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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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STATEMENT OF SALLY KATZEN
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BEFORE THE
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
U.S. HOUSE OF REPRESENTATIVES

April 23, 1997

Mr. Chairman and members of the Subcommittee:

I appreciate your inviting me here today to discuss our comprehensive review of the Office of Management and Budget's (OMB) Statistical Policy Directive No. 15 on "Race and Ethnic Standards for Federal Statistics and Administrative Reporting." The standard in Directive No. 15 sets forth a minimum set of categories that are used governmentwide for recordkeeping, collection, and presentation of data on race and ethnicity. There are four categories for the collection of data on race that are defined in the current standard as follows:

- *American Indian or Alaskan Native* -- a person having origins in any of the original peoples of North America, and who maintains cultural identification through tribal affiliation or community recognition.
- *Asian or Pacific Islander* -- a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands. This area includes, for example, China, India, Japan, Korea, the Philippine Islands, and Samoa.
- *Black* -- a person having origins in any of the black racial groups of Africa.
- *White* -- a person having origins in any of the original peoples of Europe, North Africa, or the Middle East.

There are two categories for the collection of data on ethnicity -- *Hispanic origin* and *Not of Hispanic origin* -- that were included in the classification to implement the requirements of Public Law 94-311 of June 16, 1976, which called for the collection, analysis, and publication of economic and social statistics on persons of Spanish culture, origin, or descent. (See Appendix A for complete text of Directive No. 15.)

The categories represent a political-social construct designed to be used in the collection of racial and ethnic data about major broad population groups. The categories are a product of this Nation's political and social history and should not be interpreted as having anthropological or scientific origins. While it may be generally accepted that race is a socially constructed concept, there remains disagreement as to what the categories for collecting racial and ethnic data should be or should mean, especially in the context of the categories used in the decennial census. For some people, the meaning and the importance of the categories are very personal matters. For these individuals, our Directive is not simply a set of data categories for classifying characteristics of the population.

It is important to remember that new responsibilities to enforce civil rights laws were a major driving force for the development of the data standard in the 1970's. Data were needed to monitor equal access in areas such as housing, education, and employment opportunities, for population groups that historically had experienced discrimination and differential treatment because of their race or ethnicity. At the time the current categories were adopted by OMB in May 1977, they essentially reflected in many respects legislatively based priorities for data on particular population groups. Since their adoption, these categories have been used both for program administrative reporting in areas such as mortgage lending and access to health care services, and for statistical activities, such as the collection of demographic data in Federal surveys and the decennial census. The Directive explicitly states that the categories are not to be used for determining eligibility for participation in any Federal programs. Nevertheless, some Federal programs use the categories as a convenient way for identifying

socially and economically disadvantaged groups.

1. Why Did OMB Undertake This Review?

During the past several years, Directive No. 15 has been criticized for not reflecting the increasing diversity of our Nation's population that has resulted primarily from growth in immigration and interracial marriages. In addition to acknowledging these demographic changes in our population, the review is timely in terms of implementing changes, *if any*, in the 2000 census. Lastly, since the 1977 standard has been in use for nearly 20 years, data users have had an opportunity to consider its utility for various analytic purposes.

When we last testified on the Directive in July 1993, OMB announced that it would undertake a comprehensive review of the categories in response to concerns about the adequacy of the standard. This review has been conducted over the last four years in collaboration with the Interagency Committee for the Review of the Racial and Ethnic Standards, which OMB established in March 1994 to facilitate the participation of the Federal agencies in the review. The members of the Committee, from more than 30 agencies, represent the many and diverse Federal needs for racial and ethnic data, including statutory requirements for such data.

The review process has had two major threads: (1) public comment on the present standards, which provided numerous suggestions for changing the standards; and (2) research and testing related to assessing the possible effects of suggested changes on the quality and usefulness of the resulting data.

2. How Has OMB Obtained Public Input?

Public input has been sought through a variety of means:

- During 1993, Congressman Thomas C. Sawyer, who at that time was Chairman of the House Subcommittee on Census, Statistics, and Postal Personnel, held four hearings that included 27 witnesses, focusing particularly on the use of the categories in the 2000 census.
- At the request of OMB, the National Academy of Sciences' Committee on National Statistics conducted a workshop in February 1994, to articulate issues surrounding a review of the categories. The workshop included representatives of Federal agencies, academia, social science research institutions, interest groups, private industry, and a local school district.
- On June 9, 1994, OMB published a *Federal Register* (59 FR 29831-35) notice inviting public comment on the adequacy of the current categories; we received nearly 800 letters. As part of this comment period and to bring the review closer to the public, OMB also heard testimony from 94 witnesses at hearings held during July 1994 in Boston, Denver, San Francisco, and Honolulu.
- In an August 28, 1995, *Federal Register* (60 FR 44674-93) notice, OMB provided an interim report on the review process, including a summary of the public comments on the June 1994 *Federal Register* notice, and offered a final opportunity for public comment on the research to be conducted during 1996.

In addition to using the *Federal Register* to solicit public comment and to holding public hearings, I have made myself available for interviews with the media. My staff have also made themselves available to discuss the review process with various interested groups, have made presentations at a number of professional organization meetings, and have written several articles for *Chance* and *American Demographics*.

3. What Are the Most Controversial Issues?

We found the public comment letters and the hearings very helpful in identifying more clearly four issues that are particularly controversial: These issues are:

- *Classification of Data on Multiracial Persons.* With respect to the classification of data on multiracial persons, some have requested a specific category called "multiracial" (some want to specify the races and some do not), while others have requested an opportunity to identify one or more races (but not using a category called "multiracial"). Currently, persons who are of mixed racial and/or ethnic origins are asked to select the category that most closely reflects the individual's recognition in his or her community.
- *Expansion of the Standard Categories.* Comments have included requests for additional categories for population groups such as Arabs/Middle Easterners, Cape Verdeans, Creoles, European Americans, and German Americans. (It should be noted that the current standard permits the collection of data on more detailed population groups as long as such detail is needed for programmatic purposes and can be aggregated to the broader categories.)
- *Classification of Data on Native Hawaiians.* Native Hawaiians have indicated that they no longer want to be included in the Asian or Pacific Islander category. Some support Senator Akaka's proposal to include the Native Hawaiians in the same category as the American Indians and Alaska Natives so that all indigenous peoples would be in the same category. Others support a separate category for the Native Hawaiians. In addition, the indigenous peoples of Guam and American Samoa want to be removed from the Asian and Pacific Islander category and reclassified along with Native Hawaiians. Based on the comments OMB received, American Indian and Alaskan Native organizations are opposed to the inclusion of Native Hawaiians in the American Indian or Alaskan Native category.

- Elimination of Racial and Ethnic Categories. Proponents of this view assert that the categories and the attendant data collections merely serve to perpetuate an over-emphasis on race in America and contribute to the fragmentation of our society. Opponents of this view express concerns about our ability to monitor social and economic objectives in the absence of regularly collected, comparable racial and ethnic data.

The variety and range of suggestions for changing Directive No. 15 proposed during the public comment period underscore the importance of having a set of general principles to govern the review process and to guide final decisions on future standards for classifying data on race and ethnicity. The General Principles for the Review of the Racial and Ethnic Categories presented in Appendix B to this statement were drafted by the Interagency Committee and were included in OMB's *Federal Register* notices for public comment. The agencies recognize that these principles may in some cases represent competing goals for the standards that will need to be reconciled during the decision making process. For example, having categories that are comprehensive in the coverage of our Nation's diverse population (Principle 4) and that would facilitate self-identification (Principle 2) may not be operationally feasible in terms of the burden that would be placed upon respondents and the public and private costs that would be associated with implementation (Principle 8).

4. What Research and Testing Have Been Done?

Because the categories are used not only to produce data on the demographic characteristics of the population, but also for civil rights enforcement and program administrative purposes, research to examine the possible effects of any proposed changes on the quality and comparability of the resulting data has been an essential component of the OMB review process. For that reason, the Interagency Committee's Research Working Group, which is co-chaired by the Bureau of the Census and the Bureau of Labor Statistics,

reviewed the entire spectrum of criticisms and suggestions for changing the current categories. Given that agency staff and funding for research and testing are very limited, the Research Working Group developed a research agenda for some of the more significant issues that have been identified. These issues included classifying data on persons of mixed racial heritage; combining race and Hispanic origin in one question or having separate questions on race and Hispanic origin; combining the concepts of race, ethnicity, and ancestry; changing the terminology used for particular categories; and adding new categories to the current minimum set. In addition, because the mode of data collection can have an effect on how a person responds, the research agenda addressed the issue of how a person responds when an interviewer collects the information (in an in-person interview or a telephone interview) versus how a person responds in a self-reporting situation, such as in the decennial census.

Cognitive research interviews were conducted to provide guidance on the wording of the questions and the instructions. For example, cognitive interviews were carried out with various groups, including rural Whites, urban and rural Blacks, Creoles, Asians, Hispanics, and American Indians. Individuals who have parents of different races also were interviewed. Among other things, it was important to obtain an estimate of the number of persons of mixed racial heritage who might choose a separate multiracial category; the presence of such a category could have an impact not only on the usefulness of the resulting data, but also on the population counts for groups specified in the current categories.

The research agenda included several major national tests during the last two years. In May 1995, the Bureau of Labor Statistics sponsored a Supplement on Race and Ethnicity to the Current Population Survey (CPS), the monthly survey better known for producing information on the employment situation. The Bureau of the Census, as part of its research for the 2000 census, tested alternative approaches to collecting data on race and ethnicity as part of the March 1996 National Content Survey (NCS). In June 1996, the Census Bureau conducted the Race and Ethnic Targeted Test (RAETT), which was designed to permit assessments of effects of possible changes on relatively smaller populations not reliably

measured in national samples, including American Indians, Alaskan Natives, detailed Asian and Pacific Islander groups (such as Chinese and Hawaiians) and detailed Hispanic groups (such as Puerto Ricans and Cubans). The Census Bureau is currently evaluating the RAETT results and expects to release a report on its findings in early May. The Census Bureau testimony will provide additional details about the NCS and the RAETT.

Thus far, from the results of the May 1995 CPS Supplement and the National Content Survey, we have learned that response to the Hispanic origin question (and hence the count of the Hispanic population) is improved when the Hispanic origin question is asked *before* the race question; that it is likely that approximately 1.0 to 1.5 percent of persons would identify as multiracial if given the opportunity to express their mixed-race heritage; that a multiracial response option is likely to reduce the proportion of the population reporting as American Indians and Alaskan Natives; and that since Asian and Pacific Islander responses were a substantial proportion of the write-ins to the multiracial category, we cannot rule out the possibility that a multiracial response option also may reduce the proportion of the population reporting as Asians and Pacific Islanders.

With respect to preferred terminology, test results indicate that the majority of Hispanic respondents chose "Hispanic"; a majority of Whites chose "White"; a large plurality of Blacks preferred the term "Black," but a substantial proportion chose "African-American"; about half of those identifying as American Indian preferred "American Indian," but over a third chose the more generic "Native American"; and almost 30 percent of those identifying as multiracial preferred the term "multiracial," but about as many had no preference.

The National Center for Education Statistics and the Office for Civil Rights in the Department of Education jointly conducted a survey of 1,000 public schools to determine how schools collect data on the race and ethnicity of their students and how the administrative records containing these data are maintained to meet statutory requirements for reporting aggregate information to the Federal Government. Public interest in the Federal uses of the

categories has been heightened by parents of mixed-race children who do not like having to choose only one of the standard categories to identify their children's race or ethnicity when registering them for school. Other than the self-reporting of data on race and ethnicity in the context of the decennial census, school registration is probably the second most personal encounter that individuals may have with the Federal Government's collection of data on race and ethnicity. The results of this national survey indicated that the majority of public schools use only the standard Federal categories to classify the race and ethnicity of students. It also indicated that a general "multiracial" category is being used by about 5 percent of schools to collect data on race and ethnicity, and that usually the central district office handles the task of aggregating these data and distributing them among the standard Federal categories before reporting the data to the Federal Government.

The research agenda has also included studies conducted by the National Center for Health Statistics, the Office of the Assistant Secretary for Health, and the Centers for Disease Control and Prevention to evaluate the procedures and the quality of the administrative records data on race and ethnicity as reported on birth certificates and recorded on death certificates. Since these data are used in studies of diseases and of the health and well being of the major population groups, it is important to be aware of the possible impact of the suggested changes on data needed for medical and health research.

5. When Will OMB Complete the Review?

Between now and mid-October, OMB, in cooperation with the Interagency Committee, will be bringing to a close the comprehensive review of the Federal categories used for classifying data on race and ethnicity. OMB's decision will take into account the substantial public comment we have received and the evaluations of the results from the May 1995 CPS supplement, the 1996 National Content Survey, the 1996 Race and Ethnic Targeted Test, and other related research. OMB is planning to publish for public comment a *Federal Register* notice containing the Interagency Committee's report and recommendations to OMB in early

July 1997. Public comment on this notice will be considered in the decision making process. OMB expects to announce its decision in mid-October 1997 so that changes, *if any*, in the racial and ethnic categories can be included in the Spring 1998 "dress rehearsal" for the 2000 census.

I would like to emphasize that we have made no interim decisions with respect to any of the requests and suggestions for changing how the Federal Government meets its needs for data on race and ethnicity. Further, the option remains to retain the current minimum set of data categories, given that they have produced useful information for 20 years. In July 1993, OMB agreed to undertake the sensitive and significant task of reviewing the current categories to determine if changes would be useful in the context of the Federal Government's many different needs for data on race and ethnicity, including statutory requirements. OMB, together with the Interagency Committee, will have to consider and assess how much of an improvement in the accuracy and relevance of the data may result from changes versus the impact of changes on the historical comparability of data, the burden imposed on respondents, and the possible implementation costs to the Federal agencies as well as to those at the State and local government levels, in the business community, and in private sector organizations.

Finally, it is important to make clear what OMB is doing and not doing in carrying out its responsibilities under the Paperwork Reduction Act for standards and guidelines for classifying statistical data. OMB's role is not to define how an individual should identify himself or herself when providing data on race and ethnicity. Rather, we are trying to determine what categories for aggregating data on race and ethnicity facilitate the measuring and reporting of information on the social and economic conditions of our Nation's population groups for use in formulating public policy. In arriving at a decision, OMB will need to balance statistical issues that relate to the quality and utility of data, the Federal needs for data on race and ethnicity including statutory requirements, and social concerns.

In summary, we welcome your interest in the review of the current set of categories.

We appreciate having an opportunity to brief you on the events of the past four years, particularly since we are approaching the completion of the review. We hope that we can count on your continuing support and interest as we arrive at a decision.

For the record, we are attaching to my statement the April 1975 *Report of the Ad Hoc Committee on Racial and Ethnic Definitions* of the Federal Interagency Committee on Education, and a copy of an article entitled, "Race and Ethnic Standards for Federal Statistics and Administrative Reporting," both of which provide background information and the context for the development of the current set of Federal categories (Appendix C).

I would be pleased to answer any questions that you may have.

Attachments