



Aligning Resources and Results: Increasing Equity Through the Budget

To ensure equitable outcomes for children and families, it is critical to consider the relationship between the impact of public policy and race, ethnicity and culture. Even when policies do not seem to explicitly address equity issues, they are likely to have a differential impact on the lives of families. Being explicit about equity consequences is an important consideration in assessing public policy and budget decisions and thus in ensuring that the needs of all children, youth and families are equitably met.

The release of President Obama's fiscal year (FY) 2016 budget proposal provides an important opportunity to emphasize how – and why – policymakers and community members should work together to maximize resources to promote child and family well-being and reduce equity gaps in outcomes.

In a country with widening income inequality and consistently poorer outcomes for children and families of color, the federal budget – and the resource decisions that flow from it, at the federal, state and local levels – provide a concrete opportunity to shift policies and programs toward investments aimed at addressing inequities and improving outcomes. Doing this well requires action by many parties. Ideally, policymakers, advocates and community stakeholders would work together at the state and local levels to ensure that funds are spent in ways that best meet the needs of low-income families – who are disproportionately families of color – and the communities in which they live.

This budget brief first provides examples of federal, state and community actions that use the power of the budget process to address equity issues. In addition, it provides a summary of key items in the President's FY 2016 budget that will be of interest to people advancing work to improve outcomes for children, youth, families and communities.

Working Together

Strategies to Advance Equity Through the Federal Budget

The FY16 budget proposal includes investments in programs that have the potential to make a significant difference for children, youth, families and communities. For example, the budget includes substantial new investments in preschool and early child care, as well as tax credits to boost income support for working families. In addition, the budget proposal includes investments in education to provide support for English language learners, create a pathway to college and expand workforce development opportunities. At the community level, the proposal introduces the Upward Mobility Project – a new initiative that will provide up to 10 communities with the opportunity to spend federal funding flexibly from four existing programs in an effort to re-direct investments to programs and resources that meet the specific needs of its residents.

Advancing equity through local, state and federal budget initiatives can be done using a variety of strategies. Some communities have adopted a comprehensive approach requiring equity-focused initiatives in every agency budget. Other communities are employing strategies like participatory budgeting, which involves community residents in the decision-making process about the investment of public funds. Building equity requirements into specific line items or as program requirements is yet another approach to improve outcomes for people of color. Each of these strategies have the potential to allocate resources in ways that are more equitable across jurisdictions and expanding opportunities for populations and communities that have historically been overlooked. Done well and intentionally, the cumulative effect of these equity-oriented strategies can positively impact children, youth and families and the places where they live.





Policymakers and community members bring complementary strengths to partnerships to promote equity.

Policymakers are positioned to see a larger landscape, giving them opportunities to influence and work at greater scale. This lens allows them to support innovation, address gaps in funding or services - as well as barriers that exist in the current infrastructure - and create incentives that can promote equity. Policymakers often have the authority to reach across multiple branches of government, break down funding silos and increase coordination across agencies whose programs impact families and communities on a daily basis.

Community members can play a critical role in equity strategies as well. More communities are using data to help community members and policymakers better understand what is happening in their neighborhoods, the level of resources needed to address local challenges and how specific policies are helping or hindering their progress. Community-based organizations can serve as effective local conveners, bringing policymakers and community members together around a shared goal to ensure that effective and sustainable approaches are implemented to improve the quality of life for all residents.

Incorporating Equity Through the Budget

Portland's Equity Assessment Work

"Everyone knows a budget is fundamental to city operations. Equity should be too..."¹

The Honorable Charlie Hales
Mayor of Portland

Portland

Portland is taking a comprehensive, citywide approach to advancing equity. In an effort to address persistent concerns around high rates of disparity and income inequality, Portland conducted more than two years of quantitative research from 2009 to 2012, gathering input from 20 public agencies, holding more than 300 public meetings and considering 20,000 comments from residents, businesses, neighborhoods and nonprofits regarding conditions across Portland's diverse neighborhoods. In 2012 their findings culminated in the adoption of the Portland Plan, which today guides the city in setting and implementing policy. An important aspect of the Portland Plan is its explicit focus on equity (*Framework for Equity*), which includes both long-term policies like building an equity focus into the budget, as well as short-term actions such as tracking and sharing data on disparities.

In 2011, prior to the release of the Portland Plan, the city established an Office of Equity and Human Rights (OEHR). Today, in addition to supporting the *Framework for Equity*, OEHR institutionalizes Portland's work throughout the city's policies and services by providing education and technical support to city staff and elected officials aimed at the recognition and removal of systemic barriers to the fair and just distribution of resources, access and opportunity.

One strategy outlined in the Portland Plan integrates equity into the budget process through a coordinated and measured approach. All Portland city leaders working on the budget are expected to use the city's budget equity assessment tool to determine how budget requests or decisions benefit or burden communities of color. Although the majority of funds affected by this expectation are general

funds collected at the local level, the equity assessment can also influence how federal dollars are allocated and spent locally.

In addition to the formal integration of the equity assessment tool, community members who have not traditionally been included in budget decisions have been encouraged to provide input during the City Budget Public Hearing. Experienced civic activists provide outreach to underrepresented groups, including immigrant and refugee communities, to facilitate their testifying before the City Council.

"If you want to know a city's priorities, look where it focuses its funding. Tying equity to city bureaus' budgets ensures that leaders are considering the impacts of their programs and policies on all Portlanders. It's another positive step to institutionalizing this work within Portland city government."

Dante J. James, Director of the Office of Equity and Human Rights

Multiple translators are also available to ensure that Portland's diverse communities are able to participate in the process.

Since Portland officially integrated equity as a primary focus of the budgeting process, and in the one year that the budget equity assessment tool has been required throughout the city, equity has been woven into agency mission statements, leadership training opportunities have emerged in specific bureaus, and community participation in city budget and policy decisions has increased.

Portland's Budget Equity Assessment Tool

Portland's budget equity assessment tool is designed to:

- 1. Identify whether budget requests** advance equity and produce strategic changes in improving efficiency and service levels.
- 2. Promote an asset management approach** to achieve equitable service across communities.
- 3. Assess the equity and social impacts** of budget requests to ensure that programs, projects and investments help to reduce disparities, improve participation and support leadership development.
- 4. Track and report** on service levels and investments by community and geography, including expanding the budget mapping process.



Engaging Stakeholders

Participatory Budgeting in Chicago

Although much can be done to institutionalize policies that are focused on equity, directly engaging residents in decision-making can lead to effective investments that meet the needs of the community and ensure the equitable distribution of limited resources. In an effort to provide residents with the opportunity to determine how and where public funds are spent, several U.S. cities have adopted a participatory budgeting process.²

In 2009, residents of Chicago's 49th ward – one of 50 city wards – undertook participatory budgeting. Referred to as "PB Chicago," participatory budgeting has since expanded to three additional wards. In 2015, PB Chicago will enter its third cycle, engaging residents in determining how to allocate approximately \$1.32 million per year in each participating ward for projects that develop, maintain or improve a publicly owned infrastructure.³ In other words, funds can be designated to such projects as upgrade of streets, sidewalk or streetlight repair and the improvement of parks or playgrounds. Funds may not be used for personnel or operational costs, nor can they be used to fund specific services or programs. Providing the community with the opportunity to allocate funds ensures that limited resources are directed to priority needs identified by residents and that policymakers get an on-the-ground understanding of community needs that can further influence the allocation of other federal, state and local dollars.

Chicago

PB Chicago is driven by the need to include all voices – particularly those often underrepresented – in making equitable decisions about the community priority needs. Using community building to engage residents, the participatory budget process takes place between October and May and begins with neighborhood assembly meetings to provide residents with the opportunity to learn about the budgeting process, brainstorm funding ideas and volunteer to be community representatives. Community representatives then narrow the list of project ideas and develop funding proposals that are shared with the entire community during project expo events. Residents then have the opportunity to vote on projects. In 2012, a total of 2,574 residents age 16 and older voted on a total of 21 projects, which included urban gardens, bike lanes and mural projects, and totaled more than \$4 million across the four participating wards.

PB Chicago promotes equity and increases civic engagement, particularly among underrepresented populations. A September 2013 report from the University of Illinois at Chicago's Great Cities Institute found that in some wards, voters in the participatory budgeting process more accurately reflected the demographics of the ward than voters in local elections. In addition, participants reported high levels of satisfaction and civic learning, with 86 percent of survey respondents reporting they had a better understanding of the needs of their ward after engaging in the participatory budgeting process.⁴

Through the participatory budgeting process Chicago made “equity of voice” a priority, strengthening its communities by lifting up the voices of residents who have been traditionally underrepresented in civic decision-making.

Trusting my residents with the power to decide how to spend my discretionary budget enhanced their trust in me. My residents learned about the difficult challenges I face as an elected official balancing competing interests and allocating limited resources. And the process gave them confidence that the expenditure of those public dollars was transparent and truly reflective of the needs and desires of the community.

Alderman Joe Moore, Chicago Ward 49

Prioritizing Equity Through Program Requirements

HUD's Fair Housing Assessments

The United States Department of Housing and Urban Development's (HUD) use of Fair Housing Assessments is an example of how federal agencies can design their grant requirements in ways that translate to an equity priority in local budgeting.

The Federal Fair Housing Act has two overarching goals: to combat discrimination in housing transactions and to promote residential integration by proactively outlining measures that can begin to undo the nation's legacy of racial segregation. Under its obligations to promote racially integrated communities under the Federal Fair Housing Act, HUD has mandated that jurisdictions receiving funds through several of its grant programs complete analyses or assessments that outline the barriers their urban and regional planning policies and housing related programs create for the racial integration of communities.

For example, under its Stable Communities Regional Planning Grant Program (SCRPG), HUD requires that grantees produce a Fair Housing Equity Assessment as part of their program deliverables. This assessment requires that jurisdictions consider:

- Disparities in housing need by race and ethnicity
- Ways in which land use and zoning measures have contributed to racially segregated communities or have been a barrier to integration and how they have resulted in racially or economically concentrated areas of poverty
- Disparities in access to opportunities around housing choice, fair housing enforcement infrastructure and physical infrastructure such as housing-employment-transportation linkages

"HUD's new 'Affirmatively Furthering Fair Housing' regulation, expected later this year, strengthens the obligations mandated in 1968 under the Fair Housing Act to create real choices for families by expanding housing options for families of color to move to low poverty neighborhoods and also improving conditions in poor communities of color that have long been starved for investments. The new proposed rule will provide HUD's grantees with the tools and framework they need to assess the impact of their spending decisions that affect protected classes, including communities of color, under the Act and will hold them accountable for fulfilling their fair housing obligations."

**Debby Goldberg, Special Project Director
National Fair Housing Alliance**

HUD Fair Housing

HUD mandates that public housing agencies and recipients of Community Development Block Grants, HOME Investment Partnership grants, Emergency Solutions Grants and Housing Opportunities for Persons with AIDS grants also complete an Analysis of Impediments to Fair Housing Choice (AI) under their obligations to promote integration. With similar requirements as the Fair Housing Equity Assessment, this planning document requires the identification of strategies to overcome the obstacles identified. Commonly cited barriers to fair housing include zoning and site selection requirements that may limit the ability to build affordable housing; inadequate public services in areas where people of color reside and the presence of discriminatory lending practices in the housing market.⁵ In June 2014, HUD proposed a new rule⁶ on Affirmatively Furthering Fair Housing that would increase its effectiveness by providing local demographic data to program participants, clarifying the goals of the Affirmatively Furthering Fair Housing process and putting in to place more effective oversight and review processes to ensure fair housing assessments are completed in a timely manner and include concrete actions and timelines for execution to which jurisdictions will be held accountable.

The proposed rule recognizes the importance of local decision-making by establishing basic parameters and guiding public sector housing and community development planning and investment decisions rather than mandating specific outcomes. It also aims to influence other public sector agencies in their planning and investment decisions and provides relevant civil rights information to the community and other private and public sector stakeholders.

The findings and strategies identified in an analysis of impediments or a fair housing equity assessment have the opportunity to translate to items in a local jurisdiction's budget, including investments in fair housing enforcement programs, placement of infrastructure investments, such as public transportation nodes and collaborating with and investing in land banks.

Key Line Items For Children, Youth, Families & Communities in the President's Proposed FY 2016 Budget

Department of Education

\$1.365
BILLION

America's College Promise

The budget proposes \$1.365 billion to create a new partnership with states to make two years of community college free for responsible students by waiving tuition, ensuring more students can complete at least two years of college.

\$773
MILLION

English Language Acquisition

The budget provides \$773 million for efforts to assist a growing number of English language learners make progress toward proficiency in English and become college and career ready.

\$750
MILLION

Preschool Development Grants

The budget proposes \$750 million to build or enhance preschool program infrastructure and scale-up high-quality preschool programs in high-need communities.

\$75
BILLION

Preschool For All

The proposed budget provides \$75 billion over 10 years for Preschool For All, which will support the implementation of universal high-quality preschool programs that are aligned with elementary and secondary education systems and help ensure that all children arrive in kindergarten ready for success in school and in life.

\$150
MILLION

Promise Neighborhoods

The proposed budget provides \$150 million for Promise Neighborhoods, an initiative that aims to improve high school and college graduation rates by providing a pipeline of support services to children and families in under-resourced communities. Promise Neighborhoods is also a central component of the Administration's Promise Zones Initiative, which creates partnerships between the federal government and local leadership in an effort to create jobs, leverage private investment, increase economic activity, reduce violence and expand educational opportunities in high-poverty communities.

Department of Health and Human Services

\$2.8
BILLION

Child Care and Development Block Grant

The budget provides \$2.8 billion to supplement state general revenue funds for child care assistance for low-income families. The budget also includes a new competitive pilot program to develop and evaluate effective strategies for meeting the child care needs of working families.

\$11.9
BILLION

Children and Families Services Program

The proposed budget includes \$11.9 billion for a wide range of children and family services programs, including priority investments in early learning. In addition, it includes \$23 million for family violence prevention and services, \$15 million for comprehensive services to youth in the child welfare system who are victims of, or at risk of, human trafficking, \$9 million to improve services for homeless youth and \$5 million for child protection investigations

\$5.1
BILLION

Indian Health Services

The budget provides \$5.1 billion for Indian Health Services to expand medical care, public health services and health professions training opportunities to American Indians and Alaska Natives, while also making progress on the construction of health care clinics.

\$500
MILLION

Maternal, Infant and Early Childhood Home Visiting Program

The budget provides \$500 million to the Maternal, Infant and Early Childhood Home Visiting Program to extend and expand evidenced-based home visiting services for at-risk communities. This funding will enable nurses, social workers and other professionals to connect families to services that support children's health, development and ability to learn.

Department of Housing & Urban Development

\$250
MILLION

Choice Neighborhoods Program

The budget proposes \$250 million for Choice Neighborhoods, which will continue the transformation of neighborhoods of concentrated poverty into sustainable, mixed-income neighborhoods. Funding will support approximately eight new implementation grants and five to 10 planning grants. The Choice Neighborhoods program is also a central component of the Administration's Promise Zones Initiative, which creates partnerships between the federal government and local leadership in an effort to create jobs, leverage private investment, increase economic activity, reduce violence and expand educational opportunities in high-poverty communities.

\$2.8
BILLION

Community Development Block Grant

The budget includes \$2.8 billion for the Community Development Block Grant (CDBG), as well as \$80 million for the Indian CDBG program. CDBG is a part of the proposed Upward Mobility Project, a new initiative to allow states, localities or consortia of the two to blend funding across four block grants, including the Department of Health and Human Services' (HHS) Social Services Block Grant and Community Services Block Grant, as well as HUD's HOME Investment Partnerships Program and CDBG, which share a common goal of promoting opportunity and reducing poverty. In exchange for more accountability for results, the Upward Mobility Project provides states with flexibility in spending to implement evidence-based or promising strategies for helping individuals succeed in the labor market and improving economic mobility, children's outcomes and the ability of communities to expand opportunity.

\$2.48
BILLION

Homeless Assistance Grants

The budget proposes \$2.480 billion for the Homeless Assistance Grants, which provide funds for the Emergency Solutions Grant (ESG) and Continuum of Care (CoC) programs, and will enable localities to shape and implement comprehensive approaches to homelessness, including prevention of future occurrences of homelessness, emergency needs and related services.

\$10.76
BILLION

Project-Based Rental Assistance

The budget requests \$10.760 billion for Project-Based Rental Assistance (PBRA) to assist approximately 1.2 million extremely low- to low-income households to obtain decent, safe and sanitary housing in private accommodations. PBRA serves families, elderly and disabled households and provides transitional housing for the homeless.

Department of Justice

\$29.5
MILLION

Byrne Criminal Justice Innovation Program

The budget proposes \$29.5 million to support the Byrne Criminal Justice Innovation Program – a community-based program that aims to combat crime and increase public safety by addressing the specific needs of a community. The Byrne Criminal Justice Innovation Program is also a central component of the Administration's Promise Zones Initiative, which creates partnerships between the federal government and local leadership in an effort to create jobs, leverage private investment, increase economic activity, reduce violence and expand educational opportunities in high-poverty communities.

\$303.5
MILLION

Community Oriented Policing Service (COPS)

The budget proposes a total of \$303.5 million for the Community Oriented Policing Services (COPS) program, which focuses on building collaboration between law enforcement and communities and helps law enforcement develop problem solving techniques to prevent and respond to crime.

\$120
MILLION

Second Chance Act

The proposed budget includes \$120 million for the Second Chance Act, which aims to reduce recidivism and help adult and juvenile ex-offenders successfully return to their communities by providing several key supports, such as employment assistance. This proposal includes \$10 million for the Smart Program which will help communities develop innovative parole and supervision programs, as well as \$5 million for the Children of Incarcerated Parents Demonstration Program.

\$339.4
MILLION

Youth Violence Prevention Programs

The budget proposes a total of \$339.4 million for various juvenile justice programs, which includes funding for prevention and intervention initiatives. Specifically, the proposal includes \$58 million for mentoring programs, \$42 million for the Delinquency Prevention Program and \$4 million for the National Forum on Youth Violence Prevention, which helps communities develop innovative strategies that can tackle youth violence.

Department of Labor

\$3
BILLION

Connecting for Opportunity Initiative

The budget proposes \$3 billion over four years to support disconnected youth through the Connecting for Opportunity initiative. This two-part initiative will provide \$1.5 billion for the expansion of summer and year-round job opportunities. An additional \$1.5 billion will support a competitive grant program aimed at helping communities develop workforce pathways for disconnected youth.

\$2
BILLION

Paid Leave Partnership Initiative

The budget proposes \$2 billion for a Paid Leave Partnership Initiative which will assist up to five states seeking to launch paid leave programs, which can include family, parental and medical leave. This new initiative builds on the examples of California, New Jersey and Rhode Island and will provide funding for states to cover half of the benefits for employees for three years. A total of \$35 million is allocated for technical assistance and support for states interested in building paid leave program infrastructure.

\$16
BILLION

Workforce Development Opportunities

The budget proposes funding for a number of job-driven training initiatives aimed at building the skills of workers, including those that are unemployed, and connecting them to good jobs in high-demand fields. Specifically, the budget proposes \$16 billion over 10 years for High-Growth Sector Training and Credentialing Grants, which will support local partnerships in designing job training and counseling programs that are aligned with in-demand jobs. Similarly, the budget proposes \$2 billion over four years for the Apprenticeship Training Fund to help employers expand on-the-job training opportunities.

Endnotes

1. “Everyone knows a budget is fundamental to city operations. Equity should be, too. So when I issued budget instructions this fiscal year, I mandated that any new General Fund resource requests bolster measurable progress in, among other areas, equity and opportunity. This interaction between a known essential of city operations – the budget – and an aspirational essential of city operations – equity – I hope will institutionalize equity as inherent to city operations.” – Mayor Charlie Hales

2. Participatory Budgeting Project - <http://www.participatorybudgeting.org/>

3. PB Chicago - <http://www.pbchicago.org/>

4. **UIC Great Cities Institute (2012).** *Building a People’s Budget.* - <http://www.pbchicago.org/research.html>

5. GAO 10-905, Available online at: <http://www.gao.gov/new.items/d10905.pdf>

6. This proposed rule has been designed in response to the recognition of HUD staff, civil rights leaders and findings from the GAO in 2010 that the Analysis of Impediments requirement under HUD programs, while proving impactful in some jurisdictions, is not designed to translate specifically to fair housing related strategies or actions. It also lacks the oversight and regulatory framework needed to make it a consistently effective planning tool. See GAO 10-905 (<http://www.gao.gov/new.items/d10905.pdf>).

Additional Resources on the Federal Budget

1 Policy Basics: The ABCs of State Budgets

Center on Budget and
Policy Priorities

2 Policy Basics: Introduction to the Federal Budget Process

Center on Budget and
Policy Priorities

3 Federal Budget Vocabulary Tip Sheet

Policy for Results,
Center for the Study of
Social Policy

4 Aligning Resources and Results: How Communities and Policymakers Collaborated to Create a National Program

Center for the Study of Social
Policy

5 Aligning Resources and Results: How Policymakers and Communities Can Collaborate to Improve Neighborhood Outcomes

Center for the Study of Social
Policy

6 Aligning Resources and Results: The Importance of Meaningful Partnerships

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