



CITY BUDGETING FOR EQUITY AND RECOVERY EFFECTIVE CHANGE MANAGEMENT IN EQUITY IMPLEMENTATION

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CITY BUDGETING FOR EQUITY & RECOVERY



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Introduction

Changing practices to drive greater equity can be extremely intimidating for cities not yet substantively educated or exposed to the relevant concepts, and, for those within cities who perceive their status or authority as being threatened by the adoption of new principles. This is especially the case given today's turbulent environment.

Creating a sense of urgency for change can be relatively easy as an executive, but significantly less so as a subordinate. Finding champions can seem impossible if cities are struggling to get stakeholders to even entertain a particular topic. Simultaneously, both proven and emerging change management practices can be deployed to help overcome these challenges and dramatically improve the probability of success.

If an individual seeking to make change lacks a traditional leadership position, active supporters for their cause, or simply does not know where to begin, this guide can help them model an approach to lead from where they sit, and affect sustainable, enduring organizational change.

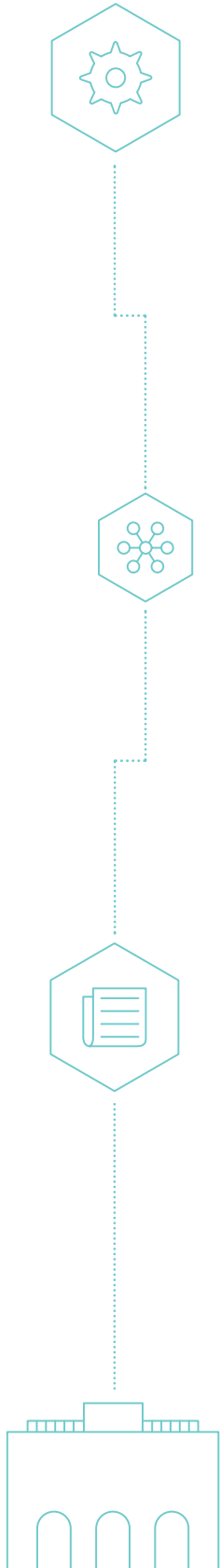
As part of our ongoing work with the cohort of cities looking to make transformative change through the Bloomberg Philanthropies/What Works Cities/Results for America City Budgeting for Equity and Recovery (CBER) Initiative, the following represents a combination of lessons learned and promising change management practices that have emerged over the duration of the Initiative.

What is Change Management?

Fundamentally, change management speaks to the process that ultimately drives a city's culture (and, to quote the renowned Peter Drucker, "culture eats strategy for breakfast"¹). We are more specifically speaking to the process that drives a city's new program, initiative, or strategic focus to gain additional, necessary buy-in from stakeholders across the entire government. This can take place at any level within the organization – from one's mind to one's team, and from one-on-one relationships with global institutions – and many of the critical factors will remain very similar. Some of the standard best practices include:²

- Creating a sense of urgency; action must be taken quickly.
- Finding champions to help spread the word, implement changes, and eliminate barriers.
- Establishing working groups, committees, or task force teams (composed of champions and subject matter experts) to lead change effort(s) across government.
- Focusing on short-term wins to build momentum on the way to long-term success.
- Reinforcing the established change at a systems level.
- Creating continual, evaluation and feedback loops to better inform future refinements.

While these are tried and true tactics that can support your city's/team's leading efforts to improve upon the existing culture, and to achieve the brighter future your city envisions, it must be acknowledged that aligning a large organization can be challenging, particularly



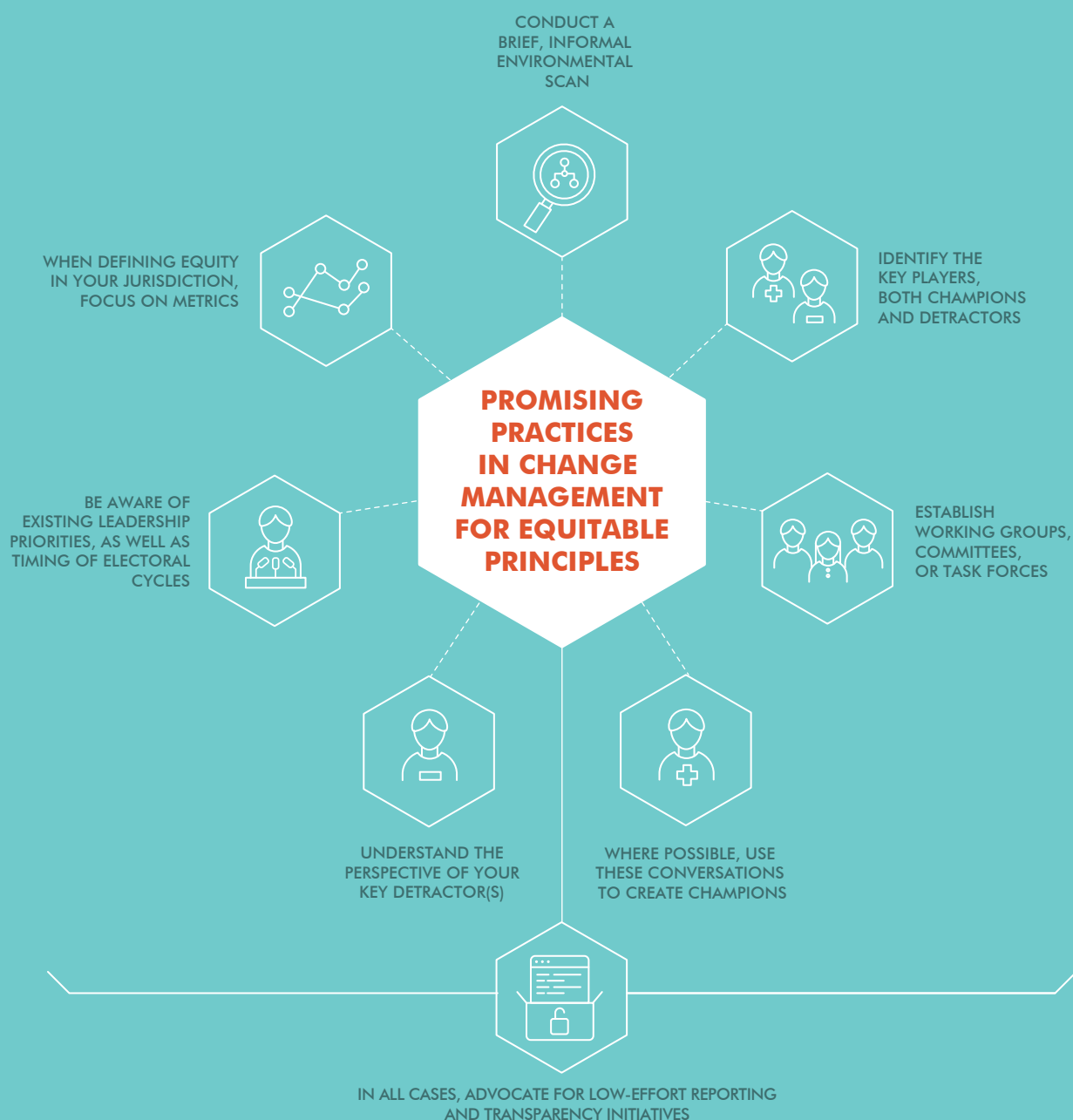
¹ <https://www.forbes.com/sites/forbescoachescouncil/2018/11/20/why-does-culture-eat-strategy-for-breakfast/?sh=45a91e551e09>

² Adapted from Kotter's Model for Change Management: <https://www.kotterinc.com/8-steps-process-for-leading-change/>

in the public sector. To tackle this specific type of change management challenge related to equity, PFM has curated a series of promising practices from across the U.S. that can be applied to your unique opportunity to refine your department's operations, [municipal operating budget](#), or [capital improvement plan](#).

Promising Practices in Change Management for Equitable Principles

Traditional change management best practices assume a certain level of power for decision-making and political capital committed by the initiative's champion, a certain level of responsibility vested in the person or team charged with leading the change, and a general level of awareness that the existing culture must be altered or disrupted to achieve desired outcomes. The practices that follow not only recognize these dynamics, but also seek to foster and leverage them for impact.





The goal for this review is to make certain you have a general understanding of how equity work has been conducted in the past and to what extent it was successful. This can include a consideration of peer organizations – however, their relative success or lack thereof is not necessarily predictive of your own experience. Keep cultural, political, and demographic realities in mind when making comparisons and avoid digging too deeply into quantitative data at this stage.

In a recent project with the City of Chula Vista, CA, the project team spoke with several departments that had previously published equity-centric documentation to ask about their process and goals. The team was able to collect equity definitions and other data points to bolster their own work. This also led them to uncover additional equity champions that could be aligned to their specific project goals.³

Identify the key players, both champions and detractors

If you cannot make the final decision, who can? Who else has influence over the decision, or the ultimate implementation of the decision? Is there a way to turn our detractors into champions? If so, how should we pursue the best path to securing that buy-in?

Start by creating a rough power map as it relates to your city's goal. A simple format to consider is an "x" and "y" axis showing more or less influence in one dimension and more or less support for your position in the other.⁴ Understanding these change management power dynamics and how they impact decision-making authority and workflows, will help you plot the most efficient course of action.

³ PFM Project meeting notes from City Budgeting for Equity and Recovery program, September 2021

⁴ <https://thechangeagency.org/power-mapping-template/>

Establish a working group, steering committee, or task force comprised of champions to lead change

Establishing working groups, committees, or task forces can further support communication, coordination, and collaboration efforts across the government. If existing, effective groups are already up and running for cross-cutting initiatives or priorities, joining those committees might be an effective way to make progress and find others who support your cause. The larger and more complex the government entity, the greater the need to join or establish a formal working group or committee to lead these efforts. These teams should also include “A-Team” members, to ensure that the change remains a substantive and visible priority. Diversity of department and positions is crucial as was outlined in a recent ICMA study of the City of Evanston (IL). In this example, Evanston intentionally built their equity committees through diversity of positions, departments, and supervisory responsibilities.⁵

When defining equity in your jurisdiction, focus on metrics, not just language

While a baseline understanding of the definition of equity (for example, how it is different from equality) is typically helpful in regards to getting your team thinking similarly, the conversation will inevitably move to “how do we measure this abstract concept?” In many places, governments are adopting place-based, third-party definitions that are often set by and monitored through federal agencies, such as the Center for Disease Control’s Social Vulnerability Index or HUD’s Qualified Census

⁵ Operationalizing Racial Equity: Beginning from within Your Organization | [icma.org](https://www.icma.org)





Tracts (QCT). Focusing on these types of metrics, initially, helps to alleviate pressure on any individual who may be seen as “defining equity” for an entire community (that person should be, but may not be, engaged in this process). It also generally aligns with federal and state funding streams, which can be a useful leverage point when discussing the fiscal implications of this type of focus (e.g., if we use HUD’s definition, it is highly likely we can apply for grants that support impactful programming on this metric).

In Harris County, TX, City officials have started to use the CDC’s Social Vulnerability Index more consistently across multiple areas of their operating and capital budget processes, including flood plain project prioritization⁶ and small business relief.⁷ Using the same metric across both programs allows for a comparison of outcomes, and consistent reporting across departments.



Be aware of existing leadership priorities, as well as timing of electoral cycles

When pursuing equitable change, it is critical to understand where leadership stands in relation to your own vision of equity. If appropriate, consider ways to elevate this work to the executive themselves, or, more likely to their deputies and key support staff. If the elected official can take things a step further by issuing a jurisdiction-wide mandate, or even an executive order, it will likely set the tone for equity work across the organization, and can also further the push for more alignment with larger organizational goals, as well.



For example, one city in the City Budgeting for Equity and Recovery cohort that is working to increase equity in its capital budget discovered that a key driver to completing more equitable work is the amount of available discretionary capital funding each year. If the Mayor, City Manager, and other city leadership can articulate the need and scale of deferred maintenance, and can make a collective, unified push for additional funding from other entities (e.g., philanthropic and state and federal government), it would be a more powerful push than coming from the budget office alone and should increase the chances of securing additional available funding for all proposed capital projects.

If your city’s administration and leadership are coming up on the end of their term(s), consider how this kind of work may be impacted (positively or negatively) by the result of a primary or general election. While there should be urgency around equity in all cases, the timing of when to pursue certain conversations, policy or process changes – and potential presentations or reports – must follow a logical cadence that considers the practical and feasible focus of the administration at any given moment.



⁶ <https://www.nytimes.com/2020/07/24/climate/houston-flooding-race.html>

⁷ <https://communityimpact.com/houston/cy-fair/business/2021/08/10/harris-county-to-launch-30m-small-business-relief-fund-sept-20/>

Understand the perspective of your key detractor(s)...

If your internal detractors are substantively reliant on key data for their work, this factor should inform how you formulate a persuasive argument, and strategically approach the conversation or meeting with these stakeholders. For example, if your city's team is attempting to change public works' policies, your team may need to dive deeper in regards to where the more granular data stems from, how often projects are similarly (or identically) rated, and what level of subjective prioritization comes into play at more senior levels of the organization – to offer a more relevant context or perspective.

In San Diego, CA, street projects are prioritized based on street condition, proximity to one another, etc.⁸ This can be considered an asset quality-centric approach to budget allocation. In Oakland, CA, a similar process is used, however, Oakland also incorporates equitable factors in their prioritization criteria. For instance, individual complaints are not included as rationale for paving a particular street, and geographies considered “underserved” by the City's definition receive preference in project funding.⁹ This additional layer of consideration can potentially counteract persistent underfunding of some community priorities.

...And, where possible, use these conversations to create champions

To further the capital budget example, perhaps your equity team meetings with this department team reveal a lack of sustainable, discretionary funding for projects that are not tied to grants, nor state or federal aid. One potential solution is to use your team's equitable push as a starting point to request increased funding for all capital projects, and, in particular, those aligned with equitable principles. In Oakland, CA, when the city was revamping its capital improvement plan, working groups focused on getting feedback and input at multiple points along the way to ensure buy-in, and to create champions for the plan.¹⁰ This type of broad engagement approach allows you to aggregate feedback and frame your goals in a shared, inclusive context that can be supported by all involved.

In all cases, advocate for low-effort reporting and transparency initiatives

For example, if your team would like to change the decision-making process for funding new programs in the local government's jurisdiction, that may take significant staff time and effort to design ahead of upcoming budget cycle(s). However, if your internal team could introduce a new variable in a shorter timeframe for reporting on budget figures, it may be possible to clearly demonstrate a need for new decision-making criteria when faced with data on the growing disparities among various communities.

In Baltimore, Mayor Brandon Scott has made a significant push towards transparency and open data on many city services, including those related to COVID-19 recovery.

⁸ <https://www.voiceofsandiego.org/topics/government/why-some-streets-get-repaired-over-others/>

⁹ <https://www.oaklandca.gov/projects/2019-paving-plan-development-process>

¹⁰ Karl, Elliot, “Prioritizing Community Values in Capital Budgeting.” *Government Finance Review*, June 2021.

This includes real-time, public dashboards that show spending trends for the City and its agencies.¹¹ Recall the prior recommendation on initially using metrics as definition(s) of equity – by simply including a report of spending by the CDC or HUD geographical variable, any city could display potential opportunities to increase equitable spending.

The Three Cs of Change Management

When in doubt, focus on the Three Cs: Coordination, Communication, and Collaboration



As the COVID-19 pandemic demonstrated, an increasingly unpredictable future requires new ways of thinking about government operations. When the critical moment is upon you, it is too late to plan for what you might do. Preparing for these scenarios is ideal – however, if your organization is facing a new challenge, the “three Cs” should be your default methodology for quickly establishing alignment, effectively sharing information, and working across silos to deliver critical services and save precious time and resources along the way.

- *Racial Equity and Reconciliation Initiative Team, City of Long Beach (CA)* – In June 2020, City Council members in Long Beach, CA, unanimously approved a resolution to review historical inequities related to Race and other demographic factors. This cross-departmental team was responsible for engaging residents on how best to eliminate systemic racism. Ultimately, this team delivered a comprehensive report and recommendations for enhancing racial equity in the City.¹²
- *Stimulus Task Force, City of New Orleans (LA)* – Following the announcement of \$375 million in federal funding, New Orleans Mayor LaToya Cantrell convened a 28-member task force with five sub-committees representing priorities for the City. This group is tasked to identify the best opportunities for spending, as well as explore potential funding available through subsequent rounds of ARPA guidance.¹³ The City adopted this strategy based on multiple prior experiences with federal relief funding, in the wake of hurricanes and associated flooding.

¹¹ <https://www.governing.com/security/baltimore-to-use-data-transparency-to-gain-public-trust>

¹² <https://longbeach.gov/globalassets/health/media-library/documents/healthy-living/office-of-equity/reconciliation/report-racial-equity-and-reconciliation-initiative>

¹³ https://www.nola.com/news/coronavirus/article_9388c410-9e1f-11eb-851b-13b9a30bb486.html



Conclusion

While there is still significant resistance to equity in many places, incremental change is always possible, and transformative change can follow.

It is essential that public sector employees keep fighting the good fight.

With increased federal funding to support economic recovery in the wake of COVID-19, cities are being handed the keys to allocate CARES, ARPA, and any future federal dollars toward more equitable programs and services. Resistance to equity may show up in an organization as skepticism around these funds and their purposes – however, the guidance for CARES Act, ARP Act, and (likely), any eventual Infrastructure Bill all incentivize investment in previously neglected communities. Sharing plans for this spending alongside the annual operating budget can further demonstrate a comprehensive response to constituent needs and goals, regardless of the funding source. As these federal programs pave the way, one's change management muscles must be well-developed to take on budgeting for equity, and other equitable initiatives in additional contexts.

Ultimately, change management is about shifting the existing culture – preserving the great things about an organization while restructuring and updating its activities and service delivery to better align with its core values and priorities moving forward. In an ideal world, this might happen with the flip of a switch – however, even the best plans cannot be developed nor successfully implemented in the real world without a receptive and supportive culture.

The tactics laid out in this resource can be catalysts for positive, incremental change to create that future culture – and to shape it with a focus on more equitable policies, investment(s), and outcomes.

