

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: March 15, 2010
POSITION: Oppose
SPONSOR: Asian and Pacific Islander Action Network

BILL NUMBER: AB 1737
AUTHOR: M. Eng

BILL SUMMARY: State Agencies: Collection of Demographic Data

This bill requires specified state agencies to expand their demographic data collection to include Bangladeshi, Hmong, Indonesian, Malaysian, Pakistani, Sri Lankan, Taiwanese, and Thai and additional major Native Hawaiian and Pacific Islander groups including, but not limited to, Fijian and Tongan.

FISCAL SUMMARY

A bill analysis done for a similar bill in 2007 estimated a one-time cost of approximately \$2,188,000 and ongoing costs of \$19,000.

COMMENTS

The Department of Finance opposes this bill for the following reasons:

The bill imposes significant and costly new requirements on state agencies.

There are no apparent uses for this information in implementing state programs.

There is a potential for added confusion for those using racial and ethnic data. Data for small groups are often statistically not valid and could mislead policy makers.

The Employment Development Department (EDD) was concerned that other ethnic or ancestry groups may pressure them to provide similar detailed data. They collect data on 17 racial and ethnic categories and compress the data into 5 groups, as required by the federal government. Any additional data collection would not be federally funded and would therefore require state funding.

In addition to their own costs, the Department of Education was concerned about major fiscal implications for local educational agencies.

ANALYSIS

A. Programmatic Analysis

This bill requires the following state agencies to expand their demographic data collection to include Bangladeshi, Hmong, Indonesian, Malaysian, Pakistani, Sri Lankan, Taiwanese, and Thai and additional major Native Hawaiian and Pacific Islander groups including, but not limited to, Fijian and Tongan:

- The State Department of Health Care Services
The State Department of Public Health
The state Department of Social Services
The Employment Development Department
The Department of Industrial Relations

Analyst/Principal (0710) M. Heim Date Program Budget Manager Mark Hill Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

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The State Personnel Board
 The Department of Fair Employment and Housing
 The State Department of Educations

The bill requires that these data be made publicly available, unless disclosure would violate confidentiality. Compliance is required as soon as possible, but no later than July 1, 2011. The bill also mandates that these same state agencies will update data collection within 18 months of the census to include any additional Asian and Pacific Island groups reported by the United States Census. This bill would add (b) to Government Code Section 8310.5 and add Section 8310.7.

The 2010 Census race and ethnic questions provide boxes to check. The ethnic question asks if the individual is of Hispanic, Latino, or Spanish origin. For the race groups question there are boxes to check for White; Black, African Am., or Negro; American Indian or Alaska Native; Asian Indian; Japanese; Chinese; Korean; Filipino; Vietnamese; Native Hawaiian; Guamanian or Chamorro; Samoan; Other Asian; Other Pacific Island; and Some Other Race. In addition there is space provide under American Indian or Alaska Native; Other Asian; Other Pacific Island; and Some other race to specify a tribe or race. That is, respondents who checked the box to indicate they, or someone in their household, were either Other Asian or Other Pacific Islander and then wrote in a category, such as those specified in AB 1737 would be counted in that group. At time, these data must be suppressed to prevent breeching confidentiality. The Census Bureau has spent millions of dollars on specialized equipment and software development to read these type of responses. Despite their investment, the Census Bureau still encounters problems in scanning, accurately retrieving, and reporting these responses.

If AB 1737 is enacted, the fact that hand-written responses may cause a problem in coding the answer is an argument in favor of using specific boxes. However, in addition to the costs associated with any form modification, other issues exist. The primary argument the Census Bureau uses against adding any questions or expanding responses is space on their forms. Space could be a concern in adding several new boxes, but is less likely to be as big of an issue with state forms. Another problem is determining where to draw the line with categories. If state agencies add boxes for the specific groups named in AB 1737 to include boxes for Other Asian and Other Pacific Islander, but not the opportunity to write-in another specific response is it unfair to someone who feels that their race is Mongolian, Nepalese, or French Polynesian? Do categories need to expand to accommodate other cultures such as subgroups of African American represented by over 50 countries and hundreds of languages?

The Employment Development Department (EDD) opposed similar bills because they would put pressure on their labor market database. They collect information on 17 categories and compress them into five as required by the federal government. They would not be allowed to use federal funds for these changes. In 2007 they had estimated a one-time cost of \$163,000 and ongoing costs of \$19,000. In addition, EDD expressed concern about pressure from other groups to expand their system even further. They believed that this legislation would set a precedent and that if other groups demanded equal identification, their database would be pushed over the limit and require more substantial modifications at a cost of over \$600,000. Additionally, EDD noted that they cannot mandate that respondents provide this information.

In 2007 the Department of Education (CDE) said a similar bill would have a significant fiscal impact. CDE also stated that the impact on local education agencies (LEAs) would be even more serious. Requirements of CDE are pushed down to the LEAs who collect the information.

Using race data from the 2000 Census, the relative size of each of these additional groups compared to the State's total population is very small. The largest of any of the specific groups to be added is Hmong with 0.19% of the State's population. Taiwanese was selected by 0.18%; Thai by 0.11%; Pakistani by 0.06%; Indonesian by 0.05%; Tongan by 0.04%; Sri Lankan or Fijian were indicated by 0.02% each; and Bangladeshi and Malaysian accounted for 0.01% each. These figures exclude those who selected multiple racial groups. The race information from the census found that 10.9 of California's population indicated they

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were Asian and 0.3% indicated they were Native Hawaiian or other Pacific Islander. These percentages do not include those who indicated multiple race groups.

B. Fiscal Analysis

In 2007 several state agencies were contacted to ascertain how this legislation would affect their data collection activities.

The Department of Education estimated they would have to spend between \$1.5 million and \$2 million to modify departmental systems (for this analysis 1.75 million was used). That does not include the impact on the local agencies which actually collect the data.

The Department of Social Services said there would be a fiscal impact, but they could not quantify it.

The Employment Development Department said it would incur on-time information technology costs of at least \$163,000 and ongoing costs of \$19,000.

The Department of Industrial Relations said they would have a minimal impact and would not require additional funds.

The State Personnel Board said that if a similar bill was enacted they would incur costs for reprinting forms and for programming to reconfigure their system. They estimated the cost between \$50,000 and \$500,000 (\$275,000 was used for this analysis).

The Department of Fair Employment and Housing said there would not be an impact.

Although most of these fiscal impacts are one-time, additional costs may be incurred if the Census Bureau increases collect categories for Asian and Pacific Islander groups.

Common Assumptions

It is assumed that if this legislation is enacted, that it will not lead to additional requirements such as the development of data in similar categories by agencies that prepare data, but do not collect primary demographic data. If this requirement were added, costs would increase dramatically.

It is assumed that most state agencies would modify forms and programming to incorporate boxes on their forms for the specifically named groups. If forms were modified for a write-in response costs would be much higher.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO RV	PROP 98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Fund Code
1880/SPB	SO	No		--	C	\$50 - 500		--	0001
6100/Education	SO	No		--	C	\$1,500 - 2,000		--	0001
7100/EDD	SO	No		--	C	\$182		--	0001