

**Board Report**

File #: 2020-0817, **File Type:** Informational Report**Agenda Number:** 10.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 20, 2021****SUBJECT: MID-YEAR FY 20-21 BUDGET EQUITY ASSESSMENT****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE status report on Mid-Year FY 20-21 Budget Equity Assessment.

ISSUE

During the Executive Management Committee meeting on September 17, 2020, Director Garcetti requested a full analysis on current expenditures using the Equity Assessment Tool for our mid-year budget report. He further requested that the Equity Assessment Tool be used to evaluate each annual budget moving forward and that the Executive Officer, Equity and Race develop a racial and social economic equity action plan.

BACKGROUND

Metro believes that access to opportunity should be at the center of decision-making around public investments and services. This is especially true for transportation, which is an essential lever to enabling that access. Vast disparities among neighborhoods and individuals in Los Angeles County limit this access, making opportunity harder to reach for some, whether it is jobs, housing, education, health care, safe environments or other essential tenets of thriving, vibrant communities. Transportation infrastructure, programs, and service investments must be targeted toward those with the greatest mobility needs first, in order to improve access to opportunity for all. Equity means that Metro's service delivery, project delivery, policymaking, and distribution of resources account for the different histories, challenges, and needs of communities across Los Angeles County; it is what we are striving towards.

DISCUSSION**Considerations**

After a review of best practices and lessons learned from jurisdictions including the cities of Portland, Oregon, Denver, Colorado, San Antonio, Texas, and the County of Santa Clara, California, staff identified the need to create a specific equity tool for application in the Metro budget process. The

tool would be used to review new, expanded scope, or reduced budgetary requests and departmental budgets. A separate agency-wide equity assessment will be conducted to assess the entire Metro budget and investments, help identify key disparities and gaps in opportunity, and drive the development of an equity strategic action plan.

Accordingly, staff created the Metro Budget Equity Assessment Tool (MBEAT) (Attachment “A”). The MBEAT is a set of questions to guide Metro staff in considering racial and social equity explicitly in its budgetary decisions. The MBEAT has two parts. Part one applies to budgetary changes, including new, expanded scope, or reduced budgetary requests, and assesses each for positive and negative impacts on historically marginalized groups and other facing inequities. Part two applies to the department’s entire budget and looks holistically at how the budget supports community engagement and inclusion; targeted efforts to reduce disparities and create a diverse and inclusive workforce; funding gaps that limit equity opportunities; and data collection and tracking to measure equity impacts. Each part will be reviewed for approval by the Offices of Equity and Race and Management and Budget through the budget process.

Part one of the tool was piloted through the FY20-21 mid-year budget process.

MBEAT Process

The MBEAT process has challenged Metro staff to apply an equity lens and more explicitly explain how budgetary decisions might specifically benefit or potentially harm or negatively impact marginalized communities. To launch the MBEAT process, staff from the offices of Equity and Race and Management and Budget met with key staff from the departments who submitted mid-year budget requests to explain the MBEAT questions and apply it to sample budget requests. Each department was then charged with completing an assessment for each new, expanded scope, or reduced budgetary request. Going into the Annual budget process, staff will incorporate a broader MBEAT training session into the Metro Budget Training for staff. Staff will also enhance the online version of the tool to collect and track the large number of anticipated budgetary requests and ensure integration with the Metro budget process.

While there are some logistical details to address, the MBEAT process shows promise in setting a foundation for applying an equity lens to decision making. It will help capture details on potential impacts for marginalized communities, provide an opportunity to address identified potential harms or negative impacts, and highlight areas for an agencywide equity assessment to further assess. The MBEAT is the first equity assessment integrated into one of Metro’s agencywide processes. It will eventually become part of an iterative process where Metro applies an equity lens at different points through planning, implementation, and funding decisions to ensure that Metro’s process and outcomes are more equitable.

MBEAT Results: FY21 Mid-Year

The MBEAT was applied to 25 new or expanded scope budget requests from various departments including the Office of the CEO (Customer Experience), Operations, and Safety Security and Law Enforcement. The MBEAT assessments highlight how many of the requests will help improve access to opportunities for some of our most marginalized and/or vulnerable communities. Most of Metro’s

current riders are people of color, low-income, and/or essential riders. There are a range of requests that will improve the customer experience for them and all riders, including funding for the Bus Speed and Reliability program and a GPS based system that will improve rail service reliability. There is also a new Rescue Ride program which would improve mobility options for bus riders who have experienced pass-ups or canceled runs. This is particularly important for riders with few alternative options to transit, who often experience more detrimental impacts when transit is not available when they need it.

Additionally, there are requests that will allow Metro to test new programs to help connect people experiencing homelessness to housing and services, including funding for a temporary shelter program and participation in the flexible dispatch pilot program in the City of Los Angeles. There are also a series of requests that will support Metro as we enhance transparency in policing and begin to reimagine public safety to ensure that every customer and operator feels safe on our system. This includes funding for body cameras and the public safety advisory committee.

Several programs or projects funded by the requests are in the development or planning phase, and program staff noted that use of the tool was helpful in thinking through how to ensure benefit for those with the greatest needs from the start. There were also funding requests for programs or projects that aim to benefit all, for which staff has not identified a potential harm or negative impact, including the Tunnel and Intrusion Program and CCTV Video Analytics. Staff will continue to measure outcomes and monitor for any disparate impacts that emerge or are unveiled.

Overall, application of the MBEAT highlighted budgetary requests with a wide range of benefits for marginalized and/or vulnerable communities, helped staff identify potential barriers or harms to address, and helped staff consider adjustments to improve access and reduce potential barriers or harms. It also highlighted a need for broader training to not only answer MBEAT questions, but to help staff think through how investment, projects, programs, and policies might cause harm or not benefit all as intended, given historic and current disparities and systemic inequities. The midyear pilot served as a first step in building a foundation for a process that will improve with the use of data analysis and targeted community engagement to help detect and invest in a way that reduces disparities.

FINANCIAL IMPACT

There is no specific financial impact to the mid-year FY20-21 budget as a result of development and applications of the Metro Budget Equity Assessment Tool.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This recommendation supports strategic plan goals #1.1, 3.3, and 5.7 by helping Metro to target programmatic, infrastructure, and service investments toward those with the greatest needs and enhancing communities and lives through mobility and access to opportunity.

NEXT STEPS

For the second part of the pilot, the full MBEAT will be integrated into the FY22 annual budget process which launched in November 2020. Once the FY22 budget process is complete, staff will

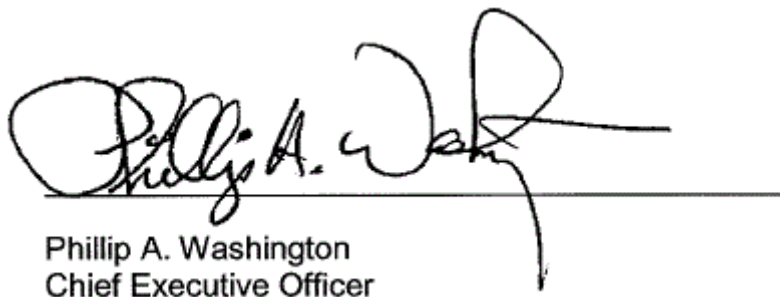
refine the MBEAT and its review process as necessary, enhance the MBEAT training process, and take the necessary steps to fully integrate the MBEAT into the Metro budget process before the development of the FY23 budget.

ATTACHMENTS

Attachment A - Metro Budget Equity Assessment Tool

Prepared by: KeAndra Cylear Dodds, Executive Officer, Equity & Race, (213) 922-4850
Anelli-Michelle Navarro, Executive Officer, Finance, (213) 922-3056
Giovanna Gogreve, Sr Manager, Transportation Planning, (213) 922-2835

Reviewed by: Nadine Lee, Chief of Staff, (213) 922-7950
Nalini Ahuja, Chief Financial Officer, (213) 922-3088



Phillip A. Washington
Chief Executive Officer

Metro Budget Equity Assessment Tool

The Metro Budget Equity Assessment Tool (MBEAT) is a set of questions to guide Metro staff in considering racial and social equity explicitly in its budgetary decisions. Metro believes that access to opportunity should be at the center of decision-making around public investments and services. This is especially true for transportation, which is an essential lever to enabling that access. Vast disparities among neighborhoods and individuals in LA County limit this access, making opportunity harder to reach for some, whether it's jobs, housing, education, health care, safe environments or other essential tenets of thriving, vibrant communities. Transportation infrastructure, programs, and service investments must be targeted toward those with the greatest mobility needs first, in order to improve access to opportunity for all. The MBEAT is designed to help Metro center equity in its decision-making.

What is "Equity"?

Equity is both an outcome and a process to address racial, socioeconomic, and gender disparities, to ensure fair and just access – with respect to where you begin and your capacity to improve from that starting point – to opportunities, including jobs, housing, education, mobility options, and healthier communities. It is achieved when one's outcomes in life are not predetermined, in a statistical or experiential sense, on their racial, economic, or social identities. It requires community informed and needs-based provision, implementation, and impact of services, programs, and policies that reduce and ultimately prevent disparities.

Equity means that Metro's service delivery, project delivery, policymaking, and distribution of resources account for the different histories, challenges, and needs of communities across Los Angeles County; it is what we are striving towards.

Why use the Metro Budget Equity Assessment Tool?

Use of the MBEAT can help develop strategies and actions, through budgetary decisions, that reduce, and eventually eliminate, racial and socioeconomic inequities and improve access to opportunities for all groups. Understanding the potential impacts of our decisions for those faring the worse, will enable us to improve conditions for all of our customers, front-line Metro family, and the broader Los Angeles County community. MBEAT questions help staff apply an equity lens as they allocate existing and future resources to meet the diverse needs of those who live, work, and play in Los Angeles County. This represents a shift from an equality-based approach to a more strategic equity-based application and helps operationalize Metro's Equity Platform.

How should you use the MBEAT?

- **Please read this entire document.**
- Utilize the MBEAT as you prepare your annual budget request.
- ***Complete part one of the MBEAT for all budgetary adjustment requests.*** Budgetary adjustments are budgetary changes including new, expanded scope, or reduced budgetary requests. This excludes requests for ongoing approved budgets or requests with standardized adjustments, such as cost of living adjustments.
- ***Complete part two of the MBEAT for your Department's overall budget.***
- All questions should be answered to the best extent possible before submitting budget requests.
- Consult with you Department's Equity Liaison(s) for assistance.
- For additional questions, email equityandrace@metro.net.

Metro Budget Equity Assessment Tool

PART ONE: Budgetary Adjustment

Fiscal Year: Click or tap here to enter text.

Department: Click or tap here to enter text.

Unit or Program Click or tap here to enter text.

FY Budget Request: Click or tap here to enter text.

Cost Center: Click or tap here to enter text.

Project number: Click or tap here to enter text.

Account Number: Click or tap here to enter text.

Life of Project Budget: Click or tap here to enter text.

Who completed the MBEAT? (Staff Names): Click or tap here to enter text.

Who completed the MBEAT? (Staff Names): Click or tap here to enter text.

Is this board directed program or project? Yes No

Project Name: Click or tap here to enter text.

Project Scope: Click or tap here to enter text.

1. Which area(s), neighborhood(s), or employees will the budgetary adjustment, or the subject of the budgetary adjustment, impact? For area(s) or neighborhood(s), are they Equity Focus Communities (see the map on page 6)?

2. Does your budgetary adjustment directly benefit or potentially cause harm or negative impact to one or more of the following groups? Negative impacts may be unintended and impact some more than others. Consider unique needs and who might have difficulty accessing the service, program, or project, including cost barriers, physical access, safety, language access, etc.

Population Impacted	No Specific Impact	Potential Positive Impact	Potential Negative Impact
Black, Indigenous, or People of Color (Specify when discussing impact.)			
People with Low Incomes (Avg. HH incomes < \$35K)			
People with Limited English Proficiency			
People with Disabilities			
Minority or Women Owned Businesses, DBEs, or DVBEs			

Metro Budget Equity Assessment Tool

Other underrepresented groups facing inequities. Ex: Older Adults, LGBTQ+, Women, etc. (Specify when discussing impact.)			
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3. What considerations were taken into account to maximize equity in this request? Be specific.

Ex: Racial or social disparities data, inequitable service levels, concerns from a high need community, potential to meet an identified community need, potential to support or engage with a high need community, etc. This information may be anecdotal or incomplete but specify what you considered.

4. What steps will you take to mitigate any potential harm or negative impact caused by this request?

Potential Mitigation Steps: 1) identify the equity challenge and 2) reprioritize to address the equity challenge 3) promote an equity connection - what other areas did you make decision to promote equity or 4) address the concerns and provide mitigations. Please include specific strategies. Ex: funding redistribution, service or program reprioritization, related program coordinating, coordination with other services, targeted outreach, etc.

5. How will you monitor impacts to the affected populations and evaluate outcomes over time?

Identify specific metrics, qualitative (surveys, focus groups, etc.) or quantitative (program participants, number of riders, etc.), disaggregate by race, income, language access, or other demographics as relevant to monitor disparity levels.

Metro Budget Equity Assessment Tool

PART TWO: Department Budget Proposal:

Department: Click or tap here to enter text.

Fiscal Year: Click or tap here to enter text.

Total Departmental Budget: Click or tap here to enter text.

Who completed the MBEAT? (Staff Names): Click or tap here to enter text.

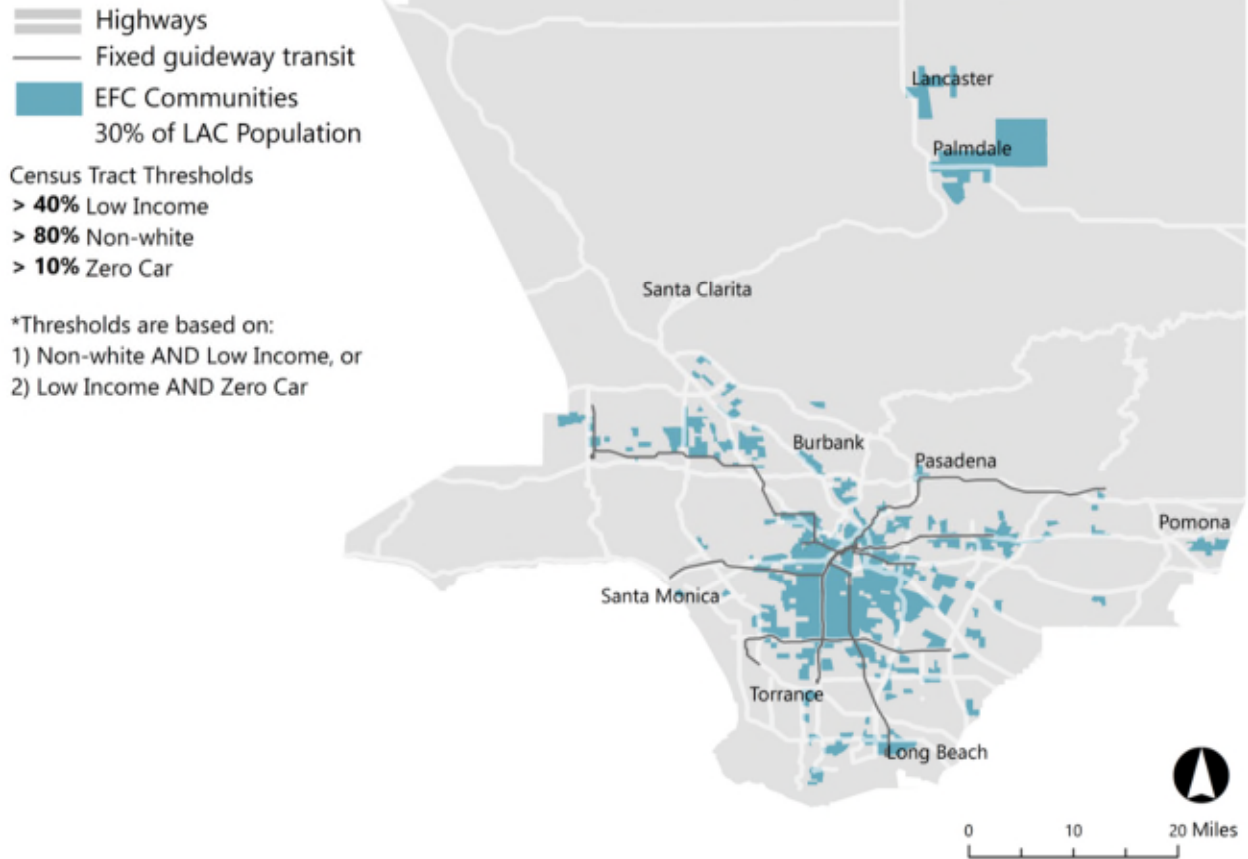
- 1. How will the proposed budget build the Department’s capacity to engage with and include communities of color, low-income communities, and others most impacted by inequities?** Consider funding allocated towards community engagement (meetings, events, surveys, committees, focus groups, etc.), live speech captioning and oral translation at meetings, the translation of written documents, and ensuring public documents, policies, plans, and meetings are readily accessible to the public.
- 2. How will your overall budget for the next fiscal year be realigned in targeted ways to advance equity and support a diverse and inclusive workforce?** This may include shifts relating to programmatic commitments that are intended to reduce or eliminate disparities experienced by communities of color, low-income communities, or other experiencing inequities; and/or staff time allocations for the purposes of advancing diversity, equity, and inclusion, including, but not limited to, staff participation in internal or external trainings, conferences, or book clubs.
- 3. Are there recurring funding gaps or limitations in your overall budget that could inhibit your Department’s ability to advance racial and social equity?** Consider funding limitations beyond your control, staff capacity, time constraints, and recognition that racial and socioeconomic disparities are vast, deep, and influenced by many factors beyond Metro’s control.

Metro Budget Equity Assessment Tool

4. **Does your Department have, collect, or track the disaggregated demographic data your Department needs to evaluate equity impacts in the community moving forward, and to inform your future budget decisions? If not, how will you obtain additional data?**

Metro Budget Equity Assessment Tool

Equity Focus Communities Map



Acknowledgements: This tool was developed with inspiration and borrowing from the “COVID-19 Equity Framework and Rapid Response Tool” from the City of San Antonio Office of Equity and the “EOC Equity Framework” from the City of Denver.

Metro Budget Equity Assessment Tool

For internal purposes only.

	Status	Comment
<input type="checkbox"/>	Reviewed, no concerns	
<input type="checkbox"/>	Reviewed, need more information.	
<input type="checkbox"/>	Reviewed, pull for further discussion.	

Metro Budget Equity Assessment Tool

KeAndra Cylear Dodds

Cyleardoddsk@metro.net

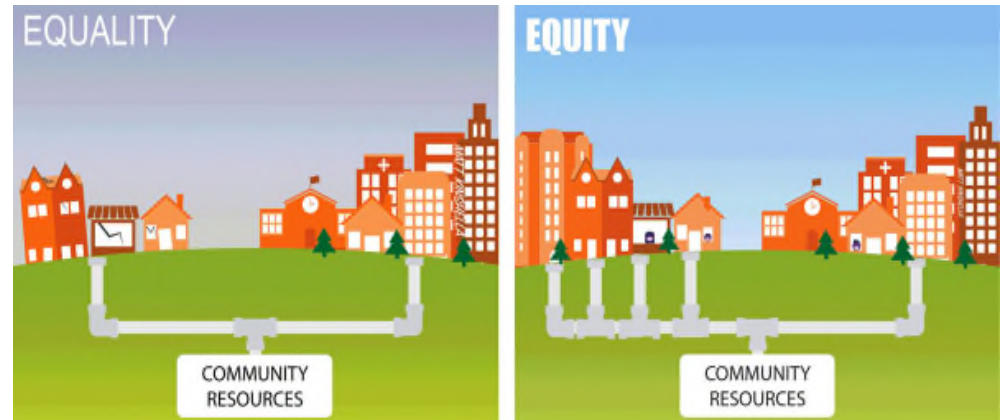
Background

September 2020 Executive Management Committee Meeting:
“Request a full analysis on current expenditures using the Equity Assessment Tool for our mid-year budget report. The Equity Assessment Tool should be used to evaluate each annual budget moving forward. Equity Officer to develop a racial and social economic equity action plan.”

What is Equity?

Equity is both an outcome and a process to address disparities to ensure fair and just access to opportunities for all.

Equity means that Metro's service delivery, project delivery, policymaking, and distribution of resources account for the different histories, challenges, and needs of communities across Los Angeles County; it is what we are striving towards.



What is a budget equity assessment?

Research:

- Review Level Options
 - Agency Level
 - Departmental
 - Budgetary Request
- Apply an equity lens: consider needs and disparities and assess potential benefit or harm to communities with the greatest need and facing the greatest disparities.

The MBEAT

- The Metro Budget Equity Assessment Tool (MBEAT) is a set of questions to guide Metro staff in considering racial and social equity explicitly in its budgetary decisions.
- There are two parts:
 - Part One applies to all budgetary adjustment requests. Budgetary adjustments include new, expanded scope, or reduced budget requests. This excludes requests for ongoing approved budgets and standardized increases, such as a cost-of-living adjustments.
 - Part Two applies to a Department's overall budget.

MBEAT Results: FY21 Mid-Year

- The first four departments were challenged to apply an equity lens and more explicitly explain how budgetary decisions might specifically benefit or potentially harm or negatively impact marginalized communities.
- There were 25 MBEAT Submissions.
- Benefits Identified:
 - Improved bus rider experience
 - Connect more people experiencing homelessness to services
 - Improve transparency in policing and reimagine public safety
- Ongoing efforts are needed to better identify, prevent, and mitigate potential harm.



Next Steps

- Complete the MBEAT Pilot
 - FY21 Mid-year Budget: OPS, SSLE, and CX
 - FY22 Annual Budget: All Departments
 - Capital Projects
 - MBEAT Training: February 2021
 - Non-Capital Projects
- Review and Improve for FY23

Equity-Focus Communities – 40% Low Income Scenario with 80% Non-White OR 10% Zero-Car Households

