

Equity Assessment

FY20 Budget Reductions

June 2020

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Note: The Center for Health Equity was scheduled to publish the final budget equity analysis on the FY20 reductions in March 2020. The planned final product was to include a one-pager, a mid-length document, and one longer document with the full literature review and data appendix included. As the project team was working to finalize these documents in early February 2020, the Public Health and Wellness department began rapidly shifting staff capacity and priorities in preparation for COVID-19 emergency response. By late February, the project team was transitioning to full time emergency response reassignment. Due to COVID-19, this published report is an abridged version of the complete documents CHE originally planned to release. The staff will not finalize those documents due to fulltime reassignment to COVID-19 emergency response. As CHE compiled this version, staff were also informed by the current context which includes centering equity needs during the economic crisis exacerbated by COVID-19 as well as the emerging civil unrest in response to police violence. Given this context, the provided recommendations remain an important starting point to fundamentally transform our community.



DEPARTMENT OF
**PUBLIC HEALTH
AND WELLNESS**



**CENTER FOR
HEALTH EQUITY**
A Division of Public Health and Wellness

Background:

As part of the complicated issue surrounding the Kentucky public employee pension fund, Louisville Metro had to increase its contribution to the fund starting in 2018. If Louisville Metro Government (LMG) were to maintain a similar budget for the 2020 fiscal year (FY2020), which is from July 2019 through June 2020, there would need to be an additional \$35 million dollars of revenue into the general operating fund. An increased tax on insurance premiums to generate the needed revenue was not approved by Louisville Metro Council. Without other revenue options, Metro Council adjusted the recommendations from the Mayor's Office to identify a final list of reductions of varying degrees across LMG departments for a balanced budget. Shortly after the budget was approved, the Mayor's Office and Metro Council requested the Center for Health Equity (CHE) within the department of Public Health and Wellness (LMPHW) analyze the potential impacts of these budget reductions on the health of the community and considerations for future budgeting decisions. However, the timing of the assessment – both in reaction to final decisions and finalizing the document during COVID-19 - creates limitations. Rather than considered a comprehensive analysis of the budget, this assessment should be understood as a starting point to build upon.

Approach:

The mission of Louisville Metro Public Health and Wellness is to achieve health equity and improve the health and wellbeing of every Louisville resident and visitor. The Center for Health Equity was founded in 2006 to champion this work through community engagement, policy advocacy, data analysis, and health equity education. To achieve health equity means creating the conditions in Louisville where everyone has a fair and just opportunity to be healthy and reach their full human potential. Policy and budgeting decisions have the greatest impact on our ability to achieve health equity because the choices people make are shaped by the choices people have. Public, private, and nonprofit decisions determine the choices our residents have – healthy or unhealthy. Unfortunately, historical and ongoing racism impacts the decisions made across these sectors, from economic policy to community development to social services. To achieve health equity, decisions will need to be prioritized that advance racial equity across these sectors. Racial equity requires community-wide strategies that are designed to undo the impact of racism, with an emphasis on supporting community-ownership of resources by Black residents and other people of color that meet their health and wellness needs. CHE considers this assessment an important opportunity to prioritize a health equity analysis because government services and budget have a direct impact on community health, with many opportunities to align decisions towards equity within local control.

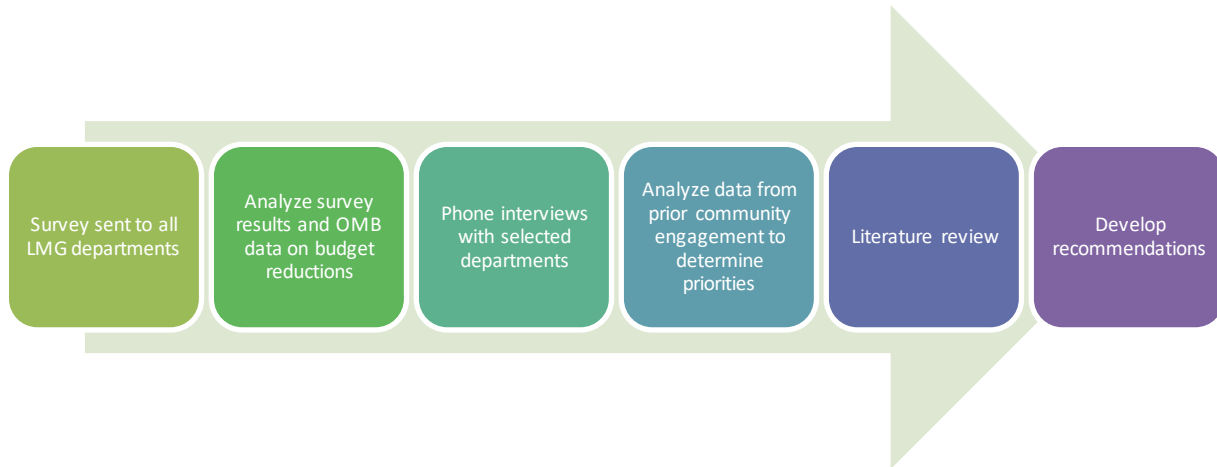
Process:

The team consulted several data sources to analyze the potential impact of the FY20 budget reductions and consider recommendations for future budget priorities. See the figure below for the process. The data sources include:

1. *Results from the survey* developed by CHE, from all 26 LMG departments
2. *Complete budget reduction list* from Office of Management and Budget (OMB)
3. *Phone interview responses* from Codes and Regulations, Develop Louisville, Economic Development, Emergency Services, Office of Safe and Healthy Neighborhoods, Police (LMPD), Public Health and Wellness, Public Works, and Resilience and Community Services
4. *Existing community engagement data* from several sources, including engagement results from the 2016 My Dream for Lou Policy Summit, 2018 Community Health Needs Assessment, 2018-2019 Participatory Budgeting pilot project 'Our Money, Our Voice',

anonymous comments to Metro Council and LMG during the budget deliberations, and public comments during FY20 Metro Council budget deliberations.

5. *Literature review* to research the connection between reductions and potential health impacts and support identifying best practice recommendations



Key Results from Assessment:

- *Job loss* – In October 2019, a reported 312 positions were cut out of about 5900 total positions across Louisville Metro Government. This number is based on reported information from the department response to the survey. However, at the time of the analysis (Aug-Nov 2019), HR was still identifying the total job loss related to the reductions, which would also include early retirements, resignations, and more. The total job loss impact is yet to be known.
- *Access to services* – the leadership of sixteen departments (62%) predicted negative impacts to general access to services for residents, largely due to reduced staffing capacity and the potential for an increased need of various services
- *Current staff* – department leadership expressed concern for the morale, mental health, and safety of the remaining workers
- *Community decision-making* – the decision-making of approximately sixteen departments (62%) did not involve feedback, or involved little feedback, from community partners or their program and service participants.
- *Departments with greatest reductions* – Office for Safe and Healthy Neighborhoods, Office for Performance Improvement, and Youth Detention Services were most impacted by reductions. Those impacted by the rapid turnover of Youth Detention Services (YDS) to the state are the most vulnerable to immediate negative impacts. This includes roughly 120 jobs lost, the impact on the transferred youth, and barriers this will present to their loved ones in remaining connected
- *Loss of public space* – reductions were made to public spaces that would foster social connection including libraries and public pools, in addition to programs that would improve public space, including tree planting and street cleaning
- *Reduced internal strength of services* – many of the department reductions were spread out across services with a goal to maintain similar service delivery. But the impact of big and small reductions may accumulate and be felt over time depending on future budgeting adjustments, having a negative impact on the amount and quality of community resources.

- *Recommended vs. final reductions*— There were differences between the recommendations from the Mayor’s Office and the approved budget from Metro Council. Metro Council increased reductions to Youth Detention Services, Office for Safe and Healthy Neighborhoods, Office for Performance Improvement, and Public Health and Wellness budgets. Various levels of funding were restored for LMPD, Suburban Fire, Library hours and the Middletown Library location, Parks & Recreation public pools, and Public Works.

Community Perspectives:

Based on analysis of community engagement data, CHE identified two themes for the focus of LMG and Metro Council to protect in budget decisions, even under the constraints of future budget reductions.

1. *For Louisville Metro Government and Metro Council to prioritize investments that equitably facilitate universal access to basic and expansive needs for health and wellness resources*
 - a) The greatest opportunity to improve community-wide public health remains within investments which ensure universal access to basic needs through community ownership of sustained infrastructure for people of color and people living in poverty. Investments in the *built environment, housing, robust youth development programming, food security, and social connection* reduce negative health outcomes, including violence and early causes of death. Notably, many of these investments lead to an eventual decrease in the cost needed to respond to the negative health outcomes associated with lack of investment. Common themes identified by the community include a greater need for investment in youth development programs, vacant property rehabilitation and guaranteed housing, addressing food deserts, offering non-carceral responses to substance use and mental health, and reallocating efforts from expensive economic development projects that do not benefit the health and wellness of residents in the ways outlined.
2. *Balance power in decision-making for residents*
 - a) Through written and verbal feedback from community to Metro Council and LMG regarding the budget, many residents communicated feeling excluded from decision-making which results in inequitable investments. This theme is important to understand in context of the first, where residents may feel their power in decision-making is limited due to limited investment into their stated priorities. For example, a considerable number of residents advocated for maintaining funding for the Living Room project as a critical community service that provided mental health and substance use disorder services as an alternative to law enforcement. However, despite the growing number of clients served by this program, the entire program budget was cut.

Recommendations:

1. **Process improvements to advance equity in budgeting decisions**
 During the FY20 budget deliberations, the need for process improvements to ensure equity in the budgeting process became clear. LMG began initial improvements, including a partnership between Office of Management and Budget and the Office of Equity to develop revised budget questionnaire documents for departments to complete to develop the FY21 proposal. The Office of Equity, Center for Health Equity, and Office for Performance Improvement also partnered to train all department directors on the Racial Equity Tool, for future use in future budgeting decisions. We recommend these improvements continue to build upon each other with the goal to build the capacity for a sustained Participatory Budgeting process in which community members have direct decision-making roles in budget allocations every fiscal year.

- a) As a primary step, departments will need to proactively use the Racial Equity Tool to assess what they do, how much of their budget is allocated equitably, and opportunities to realign their budgets with principles of equity as needed. The Center for Health Equity, Office of Equity, Office for Performance Improvement, and Office for Management and Budget should partner to coordinate and support this enterprise-wide analysis. Capacity of the Office of Equity/CHE will need to be increased to facilitate and coordinate the use of Racial Equity analyses to support departments
- b) LMG should utilize lessons learned from the 'Our Money, Our Voice' participatory Budgeting (PB) pilot project to develop sustained annual processes for community residents to decide how tax dollars should be spent, with an emphasis on creating a vision for an equitable community. The pilot project was successfully coordinated by CHE to allocate specific tax dollars to eligible projects and offers many lessons for developing a process guided by residents to determine investment priorities and budget proportions. While it may appear counterintuitive to use this process during budget scarcity, PB processes are critical to ensure tax dollars are aligned to capture and reflect community priorities, rather than inequitably misdirect funding.

2. Protect community needs from future budget reductions

If budget reductions are necessary in future fiscal years, LMG departments should conduct advanced analysis to identify funding allocations that reflect public health and community priorities. LMG will need to begin reallocating existing efforts and investments from activities that maintain racial inequity toward activities that improve public health. Future reductions should be prioritized from allocations which do not reflect community priorities, received fewer cuts in FY20 and allocations that are not best practices for improving public health. For example, incarceration exacerbates health inequity but LMPD receives the greatest proportion of budget allocations and received a smaller percentage of budget cuts. Departments such as Resilience and Community Services, Louisville Forward, and Public Health and Wellness may also be able to identify existing investments into solutions which help residents negotiate systems as they are to shift efforts towards solutions which proactively alter the way systems operate.

- a) In addition to the examples provided from community engagement analysis, transformational solutions to consider for reallocation may include:
 - The development of robust disaster behavioral health response teams, or mental health first responders, embedded within community to reduce contact with law enforcement
 - Dedicated funding to restore the built environment within neighborhoods, prioritizing vacant property rehabilitation, accessible sidewalk repair, and investment into the Affordable Housing Trust Fund with an emphasis on <30% AMI.
 - No-strings attached funding for capacity building and community investment to assist residents of color and those navigating poverty in developing cooperatively owned businesses. These businesses and organizations should build sustainable infrastructure to robustly meet health and wellness needs, including food access, youth programming, local hospitality and wellness services, and more. This can be coordinated in conjunction with the Landbank to ensure ease of land ownership for residents.

3. Develop an economic strategy that prioritizes local community ownership

The budget crisis brings into focus a complicated web of factors which result in the underfunding of public services that improve public health and wellness. Generally, this is a

result of an inequitable taxation system which results in a severely underfunded government infrastructure further complicated by various inequitable allocations of existing funding. To sustain an equitable community, budget allocations require visionary solutions that have yet to be implemented at a state or local level.

To better understand what is needed for equitable allocations, a visionary economic strategy is needed that creates the pathway towards fully funded public services, prioritizes cooperative ownership and wealth for people of color, and values an economy that prioritizes health and wellness. We recommend Center for Health Equity lead a partnership with community residents and Louisville Forward to develop this strategy, which should include the following components:

- a) A strong, coordinated advocacy campaign, uniting sectors, fields, and cities, for progressive tax options at the state level
- b) An expansive economic strategy for local wealth-building, prioritizing people of color and those living in poverty (e.g. worker owned cooperatives, shared equity models for housing, local enterprises funded through pooled investments and community capital strategies)
- c) An analysis that identifies opportunities for Louisville Metro Government to support the development of an economy which prioritizes and values work that takes care of the health and wellness needs across our community. This could also include developing local measures for an equitable economy and coordinating public-facing Louiestat sessions for transparency and accountability. These measures should be developed in partnership with Office of Equity, Public Health and Wellness, and Office of Performance Improvement, and community.