Council Agenda: 06.11.19 Item: 3.3



Memorandum

TO: HONORABLE MAYOR AND COUNCIL

FROM: Councilmember Raul Peralez Councilmember Sergio Jimenez Councilmember Magdalena Carrasco Councilmember Maya Esparza Councilmember Sylvia Arenas

SUBJECT: June Budget Message for Fiscal Year 2019-2020

DATE:

Approved by

Date:

RECOMMENDATION

- 1. As recommended by MBA# 19, establish an Equity Fund allocation from the General Fund ending fund balance. If funds are not available in the General Fund ending fund balance, commit a minimum of \$500k to the Equity Fund from other funding sources, such as the Marijuana Business Tax and/or the Construction Excise Tax. This allocation shall be ongoing.
- 2. Direct the City Manager to schedule a study session with full Council and City leadership focused on identifying and implementing solutions to address inequities in resources, programming, and access to City services.
- 3. Direct the City Manager to provide an Equity Framework prior to the end of the 2019-2020 fiscal year.

BACKGROUND

We would like to thank City staff for exploring the possibilities of an Equity Fund and for joining us in the conversation of using an equity lens to provide programming and resources to underserved communities. Together we have unearthed the tip of the iceberg on this issue, and it is evident that there is much more left to understand and do. The June Budget message does not currently address very legitimate concerns of equity, therefore, we can not in good conscience support it.

Understanding and Identifying Equity

It is insufficient to say that we are going to apply an "equity screen" to the allocation of funds this budget cycle. If we truly want to tackle the issue of equity in our City, then everything we do should be done through an equity lens. We will not achieve systemic change without first truly understanding how inequity inherently makes its way into the systems, processes, and mechanisms that govern San José. One of the greatest challenges we face in this effort is that there are those who have yet to recognize or understand that there is a problem. Evaluation and analysis are not wasteful when they produce a clear understanding of the issues and are used to create a framework for outcomes and solutions.

The Mayor's June Budget Message offers several principles for the development of equity screens. These same principles can help us better understand and identify inequities in City government. For example, "relying on objective data about need, not simply complaints" is easier said than done because we first need to analyze where complaints are originating, what individuals are complaining about, and how the City has historically addressed such complaints. Similarly, using a "geographically granular approach" to identify high-need areas can help us identify where inequities exist, but we still need to analyze this data to figure out *why* and implement appropriate solutions. Data alone will not solve any long standing problem, but data and analysis along with benchmark goals, resources, and measurable outcomes will. Adopting the Mayor's principles to rely on objective data about need and not simply complaints, using a geographically granular approach to identify high-need areas, identifying proactive cost-effective service responses, accounting for income disparities, and enabling robust public discussion will all contribute to a comprehensive path forward.

A study session where we can learn more about tools and partnerships already in existence at the City, such as the Government Alliance on Race and Equity (GARE) and the Social Progress Index, is important. Even more important is an opportunity to explore the gaps in these tools and to analyze what needs to be done to truly achieve our goals.

Creating an Equity Framework

A City as diverse as San José will never have one solution to any problem. Our City's challenges when it comes to equity are multifaceted and complex. Therefore, we need to invest in the advancement of a framework and tools to address the issues of equity head on. The Mayor's Budget Message puts in a good effort at trying to understand what equity means for our community. However, we should all agree that equity is not based on providing everyone the same opportunities; equality and equity are not interchangeable terms. Rather, *equity* as we see it refers to systems intentionally put in place to account for and counteract inherit disparities and bias. Putting in place a framework to achieve equity requires deep analysis of our current policies, practices, attitudes, and culture as well as recognizing that these have historically been based on racial and socioeconomic disparities.

As a City, we cannot just look to programs that currently exist and by checking a box mark them as pursuing systematic equity without first establishing a framework and outcomes. SJ Works, SJ Learns, Coding 5K, Digital Inclusion Fund, and San José College Promise, while admirable, have only begun to scratch the surface of the deep educational inequities facing our communities.

These programs are heavily impacted, have waitlists, and are not sufficient in making systematic improvements. We need equity in basic city services for entire communities - such as housing, street pavement, neighborhood services - not just limited opportunities for a small percentage of individuals within our Mayor's selected programs. Communities within our city already face disparities in needs and services, we need to lift up all neighborhoods not just a select few.

Do not be mistaken, we agree with the Mayor - let's take action now! But what about the next fiscal year and the year after that? By investing in a study session and the creation of a citywide equity framework, we are committing to tackle these issues proactively and long-term.

Step one is creating a sustainable framework around focus areas and having comprehensive and inclusive conversations regarding outcomes, only then can we as a city systematically change the way we allocate our limited resources to reduce barriers and create equitable communities, not only today, but for future generations to come. We can look to other cities such as Seattle and Portland who have already identified where their most socioeconomic inequities exist.

Additionally, this effort requires ongoing, committed funding, we cannot rely on one-time funding that often competes with special interest agendas and a culture of "who-knows-who". Our underserved communities do not have lobbyists or paid administrators to advocate on their behalf. Therefore, it is important to supply the actions our Mayor has expressed with adequate on-going funding.

Equity cannot simply be a buzzword or check the box type, rather it must be ingrained in our budgetary and civic way of life. This cannot be done without the data. By equipping our staff with an Equity Fund to begin the analysis, we can start addressing quality of life issues more productively, instead of reactively, proving to our residents that San José is a city for everyone.

In closing, we want to thank the City Manager's Office for openly accepting our recommendation and through MBA #19 committing to participation in this process. As Councilmembers representing diverse populations, we feel that the City Manager's approach is a step in the right direction, and we can not in good faith, support a budget that does not include an allocation of resources to begin to understand and address the growing inequities in our communities.

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The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.