



# Budgeting for Equity

*PFM Client Training*

PFM Group Consulting LLC

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## Agenda

- I. The New Focus on Equity
- II. What Do We Mean By Equity
- III. Equity in Budgeting
- IV. Equitable Recovery
- V. PFM Center for Budget Equity & Innovation



# The New Focus on Equity



## **White House Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government January 2021**

- ◆ “..Our Nation deserves an ambitious whole-of-government equity agenda that matches the scale of the opportunities and challenges that we face..”
- ◆ “..Government should pursue a comprehensive approach to advancing equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality..”
- ◆ “..Advancing equity requires a systematic approach to embedding fairness in decision-making processes..”

## **GFOA *Government Finance Review* The Basics of Equity in Budgeting February 2021**

- ◆ “With equity permeating the national conversation, it’s important to understand the concept for budgeting: why it matters, how it might realistically be applied, and practical concerns and challenges.”
- ◆ “Education, public safety, and essential services provided by local government support people’s ability to pursue the American Dream. If people don’t have equitable access to these services, it would be hard to argue that they have equitable access to the American Dream.”
- ◆ “By taking equity into account, a local government can reduce the pain experienced by disadvantaged parts of the community as well as that experienced by the community as a whole.”



## The New Focus on Equity

- In the past year, we have seen equity come to the forefront of the national conversation
- With more and more emphasis on equity from the federal government and industry groups, state and local governments are left to understand and consider:
  - How does equity apply to your community?
  - How should equity align with other existing goals and priorities?
  - What are the best and most promising emerging practices to help guide municipal leaders and administrators seeking to bring a stronger equity focus to bear?



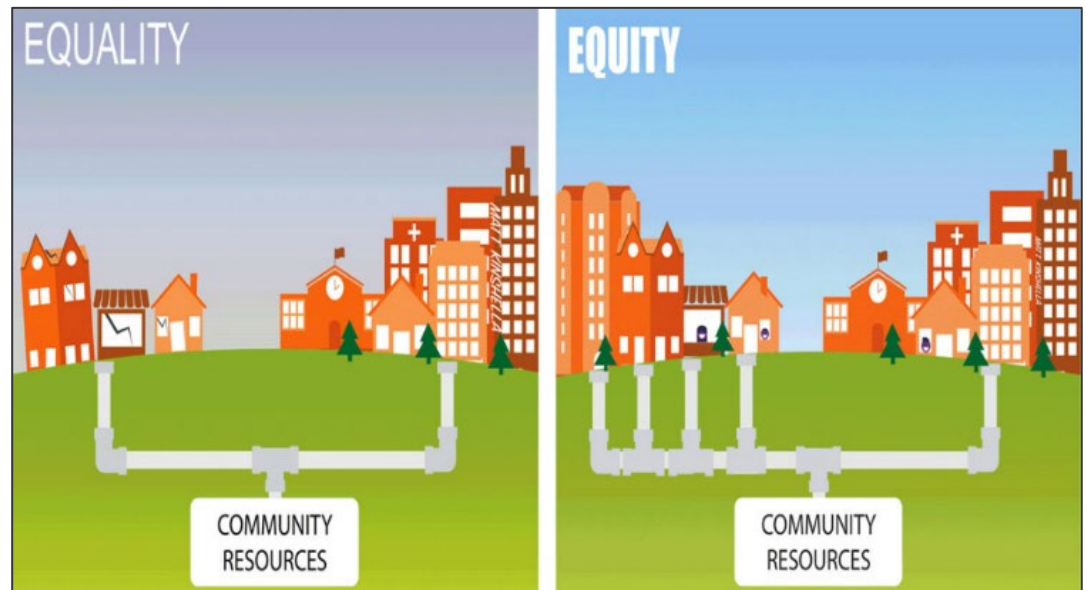
# What Do We Mean By Equity?



## What is Equity?

<p>People being treated differently in the interest of giving all people access to health, safety, and welfare (the fundamental purposes of local government)</p> <p>- <i>The Basics of Equity in Budgeting, GFOA Government Finance Review, February 2021</i></p>	<p>When one's identity cannot predict the outcome</p> <p>- <i>City of Portland, OR Office of Equity and Human Rights</i></p>	<p>The consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment</p> <p>- <i>White House Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, January 20, 2021</i></p>
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- Equity is also place-based, with different conditions and needs in different communities

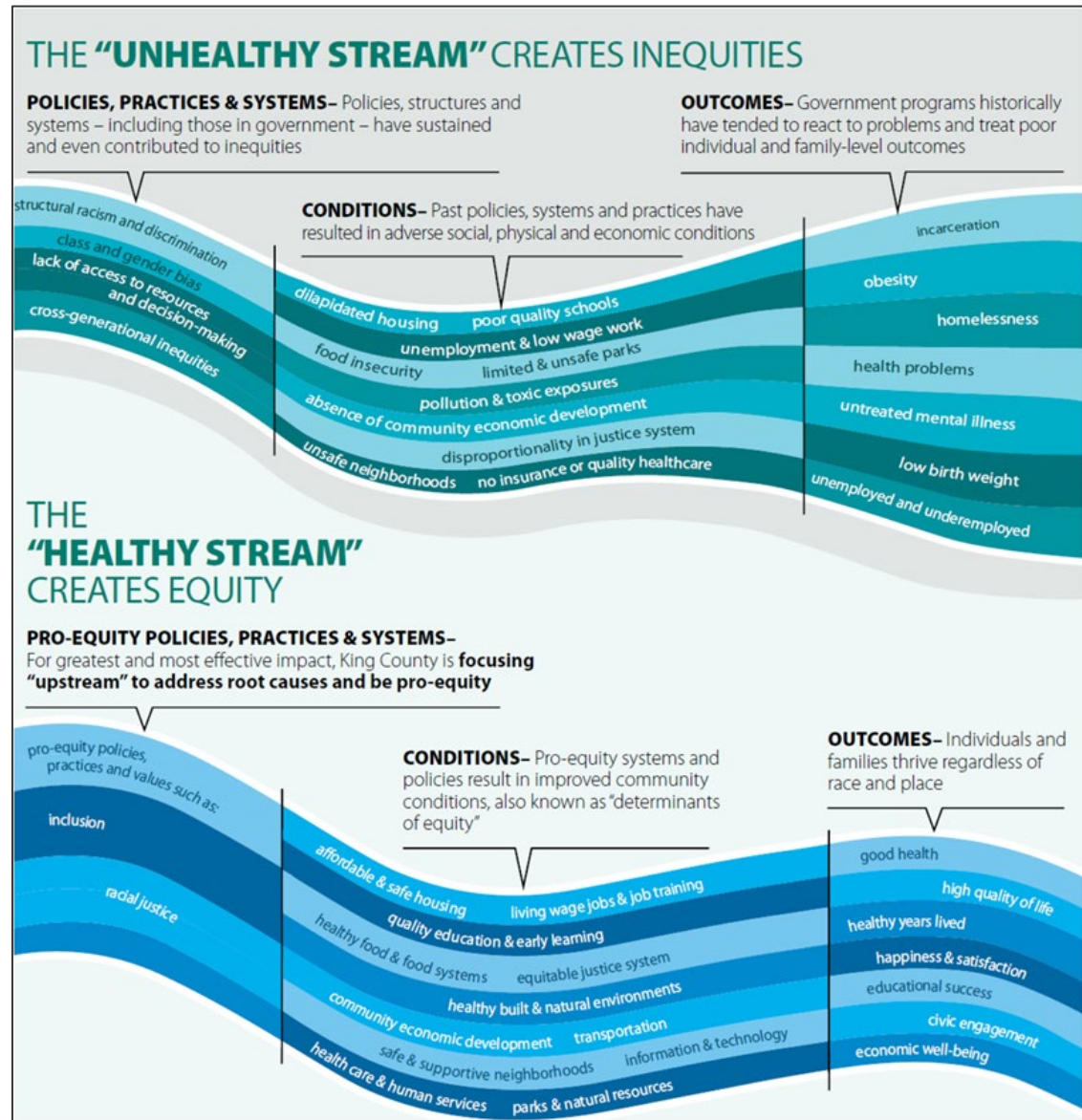


The Hidden Power of Equity in Sustainable Buildings, Jennifer Hirsch, Living Building Chronicle, October 25, 2017



## Equity in Practice

- There is no one-size-fits-all approach to equity in practice
  - It is expected that each government will approach implementation of equity concepts from different points of view and with varying levels of experience
- Equity practices already exist in some form in most state and local governments
  - While formal mechanisms to apply equity to government administration, policy and finances have been brought to the national forefront in recent years, the goals and efforts to advance them are longstanding
- Formalized equity approaches may be thought of on a spectrum

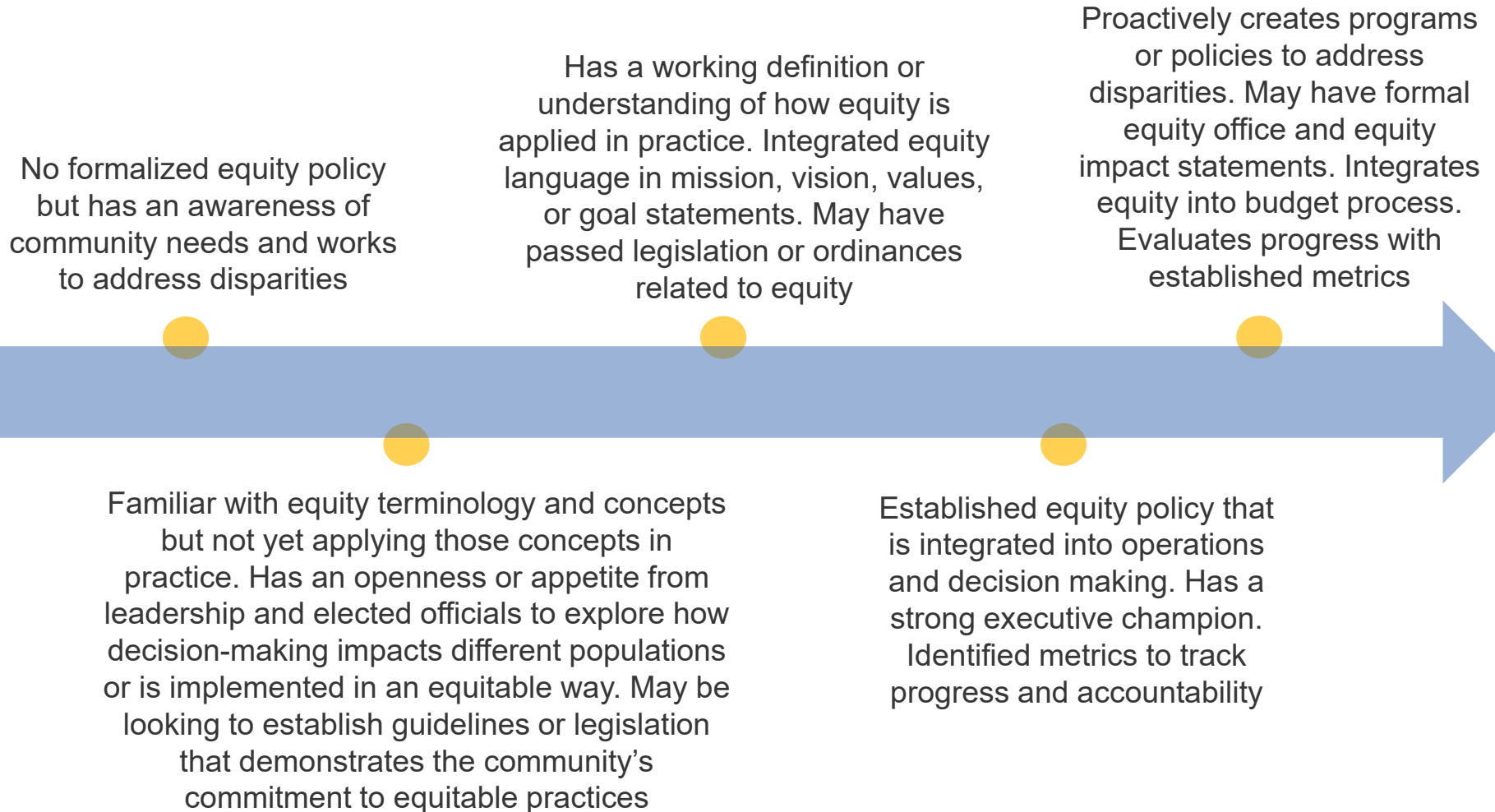


Equity & Social Justice Vision, King County Executive, <https://www.kingcounty.gov/elected/executive/equity-social-justice/vision.aspx>





## Continuum of Equity in Practice





## Questions to Consider When Applying an Equity Lens

### Questions to evaluate equity in new and existing services:

- ◆ Who are the primary users of the service? Further, who benefits and who is burdened?
- ◆ How does the service impact known disparities?
- ◆ How could service delivery differ in improving or worsening equity conditions?
- ◆ Does the program further or hinder equity?
- ◆ Is access to the service available on a consistent and equitable basis (e.g., language, internet access, availability of transportation)?

### Other considerations for equitable service delivery:

- ◆ How can equity impacts be tracked and monitored?
- ◆ Are there monitoring and accountability systems to identify unintended consequences?
- ◆ How will course corrections be handled if unintended consequences are identified?





# Equity in Budgeting



## Applying an Equity Perspective to Budgeting

**Creating a budget development process and strategy to contribute to the reversal of historical disparities for the benefit of all residents and constituents**

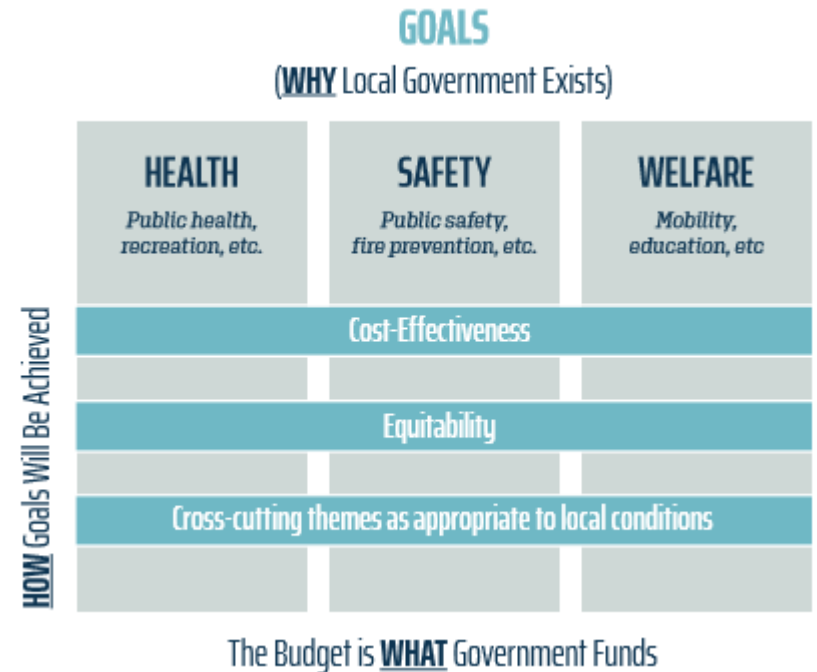
**Intentionally prioritizing investment that will provide for more equitable program and service delivery through strategic resource allocation**

- ◆ Aligning department appropriations to produce equitable outcomes
  - Combining zero-based, outcome-based, and performance-based budgeting concepts
- ◆ Allocating resources to mitigate barriers to accessing critical services and economic opportunities
- ◆ Capital investment in equitable priorities and Community Benefit Agreements
- ◆ Evaluating tax policy and revenue generating options using an equity framework
- ◆ Using disaggregated data to better inform decision-making and resource allocation
- ◆ Tracking alignment and overall efficacy at the programmatic and government-wide level, using equity metrics
- ◆ Formalizing equity budgeting policies, processes, procedures, and guidelines



## Budgeting for Equity: What is it Not?

- ◆ **Budgeting for equity is not anti-growth**
  - Economic growth and recovery is needed to create the jobs and opportunity fundamental for all to succeed
- ◆ **Budgeting for equity is not a zero-sum game**
  - Equitable outcomes can provide for a higher overall quality of life and healthier communities for everyone
- ◆ **Budgeting for equity is not just about race**
  - Race matters, but there are many equity dimensions that will vary across communities and impact thoughtful governmental budgeting, for example: income and wealth, language, ethnicity and culture, gender, education, age, and more



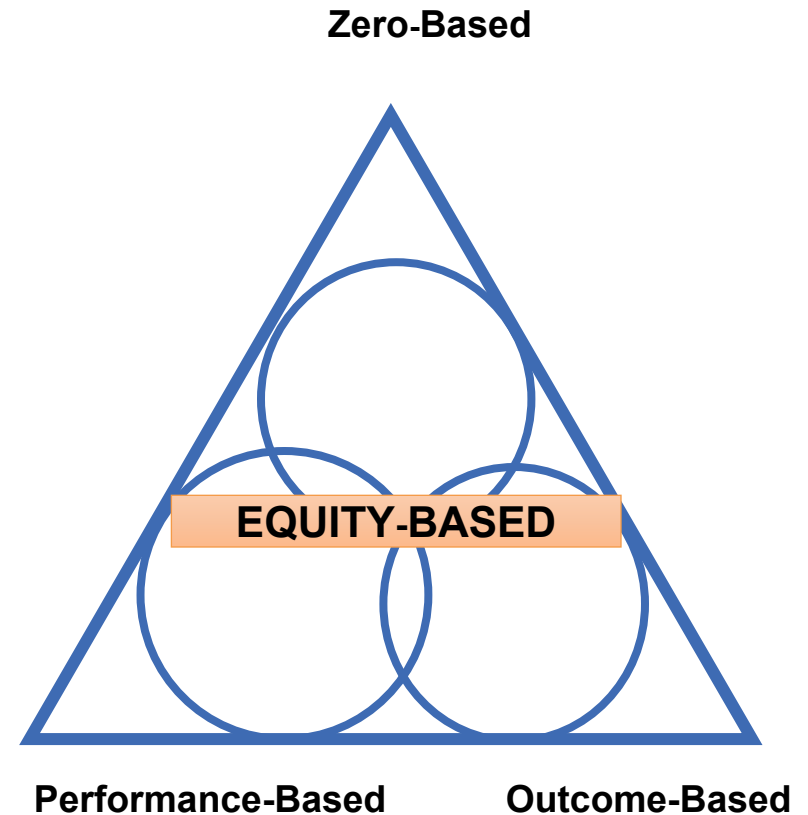
As a best practice, GFOA strongly recommends tying budget planning to an overall strategic plan

- The example shown includes equitability as a cross-cutting outcome to be achieved
- A key goal is to avoid either/or thinking and encourage both/and thinking (e.g. San Antonio road maintenance plan)



## Reflecting Multiple Budget Strategies

<i>Equity-Based Budgeting</i>	
<b>Zero-Based</b>	<p>A budgeting process that asks department managers to build a budget from the ground up each year, starting from zero</p> <p><i>Equity example: Public safety</i></p>
<b>Performance-Based</b>	<p>Accountability-driven budget process that focuses on measurable objectives</p> <p><i>Equity example: Mobile crisis response teams</i></p>
<b>Outcome-Based</b>	<p>A budget process that aligns resources with priorities as opposed to by agencies</p> <p><i>Equity example: Snow clearing</i></p>





## Example Approach/Steps for Budgeting for Equity Process

Steps/Phases	Case Example
<b>1. Identifying equity priorities/goals based on historical disparities</b> – either from a strategic plan or developing specific equitable outcomes driven by governmental leadership and input from residents	Dallas, TX
<b>2. Form committee(s) for budget process input</b> – should include representatives from executive's office, budget staff, and office accountable for equity goals	Philadelphia, PA
<b>3. Create guidance for budget development</b> – aligned with and based on the chosen equitable priorities and/or outcomes	San Antonio, TX
<b>4. Leaders, budget staff determine/refine goals for year and desired funding allocation for goals</b> – funding levels for departments <i>more-or-less</i> based on goals	Baltimore, MD
<b>5. Guidance for achieving each goal is created (as a tool)</b> – including specific metrics and strategies for disaggregated data gathering that will track progress	Newton, MA
<b>6. Departments develop budget proposals based on guidance and tool(s)</b> – which can include proposals for cooperative programs between multiple departments	Dallas, TX
<b>7. Budget Office (and potential committee representation) reviews and consolidates departmental requests</b> – to create a proposed, comprehensive budget	Baltimore, MD
<b>8. Governmental leadership reviews, amends, and votes on budget</b> – process to pass budget will vary depending on place	Portland, OR
<b>9. Capture feedback (periodically throughout year) on implementation and results of budget</b> – from residents and departments on the quality of the budget	Long Beach, CA
<b>10. Evaluate, review and refine process</b> – continually evaluate and review process and results, make adjustments to process as best determined	Baltimore, MD



## Allocating Resources to Eliminate Barriers to Access

- ◆ GFOA: additional questions when considering increased or decreased investment in specific programs:
  - How does a proposed expenditure expand opportunity and access for individuals to the needed government services?
  - What is the potential for reduced access to services?
  - What is the potential for reduced quality of service?
  - Where is the service delivered, and to whom?

### Potential Barriers to Access

- Digital divide
- Language
- Culture and trust
- Physical location and barriers
  - Access for persons with disabilities
  - Access to vehicles or public transit
  - Safe transportation corridors
- Cost (e.g., with user charges)
- Literacy
- Complex administrative procedures
- Work and lifestyle demands (multiple jobs, childcare, etc.)





## Incorporating Equity into Capital Improvement Plans (CIP)

Options/Tools	Case Example
<b>1. Identifying equity priorities/goals based on historical disparities</b> – either from strategic plan or developing specific equitable outcomes driven by leadership and input from residents; can use <b>GIS Mapping</b> to assist with determining historical spending and other demographical trends	Long Beach, CA
<b>2. Intentionally dedicate amount and/or percent of funding for specific equitable priority</b> – set aside X percent of CIP allotted funds for equitable purposes either via increased or shifted funds, or in a Community Benefit Agreement for certain types of developments	Austin, TX (Project Connect)
<b>3. Creating and inserting equity factors/criteria into the project prioritization process</b> – to encourage intentional investment proportionate to community need	Eugene, OR
<b>4. Creating an Equity Impact Statement</b> – establishes criteria to review projects and programs in terms of impacted populations, community engagement, and other best practices for equitable project planning and implementation	King County, WA
<b>5. Maximizing public-private partnership opportunities</b> – better leverage assets and partnerships to maximize impact of available capital funds for investment	Seattle, WA
<b>6. "Triple Bottom-Line" Evaluation/Analysis</b> – evaluate individual proposed projects/investments under a “triple bottom line” approach: economic, fiscal and environmental and (other) social impacts	Raleigh, NC
<b>7. Other financing tools/strategies to increase and/or dedicate resources to equitable CIP goals</b> – linking and earmarking new revenue streams or expiring tax incentives/abatement to CIP	Philadelphia, PA

**City opens new Fishtown play area — the first funded by Philly's soda tax**

AUSTIN

**Proposed Project Connect funding plan includes \$300 million for anti-displacement efforts**





## Tenets of Tax Evaluation: Incorporating Equity

Tenet	Key Questions	New Equitable Recovery Considerations
<b>Neutrality and Efficiency</b>	Does tax policy distort the market or heavily influence economic decisions?	How does the tax policy align with and drive equitable priorities (e.g., equitable job growth)?
<b>Horizontal Equity</b>	Does the tax provide fair treatment of similarly situated individuals/businesses?	Where does equity diverge from equality given, for example, place-based historical disparities? How are different communities impacted?
<b>Vertical Equity</b>	Does the tax provide fair distribution of burden across individuals/businesses at different income levels, geographies, demographics?	What degree of progressivity (or mitigation) most effectively balances short- and long-term fiscal and equity goals?
<b>“Use of Proceeds” Equity</b>	Is there an appropriate relationship between the source of the tax and the use of the proceeds?	How can proceeds be equitably allocated across communities? If vulnerable populations are disproportionately paying the tax, are they (at a minimum) receiving a proportional benefit?
<b>Adequacy</b>	In the short term, will the tax generate enough revenue to meet budget needs?	How will the tax stabilize provision and delivery of equitable services?
<b>Sustainability</b>	Over the long term, will the tax generate enough revenue to support projected needs?	How will the tax maintain and/or grow resources for equitable services over the long term? Is it well-aligned with changes in the economy?
<b>Stability</b>	Is a high concentration of this tax base subject to volatility from economic conditions?	Will resources be there in times of most need?
<b>Transparency and Simplicity</b>	How easy is the tax to administer and collect, and can the tax be easily explained and understood by taxpayers?	How will the tax (and any credits and mitigation features) be communicated to and understood by all communities – considering barriers like historic disengagement, digital divide, and language/culture?

Source: Developed by PFM for “City Budgeting for Equity & Recovery” Learning Session – which was delivered on March 4, 2021, as part of the What Works Cities/Bloomberg Philanthropies City Budgeting for Equity and Recovery Program (assisting 29 cities around the country to advance equitable recovery).



## Revenue Analysis and Evaluation Framework

- ◆ The imperative for governments to reevaluate existing and potential new revenue raising options has increased due to structural fiscal pressures and potential longer-term economic disruption
- ◆ **Key questions:**
  - If determined that revenue adjustments are necessary for services stability and investment in growth, which tax/fee rate(s) can/should be increased?
  - If considering establishment of a new revenue stream to fund an equitable priority, which option(s) can/should be considered, and why?
  - What newer characteristics of equity should be considered in the evaluation, and how?
    - Making the right choice (strong evaluation framework)
    - Making the choice right (equitable mitigation, through tools such as structure, credits; equitable use of proceeds)

**Financial Feasibility** – will the revenue generated by the tax or fee be adequate to cover its cost basis?

**Economic Feasibility** – will the tax or fee contribute to short- and/or long-term (equitable) growth?

**Legal/Legislative Feasibility** – will the tax or fee require legislative action? And, if so, what are the limitations or hurdles to passing? (e.g., state statutes limiting local taxation)

**Political Feasibility** – given the current political climate and elected leadership, can the tax practically pass?



## Other Revenue Strategies to Fund Equitable Priorities

- Link existing, expiring abatements and incentives revenues to equitable priorities
  - **Example:** fund "affordable" housing with returning property tax abatement revenues, increase homestead exemption by said amount of expiring abatement (burden shift; flat value exemptions are *progressive*)
- Earmark increases in existing transactional, tax streams to equitable priorities
  - **Example:** fund means-tested, first-time homebuyer housing programs through increases to real estate transfer tax
- Reduce existing tax incentives that are no longer optimally effective – reallocate savings to equitable priorities
  - **Example:** reduce low-value tax incentives and shift savings to education (also a burden shift)
- Incentive or credit for local impact investing
  - **Example:** businesses or individuals with means to invest should be incentivized to invest locally, to grow small and M/W/DBE businesses and increase local economic activity and growth
- Implement a construction/development impact tax, linking revenues to affordable and middle-income housing production and programs, and commercial corridors
  - **Example:** use proceeds of impact tax to float a bond to fund housing programs and improve commercial corridors, at scale
- Other "equitable" examples: Community Benefit Agreements, capital gains, property tax on high-valued homes, congestion, progressive income

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# Data Disaggregation & GIS Applications

## Analysis Tools

### GIS Mapping<sup>1</sup>

- **GIS Mapping** – use to further demonstrate existing and changing disparities geographically
- Track capital (and/or operating) investments over time with demographic overlays showing progress towards reversing historical disparities/closing gaps
- Show revenue evaluations (for new, proposed revenue generating options) and economic and equity impact analyses, spatially

### Data Disaggregation<sup>2</sup>

- Disaggregate data by race/class and display in smaller geographical areas (census tracts, zip codes, districts, etc.).

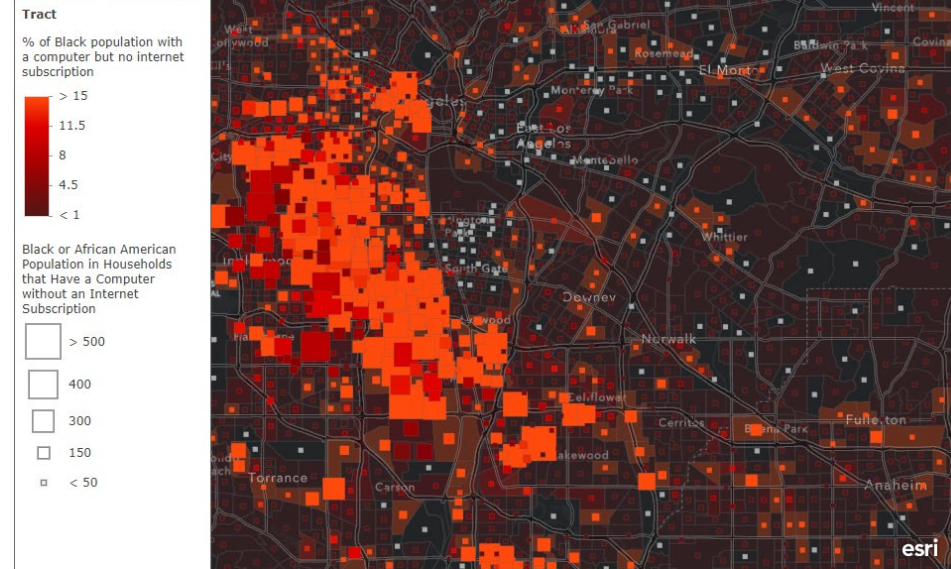
### Planning and Evaluation

- Tool can better inform planning and resource allocation
- Allows for better tracking of progress and impact

### EXAMPLE: GIS and Revenue Impact

- Historical disparities in property assessments: over-assessed lower valued properties in lower-income neighborhoods, creating an inequitable revenue stream<sup>3</sup>
- Further burdens lower-income households who have less discretionary income to contribute

### Where do Black or African Americans not have an internet subscription at home?



This map highlights areas across the entire US where the Black/African American population does not have an internet subscription in their household. This is shown by states, counties, and tracts. The data comes from the most recent release of ACS.

County of Los Angeles, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA | County of Los Angeles, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA | County of Los Angeles, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA

Opinion

## How Lower-Income Americans Get Cheated on Property Taxes

Many homeowners are paying a total of billions of dollars extra because of inequities in assessing property values.



## Policies and Leadership

### ◆ Set the Tone Across Government – Establish Sense of Urgency

- Formalize the review of all spending and revenue generation proposals through an equity lens (via legislation)
- If a higher-level strategic plan or racial equity/equity plan exists, require alignment of department budget actions, objectives and goals to higher-level, longer term equitable goals

### ◆ Continual Education and Training

- Focus on emerging Diversity, Equity and Inclusion practices and principles

### ◆ Form Committee(s) to Assist Leadership and Departments with Implementation and Review

- Internal and/or external (diverse representation, “right” mix of stakeholders)

### ◆ Evaluations and Impact Analysis

- Tax and Fee Evaluations, Revenue and Spending Impact Analyses, Cost-Benefit Analyses/Economic and Fiscal Impact Analyses

### ◆ Create a Long-Term, Strategic Equitable Financial Plan

- Require departments to align budget goals plan goals, once established

### ◆ Phase-In Approach to Establishing and Implementing “Fuller” and Operationalized Strategy

- Implement changes to processes and operations in multiple steps/multiple years

JAN 27, 3:52 PM

**All Legislation In D.C. Will Now Be Assessed For Racial Equity**





# Equity Budgeting Toolkit

## Planning and Strategy Tools

- ◆ Multi-year financial planning
- ◆ Goal setting and outcome-based budgeting
- ◆ Equity guidelines for the budget development process
- ◆ Community Benefit Agreements
- ◆ Leveraging purchasing power – maximize MWDBE and small, local business participation in service delivery

## Analysis and Review Tools

- ◆ Financial assessment of past/current patterns and trends
- ◆ Tax/Revenue evaluation and impact; tax burden analysis; tax credit and incentive review
- ◆ Economic, fiscal and social impact **“triple bottom line”** analysis
- ◆ Spending impact policies and analysis; disparity studies to set MWDBE participation goals





# Equitable Recovery



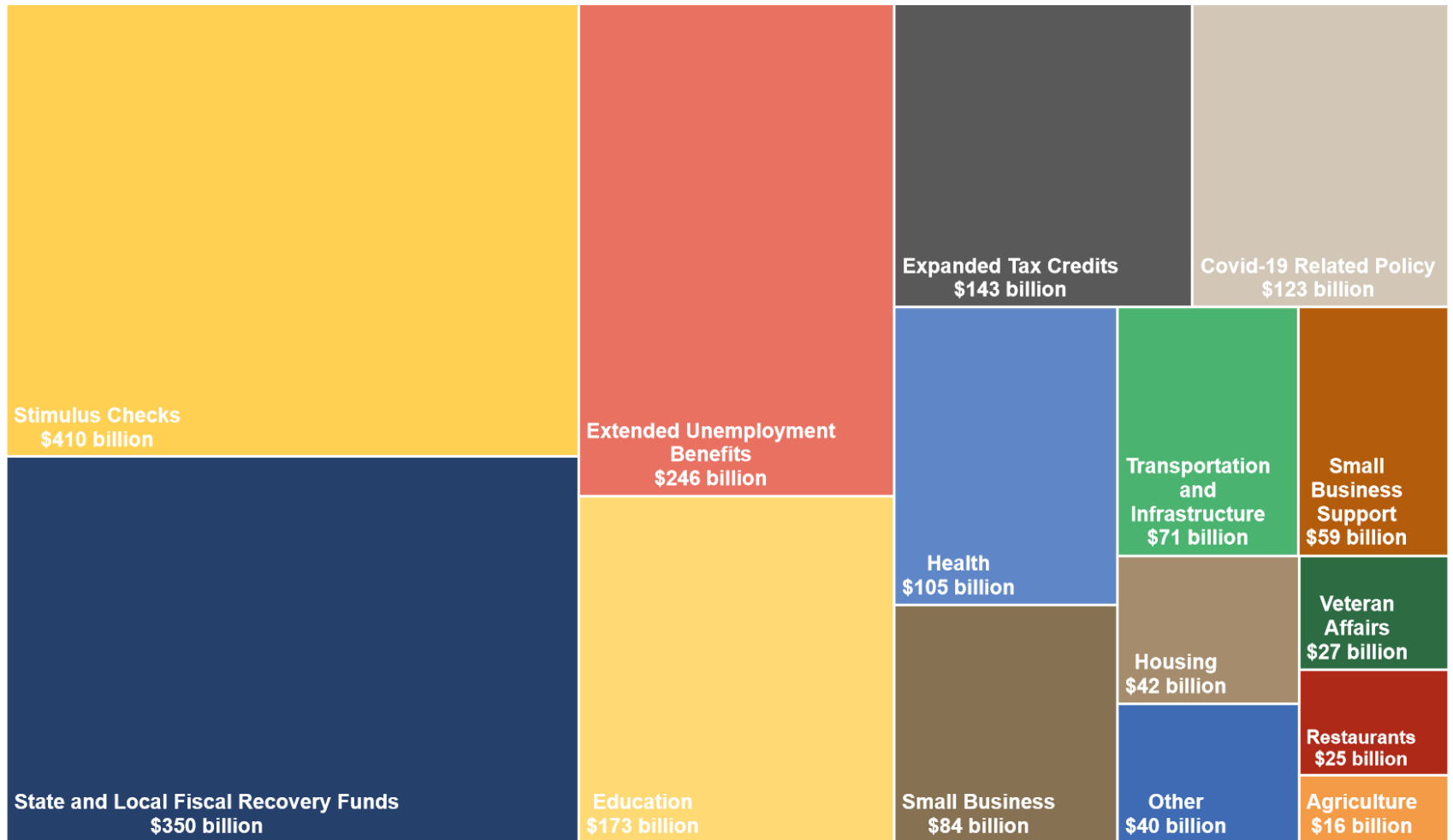


## Disparate Impacts of COVID-19

- The COVID-19 death rate for Black, Hispanic, and Native Americans has been nearly three times the death rate for white Americans, according to the CDC
  - 9.9% of Black workers and 9.3% of Latinx workers nationwide were unemployed at year-end 2020, compared to 6% of white workers, according to the Center of Budget and Policy Priorities
  - During the first months of the pandemic, Black-owned businesses shuttered at a much higher rate than white-owned businesses – 41% versus 17% – according to the National Bureau of Economic Research
  - According to an April CDC study, Black individuals, who make up roughly 12% of the country's population, represent only 8.4% of those who have received at least one dose of the vaccine. Similarly, while 18% of the country identifies as Hispanic or Latino, they make up only 10.7% of those who have been vaccinated
- ◆ Across the public sector, the COVID-19 recession opened severe budget gaps and pressured key sectors of the economy, also often with disparate impacts
    - Many governments cut 2020 summer recreational and youth employment programs deemed unsafe during the pandemic, achieving needed budget savings through health-conscious steps to reduce exposure to COVID-19, but also eliminating positive opportunities for that year
    - In other communities, millage rates and user fees increased to help offset revenue shortfalls, putting pressure on household budgets for less affluent residents
    - Similarly, many local governments curtailed or even froze new capital spending, seeking to manage scarce near-term resources by deferring costs wherever they could
  - ◆ As vaccination recovery brings us closer to a return to normal and the American Rescue Plan (ARP) Act now provides significant financial resources, **it is critical to make equity central within the recovery process**



## \$1.9 trillion American Rescue Plan Act





## Multiple Funding Streams and Goals: Align and Maximize for Equity

State and Local Aid (Flexible)	State and Local Aid (Targeted)	Other Public Sector and Related	Individuals and Families	Businesses
<p>\$350 billion for states, counties, cities, and tribal governments</p> <p>To provide services affected by a COVID-19 revenue loss</p> <p>To address COVID-19 and its economic effects, including through aid to households, small businesses, nonprofits, and industries</p> <p>Covers premium pay for essential workers</p> <p>Can invest in water, sewer, and broadband infrastructure</p> <p>Can transfer to special-purpose units</p> <p>Cannot be used for pensions or to offset revenue loss from new tax cuts</p>	<p>Public health (e.g., vaccine distribution, testing, tracing, workforce, community health centers, behavioral health)</p> <p>Human services funding (e.g., childcare expansion, Head Start)</p> <p>Medicaid FMAP funding for initiatives including mobile crisis intervention services</p> <p>Emergency management and SAFER (Fire staffing)</p> <p>EPA grants for environmental justice and air quality monitoring</p> <p>Housing and homelessness</p> <p>Veterans home funding</p> <p>Library internet access</p>	<p>K-12 Elementary and Secondary School Emergency Relief (ESSER) and other funding, including for internet access</p> <p>Higher education relief with a focus on financial aid</p> <p>Transit operating assistance and capital grants</p> <p>Airport operations and improvements</p> <p>Amtrak (including relief of State funding)</p>	<p>\$1,400 (income-eligible) stimulus payments</p> <p>Increased Earned Income Tax Credit, Child tax credit, Dependent care tax credit</p> <p>Expanded unemployment benefits</p> <p>SNAP increase extension and WIC increase</p> <p>Expanded health insurance funding</p> <p>Emergency rental assistance, homeowner assistance, and housing vouchers</p> <p>LIHEAP and water/sewer utility assistance funding</p> <p>Retraining and healthcare for veterans</p>	<p>Extends and expands employee retention and paid leave credits</p> <p>Modest increase to Paycheck Protection Program and expanded eligibility for nonprofits</p> <p>Targeted Economic Injury Disaster Loan advance payments</p> <p>Targeted funds for highly impacted industries, such as restaurants, bars, venue operators, airlines and the aviation industry</p> <p>Expanded USDA funding</p>

Note: The table above is simplified and not fully comprehensive; in addition, new and existing programs beyond the four corners of the ARP Act may also be relevant to strategy development.



## Strategies that Promote Recovery While Preserving Equity

- ◆ As governments focus on continuity of services and investment in economic recovery, the Equity Budgeting Toolkit should be applied:
  - Focus on access and inclusion
  - Intentional initiatives to overcome historical disparities and barriers
    - Public health access
    - Digital divide, language, geographic, and other obstacles
    - Small, diverse business inclusion
    - Equity-oriented engagement in resource allocation
    - Benefits access
  - Equity metrics

### 8 Steps for Building an Equity Perspective into Recovery

Commit to Urgent Action on Equitable Recovery

Align Equitable Priorities with Overall Strategies

Conduct Equity Analysis of New Spending and Revenue

Create an Equity Budgeting Team

Engage the Community

Maximize Tactics with Minimal Impacts

Be Prepared to Make Tough Decisions

Measure, Monitor and Revise



## Recommendations for Long-Term Positioning

- Full recovery from a systemic economic and financial shock like COVID-19 requires a multi-year, sustained commitment with mid-course adjustments as uncertainty persists
- Achieving equity requires sustained commitment, with some gains made only across generations
- While short-term progress is imperative for equitable recovery, many of the most meaningful actions will be those with longer-term horizons
- Again, economic growth and social justice are not “either/or” budget choices. Achieving equity and growth requires a “both/and” mindset

### Recommendations for Long-Term Positioning

Strategic Capital Investment

Dedicated Funding for Equity investment

Linking Capital Programs and Workforce Development

Public Employment as a Strategy

Intentional Tax Policy

Small Business Recovery and Regeneration



# Investment Strategies: Emerging Themes for an Options Menu

## Immediate Response

### Public Health Response

- Continued access to testing
- Contact tracing
- Additional PPE investments
- Vaccination rollout and education

## Multiyear Strategies

### Sustainable Fiscal Health

- Replenishment of risk-based reserves
- Elimination of budget deficits and reimbursement shortfalls
- Productivity investments (e.g., technology, energy efficiency, fleet renewal and replacement, space rationalization)
- Criminal justice strategies

### Future Economic Growth

- Market-based strategies
- Positioning effectively for WFH changes
- Infrastructure and amenities
- Rethinking tax incentives and tax policy
- Small, local, diverse business development
- Workforce development

### Economic Relief and Recovery

- Direct grants to businesses
- Technical assistance for small businesses and displaced workers
- Reemployment programs
- Homeowner and rental assistance
- Emergency relief programs
- Benefits access

### Capital and Infrastructure Investment

- Broadband network investments
- Sidewalk repairs
- Stormwater improvements
- Street improvements
- Drinking water improvements
- Transit investments
- Pay-down of debt

### Equity and Inclusion

- Structures to support equity impact analysis and metrics
- Anti-poverty initiatives
- Communications, engagement, and reporting tools



## Example Strategy to Leverage the ARP Act to Accelerate Progress

- ◆ **Align short- and long-term equitable recovery strategy with non-governmental entities (partners), where possible**

- Create public-private partnerships and strategies to leverage matching funds or services
- **Example:** [Philadelphia Poverty Action Fund](#)<sup>1</sup>— independent fund (under shared governance model) set up to implement anti-poverty efforts for City

**Philly Council's 'once-in-a-generation' anti-poverty plan sends \$4.5M to community groups**

**Example Strategy:** Align shorter-term goal of maximizing enrollment to receive tax credits with longer-term goal of up-training and creating more local family-sustaining employment opportunities for same population (to eventually lead to lesser eligibility for tax credits)

**Step 1(a):** Set aside funds for administration of targeted outreach and enrollment assistance

- Use GIS and economic analyses to show local ROI benefits
- Use enrollment, employment, income and other outcomes to track progress

**Step 1(b):** Look for synergies with placement of benefits access centers

- Place in existing public facilities (e.g., schools, public health centers, recreation centers/libraries)
- Access to other government benefits and programs

**Step 2:** Dedicate funds for workforce development and digital infrastructure spending and programs

- Leverage funds set aside in ARP Act for distance learning, education technology, and telecom partners to further close digital divide
- Create partnerships with local employers, community colleges to support workforce development
- Integrate smart cities goals with closing digital divide goals



## Bringing it All Together: Multi-Year Recovery and Investment Plan

### Evaluate Needs and Resources

- Update baseline forecast without ARP Act funds (revised for stimulus effects)
- Determine primary ARP Act allocation
- Determine targeted ARP Act funds available
- Quantify urgent health and relief needs
- Assess critical needs beyond the General Fund (e.g., water/sewer, schools, transit, airport, hospitality assets)
- Assess longer-term needs: economic, equity, capital, financial

### Develop Goals and Options

- Level of response for immediate needs
- Service restoration
- Investments to improve structural budget position
- Intergovernmental coordination opportunities
- Long-term economic growth investments
- Equity commitments**
- Strategic capital investments

### Adopt Strategies and Execute

- Prioritize among alternatives
- Align funding across the multi-year period (inclusive of contingencies)
- Establish metrics and monitoring
- Engage stakeholders (residents, community groups, business and civic groups, other regional governments, etc.)
- Communicate a multi-year plan**
- Continue to explore long-term economic and equity strategies
- Reevaluate and revise





## Changing Processes, Changing Culture

- ◆ It is essential to build equitable recovery frameworks around **coordination, collaboration, and communication**. This includes:
  - The type of committee structures and reporting on budget
  - Service and equity metrics
  - Frequent and inclusive communication and coordination inside and outside of the government
- ◆ Long-term changes in mindset and culture that prioritize equity will require that collaboration, coordination and communications is incorporated and included throughout local government, even after the crisis has passed

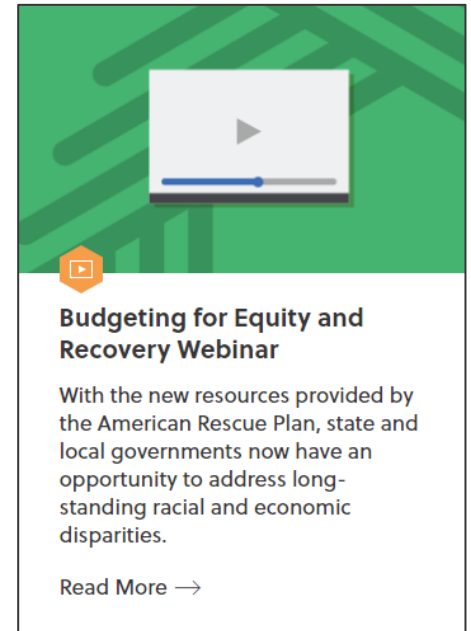
**Starting now — with equitable recovery — is the best way to emerge out of the COVID-19 crisis with stronger, more resilient, and increasingly connected communities to call home**

*More information on equitable recovery in practice can be found in the April of issue of GFOA Government Finance Review accessed at:  
<https://www.gfoa.org/materials/equitable-recovery-gfr04211111>.*



## Resources

- **Budgeting for Equity Webinar**, available in the PFM Newsroom at:  
<https://pfm.com/newsroom>
- **Equitable Recovery in Practice**, GFOA Government Finance Review Article, Michael Nadol and Matt Stitt
  - <https://www.gfoa.org/gfr-april-2021>
- **The Basics of Equity in Budgeting**, GFOA Government Finance Review Article, Shayne Kavanagh and Jake Kowalski
  - <https://www.gfoa.org/materials/gfr-equity-in-budgeting-2-21>
- **The Cost of Collection - Rethinking Criminal Justice Fees & Fines as a Revenue Source**
  - <https://medium.com/@DavidEichenthal/the-cost-of-collection-f57b744374ee>
- **The Debate Over Defunding the Police**
  - <https://justicesafetyfinance.com/perspectives/the-debate-over-defunding-the-police>
- **The Government Alliance on Race and Equity (GARE)**: is a national network of government working to achieve racial equity and advance opportunities for all
  - <https://www.racialequityalliance.org/>
- **Local Data for Equitable Recovery**, Urban Institute
  - <https://medium.com/local-data-for-equitable-recovery>
- **National Equity Atlas**: National Equity Atlas indicators track how communities are doing on key measures of inclusive prosperity in categories of demographics, economic vitality, readiness, connectedness, and economic benefits
  - <https://nationalequityatlas.org/>





# Center for Budget Equity & Innovation



# **PFM Center for Budget Equity & Innovation**

PFM's Center for Budget Equity & Innovation stands at the intersection of equity, policy, operations and finance – engaging communities across the country to stand at the forefront of innovation to ensure inclusivity and fairness in government policy, budget and administration





## Center for Budget Equity & Innovation

- ◆ The Center for Budget Equity & Innovation is committed to seeing all residents represented in government policy, budget and decision-making
- ◆ Local governments in particular carry an enormous burden and opportunity to impact the lives of residents and stakeholders. Without a clear perspective on equity, elected officials and administrators may overlook disparities and miss opportunities to apply resources effectively
- ◆ Through our analytical, financial and critical thinking approach to equity, the Center takes a comprehensive approach. For each project we consider the specific concerns of our public sector clients
- ◆ Our goal is for our equity work to support our clients as they address institutional and structural barriers, evaluate burdens, benefits, and outcomes, and create solutions that promote fairness and belonging in their communities

### Center for Budget Equity & Innovation Service Areas

Equitable Budgeting Practices	Approaches to Equitable Recovery
Equity-Based Financial Planning	Integrating Equity in Government Operations & Policy
Community Engagement	Evaluation of Equity Needs and Opportunities
Equitable Investment Strategies	Equity Impact Analysis



## Past and Current Equity Projects

- ◆ **Equitable Recovery Assessments** for the City of Brockton, MA and Syracuse, NY to assess equitable recovery following the economic downturn triggered by the COVID-19 pandemic.
- ◆ **San Antonio, TX “Future Ready Plan”** dedicated to improving racial and ethnic equity in both education and employment outcomes for youth, two linked domains that are vital to both recovery and mobility.
- ◆ **Technical Assistance provider for the City Budgeting for Equity and Recovery (CBER)** initiative of the Bloomberg Philanthropies What Works Cities. We are actively working with nine of the 29 cities nationally – Birmingham, AL, Chula Vista, VA, Lincoln, NE, New Orleans, LA, Peoria, IL, Rochester, NY, Syracuse, NY, Tampa, FL, and West Palm Beach, FL – to develop and implement plans to drive financial recovery and equity across city governments.
- ◆ **Investing in Danville Plan**, was a community-driven plan for Danville, VA to identify equitable uses of new casino revenue by identifying guiding principles, facilitating community engagement, conducting equity mapping, and aligning community feedback and best practices to actionable recommendations to City leadership.



## PFM Center for Budget Equity & Innovation

### Questions?

- You can type your question into the chat function now *(due to time constraints, not all questions may be handled live)*
- You can e-mail any of us after the call or reach out through your primary PFM contact
- If you would like a copy of these slides, please email us to request



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# Thank You!







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