



King County

Metropolitan King County Council Budget and Fiscal Management Committee

AGENDA ITEM	<u>9</u>	DATE:	<u>June 4, 2013</u>
PROPOSED No.:	<u>2013-B0050</u>	PREPARED BY:	<u>Mike Reed, Amy Tsai and Wendy Soo Hoo</u>

STAFF REPORT

SUBJECT: A briefing on implementation of Equity and Social Justice in the 2014 county budget process.

SUMMARY:

The County Council adopted the "fair and just" principle as part of the countywide strategic plan for 2010-2014. In doing so, it embraced Equity and Social Justice (ESJ) as an integrated effort that applies to all that the county does, in order to achieve equitable opportunities for all people and communities.

The Council adopted a 2013 Legislative Branch ESJ Work Plan (Motion 13887) that calls for development of a structured process to review and evaluate equity impacts of the Executive's proposed 2014 budget. It also directs that an equity lens be applied during the budget process. This briefing examines how ESJ has been captured in previous budgets and explores how ESJ principles can be better incorporated into future budgets. Changes proposed for 2014 include addressing the larger, cross-cutting ESJ impacts of the proposed budget and analyzing specific budget change proposals with an eye towards capturing meaningful ESJ impacts. A draft ESJ budget evaluation tool is presented for Council consideration.

BACKGROUND:

Today's briefing is on Equity and Social Justice considerations in the county's budget process. Council staff will provide an overview of ESJ principles adopted by the County and how ESJ was addressed as part of the 2013 budget. The Executive Budget Leadership will describe the approach being taken towards ESJ in budget preparation for 2014, and Council staff will describe for Council consideration a draft approach for staff analysis of ESJ in the 2014 budget review process.

Council Equity and Social Justice Framework

Strategic Planning

The Council's work on Equity and Social Justice is rooted in the King County Strategic Plan for 2010-2014 (Ordinance 16897), which articulates the "fair and just" principle to promote fairness and opportunity for all people and eliminate inequities. Additionally, the Council's own strategic plan for 2011-2015 (Motion 13442) further emphasizes the value of equity in providing all people with a good quality of life.

ESJ Ordinance

The Council established specific direction on the approach to equity in King County through its adoption, in October 2010, of Ordinance 16948 on equity and social justice ("ESJ ordinance", see Attachment 2 to this briefing).

A key aspect of the county's approach to ESJ is that the county should "consider equity and social justice impacts in all decision-making so that decisions increase fairness and opportunity for all people, particularly for people of color, low-income communities and people with limited English proficiency or, when decisions that have a negative impact on fairness and opportunity are unavoidable, steps are implemented that mitigate the negative impacts." Furthermore, the Executive should endeavor to integrate ESJ practices into the county's strategic, operational and business plans, management and reporting systems for accountability and performance, and budgets.

Equity issues permeate all functions of government. As noted in the ESJ ordinance, conditions that affect equity in the lives of residents include economic development, public safety, law and justice, early childhood development, education, food systems, health and human services, healthy and natural environments, housing, jobs, neighborhoods, parks, and transportation. The budget becomes a potentially powerful tool for affecting equity among the county's residents, as the budget affects all of these issues.

Annual ESJ Work Plan

The Council annually adopts an ESJ work plan. The 2013 work plan (Motion 13887) specifically calls for an examination of ESJ as part of the budget process. Commitments include the following:

- Develop a structured process to review and evaluate equity impacts of Executive's proposed 2014 Budget.
- Apply an equity lens during the budget process.

The Council has placed increased emphasis on consideration of Equity and Social Justice across a range of Council actions, specifically including budget review, reflecting the commitments it has expressed in the ESJ-related legislation discussed above.

Equity/Social Justice and Budget Review

Looking back: 2012 and 2013

The Executive first identified ESJ in his annual proposed budget in 2012. Departments were asked as part of their budget request to address ESJ as follows:

"In considering equity and social justice, what are the potential impacts (positive or negative) of this change item on traditionally under-served communities, such as low-income, cultural minority and limited English speaking communities?"

Departments also included a discussion of equity and social justice impacts as a section of their business plans; this could include establishment of departmental priorities related to ESJ. ESJ was not systematically addressed in budget panel briefings that year, although there were some references made to it for specific budgets.

For the 2013 budget, the Executive again asked departments to consider ESJ in their decision-package proposals and in their business plans. The decision-package instructions were as follows:

"In considering Equity and Social Justice, what are the potential impacts (positive or negative) of this change on traditionally under-served communities, such as low income, cultural minority and limited English speaking communities? If a potential negative impact was identified, what alternatives did the agency consider to avoid the negative impact and what would the agency do to mitigate the negative impacts?"

For 2013, Council staff identified ESJ impacts for specific proposed budget changes in budget panel briefings. However, the information was largely descriptive and only identified ESJ impacts anticipated as a result of changes at the margins. Budget panels received a baseline picture of how departmental budgets impacted ESJ, but not how ESJ shaped or could shape budget decisions. Furthermore, the analysis did not provide a sense of the ESJ impacts of the County budget as a whole.

Looking forward: 2014

Council and Executive staff have discussed ways for the budget process to include a "big picture" ESJ analysis of the proposed budget, to address the larger and cross-cutting impacts of the budget proposal on Equity and Social Justice concerns. Based on those communications, it is anticipated that the Executive will include a discussion of the proposed budget's Equity and Social Justice impacts, addressing the budget as a whole, in documents accompanying the budget transmittal.

In addition, to address the specific change elements of the recommended budget, Council staff have been working to develop a proposed tool for analysts to use as they identify, consider and evaluate the potential ESJ impacts from each proposed budget change. This should provide a basis for Council discussions regarding ESJ during the budget process. Key elements of that proposed tool include 1) screening of each policy change item for ESJ impacts; 2) initial assessment and further analysis of change items that have ESJ impacts; and 3) engagement with the budget panel or lead staff on the need for budget options or proviso proposals regarding the change item. A draft of the proposed tool is attached (Attachment 1).

Council staff will compile ESJ-related information, including the ESJ narrative developed by the Executive and information prepared by Council staff on ESJ impacts associated with each proposed budget change item, into a consolidated analysis that addresses the comprehensive impact of Equity and Social Justice issues on the 2014 budget.

Executive Budget Instructions

Executive budget instructions for departments for the 2014 budget direct agencies to address ESJ as follows (see Attachment 2):

"Within the budget submittal, describe the potential impact on low-income communities, communities of color, or communities with limited English proficiency relative to other groups for each proposed budget change for 2014. If a change could potentially have a disproportionate impact (negative or positive) on traditionally underserved communities, agencies are asked to describe what the possible impact could be and the groups that could be most affected by the change. Agencies are also asked to discuss the alternatives or mitigation strategies that were considered. PSB will provide feedback and ask questions related to ESJ budget impacts described by agencies in their proposals."

It is anticipated that these instructions to County agencies will provide a basis for Council staff review and analysis of the Executive's proposed budget.

The Executive's approach to implementing ESJ through the budget process has evolved over the last three years. The Executive sees ESJ as an integral part of the King County Strategic Plan (KCSP), and budget decisions are being considered in the context of the KCSP. For the 2012 Budget, the focus was largely transactional. Agencies and PSB staff were asked to analyze the effects of budget proposals using ESJ considerations. For example, a program that extended additional anti-gang counseling to Latino youth would be evaluated as having positive ESJ effects.

This approach continued for the 2013 Budget but was expanded to include a pro-active focus on using ESJ considerations to develop proposals, not just evaluate them. For example, agencies with grant programs worked to find ways to increase applications from communities and organizations that served low-income areas and diverse populations.

For the 2014 Budget, the Executive has directed a further expansion of the ESJ analysis. In this approach, entire program areas will be examined through an ESJ lens, which will ensure that base budgets are examined, not just changes at the margin. This process is just getting underway so its effects are not yet known. It is also important to recognize that much of the County's budget is now biennial, so no budget review process will occur for many appropriation units for 2014.

Looking ahead, having the entire County budget on a biennial basis will create more opportunity for the ESJ lens to be applied to a wider range of County programs. Budget development and review will occur every other year, which will allow agency, Executive, and Council staff to do more detailed analysis of planning, policy, and performance issues in the alternate year. Pursuing more detailed ESJ analysis will be a major example of this off-budget work.

INVITED:

- Dwight Dively, Director, Office of Performance, Strategy and Budget
- Jonathan Swift, Deputy Director, Office of Performance, Strategy and Budget

ATTACHMENTS:

1. Draft Template: ESJ Budget Evaluation Tool for Council staff
2. 2014 Departmental Budget Instructions for ESJ

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DRAFT TEMPLATE**Equity and Social Justice Budget Evaluation Tool**

Steps¹	Review Process—for each Policy Change Item²
<u>Step 1: SCREEN</u>	<ol style="list-style-type: none"> 1. Does this item have noteworthy Equity and Social Justice implications? <ol style="list-style-type: none"> a. Does the proposal impact historically underserved populations, such as low income communities, persons of color, ESL communities, or disabled populations, in a way that is substantively greater or less than for mainstream communities? b. If no, go no further with analysis. c. If yes, go to next level of review and apprise the ESJ central staffer that your budget has an ESJ component so that it can be entered into the ESJ Tracker.
<u>Step 2: ASSESSMENT OF EXECUTIVE PROPOSAL</u>	<ol style="list-style-type: none"> 2. For those items judged appropriate for further review, evaluate the proposal for the following: <ol style="list-style-type: none"> a. How well did the Executive identify groups that are positively/negatively affected? <ol style="list-style-type: none"> 1. What outreach efforts were made to engage those groups? 2. Were these efforts sufficient? Were agency outreach protocols followed? b. How well did the Executive analyze the nature of the impact to these groups, and the ways in which they are disproportionately impacted by the proposal? c. How well did the Executive identify alternative approaches that may mitigate impacts? d. How well did the Executive address the impact in the context of the budget constraints faced by the agency?
<u>Step 3: FURTHER POLICY ANALYSIS</u>	<ol style="list-style-type: none"> 3. Conduct further analysis of any shortcomings or strengths you identified in the Executive's proposal. 4. What is the intensity of the impact on the traditionally underserved community: <ol style="list-style-type: none"> a. Major impact b. Modest impact c. Minor impact
<u>Step 4: NEXT STEPS</u>	<ol style="list-style-type: none"> 5. Seek and respond to feedback from Budget Panel or Lead on whether to develop budget options or proviso proposals as appropriate.

¹ The steps of this process would be distributed over the weeks of the budget review process, as successive staff reports are prepared by analysts. The review would be addressed as part of the prepared staff reports, rather than as a stand-alone template.

² ESJ screening should be done for each change item contained in the Executive's Proposed Budget book.

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Appendix C – Equity and Social Justice

On October 11, 2010, the King County Council unanimously passed Ordinance 16948 "establishing definitions and directing implementation steps related to the fair and just principle of the adopted 2010-2014 countywide strategic plan." Specifically this ordinance directs County agencies to:

Apply equity and social justice foundational practices to county actions and endeavor to integrate these practices into the county's: strategic, operational and business plans; management and reporting systems for accountability and performance; and budgets in order to eliminate inequities and create opportunities for all people and communities.

It also establishes an inter-branch team to work on equity and social justice (ESJ) activities, and requires annual reporting to the County Council on these activities.

The Ordinance defines countywide equity and social justice foundational practices as "... those practices that can increase the county's influence on access to the determinants of equity when applied to the county's actions in: siting and delivery of services; policy development and decision making; education and communication within county government; and community engagement and partnerships." Some examples of ESJ topics may include, but are not limited to, access to public transportation and affordable housing, quality education, natural resources and parks, safe neighborhoods, adequate health care, necessary human services, and employment opportunities.

Within the budget submittal, describe the potential impact on low-income communities, communities of color, or communities with limited English proficiency relative to other groups for each proposed budget change for 2014. If a change could potentially have a disproportionate impact (negative or positive) on traditionally underserved communities, agencies are asked to describe what the possible impact could be and the groups that could be most affected by the change. Agencies are also asked to discuss the alternatives or mitigation strategies that were considered. PSB will provide feedback and ask questions related to ESJ budget impacts described by agencies in their proposals.

Similar to last year, this information will also be used in the proposed budget document narrative.