www.pewresearch.org/internet/2021/04/07/social-media-use-in-2021/?utm_source=Pew+Research+Center&utm_campaign=acb6afc369-EMAIL_CAMPAIGN_2021_04_09_02_57&utm_medium=email&utm_term=0_3e953b9b70-acb6afc369-400117905

⁷ <https://www.npr.org/2022/09/16/1123296056/latino-viewers-heavily-influence-the-popularity-of-streaming-shows-a-study-finds>



NALCAB appreciates the opportunity to comment. We hope that OMB and the federal government will work to ensure that collection efforts and data moving forward, regardless of question structure, are clearly understandable to Latino and minority populations, partner with key stakeholders and community-based organizations that are embedded in these communities. While there is no perfect question on race and ethnicity NALCAB looks forward to working with OMB to make improvements that ensure Latino communities, families, and small businesses can continue spurring economic growth.

Sincerely,

A handwritten signature in cursive script, reading 'Clarinda Landeros', is positioned below the word 'Sincerely,'.

Clarinda Landeros

Director of Public Policy