



## Board Report

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### 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

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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

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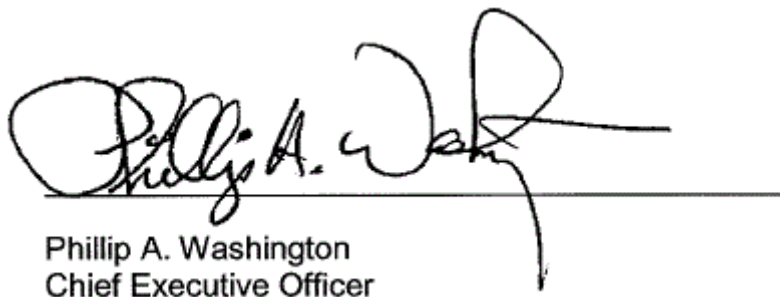
refine the MBEAT and its review process as necessary, enhance the MBEAT training process, and take the necessary steps to fully integrate the MBEAT into the Metro budget process before the development of the FY23 budget.

**ATTACHMENTS**

Attachment A - Metro Budget Equity Assessment Tool

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