Racial equity-focused public budgeting practice: Current developments, challenges, and the way forward

for Resistance and Public Administration Session

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Outline

1. Introduction
2. Application of GAPP principles to racial equity budgeting (REB)
3. City Case Studies:
   A. Minneapolis, MN
   B. San Antonio, TX
   C. Portland, OR
4. Discussion
5. Conclusion
Introduction

• Purpose: How have 3 US cities been carrying out racially sensitive budgeting in different social and political contexts?
• Degrees of success
• Challenges these cities face
• Recommendations for meeting these challenges
Applying Generally Accepted Performance Principles (GAPP)

• Noting that there is not a set criteria for judging the merits of public sector performance as there is in accounting, i.e., Generally Accepted Accounting Principles (GAAP), Holzer and Trivedi (2022) came up with Generally Accepted Performance Principles (GAPP) for judging what constitutes good performance mgmt systems.

• Although Holzer and Trivedi’s work is not about applying their performance principles to the implementation of REB, per se, these principles provide a useful framework for identifying factors that would be conducive to the adoption of REB.
Principles for evaluating REB (Slide 1 of 4)

• [1] REB should be citizen-driven.
• [2a] There should be an appropriate racial equity measurement system.
• [2b] Measurement in REB should serve multiple, overlapping purposes.
• [3] An appropriate racial equity measurement methodology should be established and followed.
Principles for evaluating REB (Slide 2 of 4)

• [4] REB should cover the entirety of govt.

• [5] Accountability for performance improvement of REB should emanate from the top on down.

• [6] There should be an explicit and unambiguous assignment of accountability for REB supported by an incentive system.

• [7] There should be an appropriate incentive system related to the departmental, team, and individual performance.

• [8] REB should be effectively integrated with the HR systems in govt.
Principles for evaluating REB (Slide 3 of 4)

- [9] REB should be integrated with the budget system.
- [10a] REB should be transparent, ensuring access to all organizational data.
- [10b] Knowledge mgmt should be an important part of REB
Principles for evaluating REB (Slide 4 of 4)

• [11] There should be appropriate institutional arrangements for managing REB.
• [12] Gov't should embark on an effective communications strategy in all phases of implementing REB.
• [13] REB should have a strong and unambiguous legal foundation.
• [14] Once momentum is built, it must be sustained.
Case Study A: Minneapolis, MN

Background

• Began racial equity work between 2000 to 2005.
• By 2014, City Council voted to approve a definition of racial equity.
• In 2017, City Council created the Division of Race and Equity.
  • Strategic and Racial Equity Action Plan (SREAP): “embeds racial equity principles into all aspects of the City’s work and defines goals that can be objectively measured and inform resource decisions.”
• Budgeting for racial equity was not explicitly mandated in the budgeting process until 2018 (FY 2019).
Case Study A: Minneapolis, MN
Major features of REIA

• SREAP created a Racial Equity Impact Analysis (REIA) to operationalize city’s racial equity initiatives.

1. Outcome: Understand the outcome that the agency aims to achieve. Understand how racial equity concerns could affect goal.

2. Data: Determine what data will indicate whether a program is successful. Division has data from federal, state, and local sources for agencies to access.

3. Community engagement: Involve residents with clear and open communication which will result in more racially equitable outcomes.

4. Analysis: Analyze how program might change racial equity.

5. Evaluation: Consider how to measure the effect of a particular action.
What is a racial equity impact analysis (REIA)?

The REIA is a process that helps City of Minneapolis staff, departments, elected policymakers, and community members consider racial equity outcomes when shaping policies, practices, programs, and budgets. The process guides us in shifting our approach to our work and ensuring racial equity into our everyday decision-making.

Why it’s important to use the REIA

Using the REIA will support City decision-makers in developing and taking actions that reduce racial inequities and put success with reach of all people in Minneapolis. If we do not consciously bring considerations of racial equity into our operations, policymaking, and service delivery, we are not truly working to advance racial equity.

How the REIA advances racial equity

A REIA helps City staff, elected policymakers, and community members:

- Raise awareness of potential racial impacts of decisions
- Identify clear goals, objectionable, and measurable outcomes for racial equity
- Measure progress in achieving department-level racial equity goals
- Engage residents most impacted by a decision
- Identify who will benefit and who will be burdened by a decision
- Develop strategies to advance racial equity and avoid unintended consequences of decisions
- Implement decisions based on racial equity considerations and assess their outcomes

When you should use a REIA

Introduce the REIA process early in the development of a policy, program review, budget or other recommendation that affects residents. This will help us make decisions that align with the City’s racial equity values and goals and achieve success.

<table>
<thead>
<tr>
<th>COMMON SITUATIONS THAT CALL FOR USING A REIA</th>
<th>WHEN USING A REIA IS REQUIRED</th>
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<tbody>
<tr>
<td>Using the REIA process supports City staff, department leadership and elected policymakers in considering the racial equity impacts of a policy at all stages of development.</td>
<td>Legislative Process: A completed REIA will be required when bringing Requests for Council Action (RCAs) before a City Council committee for the following legislative actions:</td>
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<td>• New ordinances and updates to ordinances</td>
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<td>• Charter amendments</td>
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<td>• New City enterprise policies and updates to policies</td>
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<td>Appointed Boards and Commissions (ABCs): ABCs are required to use a REIA to assess the racial equity impacts of their policy recommendations to City departments and decision-makers.</td>
<td>Results Minneapolis: Beginning in 2021, this annual process will include enhanced templates to give departments the opportunity to show how their work advances racial equity.</td>
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<td>The REIA is an essential tool when developing or reviewing department-level programs to show how your work advances racial equity.</td>
<td>Internal Audit: The Division of Race &amp; Equity is collaborating with the Internal Audit Department to build racial equity into the audit process.</td>
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<td>Using a REIA when developing your budget can ensure the core functions of your work align with the City’s racial equity goals.</td>
<td>Annual Budget Process: Equity impact questions have been integrated into the mayor’s budget guidance, and all departments will have to respond to them when submitting budget proposals.</td>
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Tracking your results

The Division of Race & Equity created a form you can use to track and share your work. Sharing completed REIs allows us to capture the results of our work in a consistent way across teams and projects.

Download or upload a form on our SharePoint site: minneapolismngos.sharepoint.com/sites/c0003/GREA/REIA. (This is an internal site for City employees only)
Case Study A: Minneapolis, MN
Current issues/developments

• Redoubling commitments in mitigating racial disparities post-George Floyd murder. Put more resources towards hiring new police.

• Carrying out REIA is like exercise. Practice makes perfect. City employees are getting into the rhythm of identifying racial disparities, justifying funding to alleviate these disparities, and collecting data for program evaluation.

• Gearing up to conduct performing program evaluation is the next hurdle of REIA that is a work in progress.
Minneapolis transportation equity program
Transportation equity dashboard for Minneapolis

Source: https://arcg.is/mC8bK0
Transportation equity priority tiers

The Transportation Action Plan identified the need to re-evaluate the use of the previous regional focus on areas of concentrated poverty with majority people of color (ACP50) areas for prioritizing equity related to transportation (Progress Action 1.5). As a part of creating the Racial Equity Framework for Transportation, we’ve developed Transportation Equity Priority (TEP) areas.

TEP scores for Census tracts across the City are grouped into five tiers. The sections below describe how the TEP score is calculated from two subscores (Base Equity and Equity+) and the factors that contribute to each.
The first score is a **Base Equity score** that could be used more broadly citywide for other efforts not specific to transportation. It consists of five factors relating to race and income, which are given point values and then given a weight and added together.

The second score is called **Equity+** and it consists of data that plays a critical and more nuanced role in transportation equity. Equity+ includes data on transportation, the environment, and potential users/population density. While this subscore can also be used citywide, its focus on equity data related to transportation make it a good candidate for efforts that specifically focus on transportation.

The TEP score is the sum of the two subscores and is used to prioritize TEP areas as described above. It is a tool to identify geographic based equity priority areas that can be used to help shape investments,
The Base Equity subscore is comprised of data related to both race and income.

At the core, both categories of data are critical in establishing equity priority areas in Minneapolis. The impacts of poverty are disproportionately felt by residents of color in Minneapolis. Although 20% of all residents live below 100% of the federal poverty threshold, that number jumps to 41% for Black residents and 34% for people of color (compared to 12% for white people). Although 26% of residents live in a high poverty neighborhood (Where at least 40% of residents live below the federal poverty threshold) this number rises to 48% for Black people and 38% for people of color (compared to 17% for white people).
Equity+ score

The Equity+ score comprises three broad categories of data, all of which impact outcomes for residents citywide.

This includes transportation, environmental and other demographic data. Not all people have the same access to transportation and people of color spend longer on their commutes than white residents which has been cited in studies as a predictor of economic inequity.

The Equity+ score emphasizes transportation by including two datasets (access to a vehicle and average commute time) that create an explicit link to our work and add nuance to the way we map equity citywide.
Case Study A: Minneapolis, MN
Medium- to Long-term issues

• Racial equity budgeting has survived infancy, but has some ways to go before it becomes a mature adult.

• Falls short of Principle #6 (“There should be an explicit and unambiguous assignment of accountability for racial equity budgeting supported by an incentive system.”)

• Falls short of Principle #7 (“There should be an appropriate incentive system related to the departmental, team, and individual performance.”)

• Falls short of Principle #8 (“Racial equity budgeting should be effectively integrated with the HR systems in government.”)

• Falls short of Principle #13 (“Racial equity budgeting should have a strong and unambiguous legal foundation.”)
Case Study B: San Antonio, TX

Background

- Beginning in 2017, the city started a racial equity initiative with Government Alliance on Race and Equity (GARE) where it developed a racial equity tool “in specific programs/processes, develop action plans to scale racial equity across each department, and ultimately create a citywide strategy and goal.”
Case Study B: San Antonio, TX
Major features of budget equity tool, dept. equity assessments

• Budget equity tool includes a set of questions intended to guide city departments in how to allocate their budgets in order to improve outcomes for minority and low-income communities.

• The tool goes hand-in-hand with the development of comprehensive department-wide equity assessments, “which measure existing functions, policies, programs and processes, and serve as the foundation for Department Equity Action Plans.”
Entire department budget

1. Describe how your budget allocates funds in ways to advance racial and economic equity. Consider a global view (not program-level) in how funds are allocated to reduce or eliminate disparities and improve outcomes for low-income and communities of color.

Program specific budgets

1. Does this program apply an equity matrix or equity lens in the allocation of funds? (Yes/No).
2. (If Yes): What specific racial and/or economic inequities in San Antonio does this program intend to address/reduce?
3. (If Yes): What metrics will the Department use to evaluate or assess the program’s impact on communities of color and low-income communities?
Case Study B: San Antonio, TX  
Current issues/developments

• In 2023, Texas Governor Greg Abbott has made it illegal the use of race as a factor in state government hiring and state public college admissions.

• It is not a stretch to say that he would frown upon local governments that explicitly consider race as a factor in their budgeting processes.

• There is no longer a separate web page promoting their racial equity budgeting tool for FY 2023 and FY 2024.

• We have been unable to find anyone in their Equity Office or the budget director to interview. We last talked to them in Dec. 2021.
Case Study B: San Antonio, TX
Medium-to Long-term issues

• San Antonio’s racial equity budgeting system is currently struggling in neonatal intensive care.

• Falls short of Principle #5 ("Accountability for performance improvement of racial equity budgeting should emanate from the top on down.")

• Falls short of Principle #13 ("Racial equity budgeting should have a strong and unambiguous legal foundation.")

• Falls short of Principle #14 ("Once momentum is built, it must be sustained.")
Case Study C: Portland, OR
Background

• Portland established the Office of Equity and Human Rights (OEHR) in 2011. Its mission is to ensure that all bureaus and departments incorporate racial equity perspective into their budgets and work closely with communities.

• Legal framework: The Portland City Council passed Resolution 37144 in 2015 to accelerate achieving citywide racial equity goals and for city bureaus/departments to develop tools to end racial inequity.
Please note that the Budget Equity Tool is now a form included in the Budget Formulation Management (BFM) platform that bureaus will complete for the budget proposals. There is no separate Budget Equity Tool to submit. This guide is meant to help bureaus collect the information in a Microsoft Word document so they can copy and paste into the BFM to answer the Equity Assessment questions on the BFM form. We highly recommend that every manager making a program offer should attempt to use this guide and respond to the questions as much as it is applicable to your program.

CITY POLICY

The City of Portland is committed to policies, practices, and procedures that center equity in the services and support we provide to the community.

POLICY

The Portland City Council unanimously passed Resolution 37144 on July 8, 2015 ratifying Citywide Racial Equity Goals and Strategies and directing City bureaus to use available tools to implement their Racial Equity Plans.

The Portland City Council unanimously passed Resolution 37247 on October 2, 2016 requiring City Bureaus to use the City’s Budget Equity Assessment Tool on all budget proposals and base budgets and tie those budget requests to implementation of their Racial Equity Plans and ADA Transition Plan tasks. On October 2, 2019, The Portland City Council unanimously passed Resolution 37450 directing the Office of Equity and Human Rights to coordinate Civil Rights Title VI and ADA Title II compliance by setting Citywide policies and accountability measures.

The Portland City Council unanimously passed Resolution 37492 on June 17, 2020 adopting Anti-Racism, Equity, Transparency, Communication, Collaboration, and Fiscal Responsibility as the Core Values of the City of Portland. These values inform a unified workplace and city culture, systems, policies, practices, and procedures.
Case Study C: Portland, OR
Major features of racial equity budgeting tool

• Tracks and monitors service levels of community budget via mapping.
• Allows for adequate assessment of budgetary impacts on racial equity. Also, it may identify budget allocations for enhancing racial equity and efficiency.
• Tool is comprised of two sections:
  I. **Bureau operations**: how each bureau’s requested budget aligns with each bureau’s racial equity plan, how each bureau engages with marginalized communities, and how the requested budget advances equity in public hiring and contracting
  II. **Equitable engagement and access**: how can the budget increase capacity of bureaus to engage with communities, build capacity of communities impacted by inequity, and how can bureaus use data to track results
Case Study C: Portland, OR
Current issues/developments

• In June 2019, the City Council passed the Fair Access in Renting ordinance which aimed to change criteria used for screening housing rental applicants.

• In March 2023, the Director of the Equity Office resigned abruptly in light of tensions with the elected official (Commissioner) who was appointed to oversee the Office.

• In April 2023, the City Council decided to pull funding for a racial justice advocacy organization (Reimagine Oregon) during a mid-year budget review session. Council had to retract their decision amid uproar from the Black community.
Case Study C: Portland, OR
Medium- to long-term issues

• The City Equity Office is developing abbreviated versions of equity questionnaires for widespread use. This effort demonstrates effort for meaningful application and promotion of interdepartmental collaboration in REB work.

⇒ Principle #4 (“REB should cover the entirety of gov’t”)

• The Budget Advisory Committee, whose members come from various organizations and communities, recommends how budget can address racial disparities and satisfies the demands/preferences of the communities.

⇒ Principle #1 (“REB should be citizen-driven”)
Case Study C: Portland, OR
Medium- to long-term issues

• Principles #2 and #3 are unclear.

  ➞ Should establish clear methodology and visualize impacts from racial equity budgeting

• Needs to rigorously establish interlinkage among REB and HR and incentive systems, and a stronger legal foundation for REB.

  ➞ Principles #6, #7, #8, and #13 have to be adhered to.
Discussion

• City governments in our case studies have strengthened interdepartmental collaboration to adopt REB.
  • Portland has put inter-agency effort into simplifying questionnaires for bureaus to more easily incorporate racial equity perspectives into their budgets.

• Recent news from San Antonio and Portland show that political factors may jeopardize the very existence of the REB system.

• As a reminder, there is a need to establish the measurement system and methodology for the REB to help address racial disparity issues, and to ensure sustainability of REB practice.
Conclusion

• The racial equity budgeting practice has passed its inception stage, and some notable achievements in terms of creating a culture of interdepartmental/interagency collaboration and engaging citizens, have demonstrated their potential.

• However, to forge a path to successful institutionalization and enhanced sustainability of the practice, mechanisms to ensure transparency and accountability of the delivery of the results promised should be established.
Questions or Comments?

Thank you for your interest and attention! 😊

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