

FY25 CITY OF PHILADELPHIA
BUDGETING FOR RACIAL EQUITY REPORT



Budget Office

CITY OF PHILADELPHIA

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Budgeting for Racial Equity Overview

What is Budgeting for Racial Equity?

According to the Government Alliance on Race and Equity (GARE), Budgeting for Racial Equity *prioritizes resources in **service of reversing the predictive power of race** in connection with one’s social, health, and economic success, internally within a department and/or externally with respect to stakeholders.*

The City of Philadelphia’s Budgeting for Racial Equity Process

The City of Philadelphia began institutionalizing a Budgeting for Racial Equity process in 2020 to address racial and social disparities in government funding and budget priorities. These measures were put in place for the City to be more diligent and intentional about creating conditions to address historic inequities and improve outcomes for all residents.

The City’s Budgeting for Racial Equity process is supported through [Executive Order 1-20](#) and officially operationalized through [Executive Order 6-23](#). A major change for the FY25 Budgeting for Racial Equity process compared to the preceding year was moving to a fully internal model, utilizing City employees to serve in scoring groups rather than contracting with an outside consultant to independently evaluate budget requests as had been done in prior cycles.

In addition to the City’s Budgeting for Racial Equity process, community and stakeholder engagement was another approach to creating an equitable budget that represents all Philadelphians. City-led community engagement sessions were held in Fall 2023 and 774 residents and employees provided input on the City’s budget. In addition to those sessions, the Mayor worked with over 500 community members who served across 13 subcommittees during the transition period to inform strategic priorities.

- **Racial Equity:** Racial equity is both an outcome and a process. As an outcome, racial equity means closing race-based outcomes gaps so that race can no longer predict one's success. As a process, racial equity means including people who are most harmed by inequities in decision-making processes that govern their lives. When racial equity is achieved, everyone benefits from a more just and equitable system.
- **Structural Racism:** A history and current reality of institutional racism across all institutions—combining to create a system that negatively impacts communities of color.
- **Anti-Racism:** The affirmative and visible act of interrupting racism. Antiracism involves rejecting false notions of human difference; acknowledging lived experiences shaped along racial lines; learning from diverse forms of knowledge and experience, and challenging systems of power that uphold racial inequity.
- **Inclusion:** Authentically bringing traditionally excluded individuals and/or groups into processes, activities, and decision/policy making in a way that shares power.
- **Operating Budget Call:** The Operating Budget Call is when departments that report to the Mayor submit requests for new and expanding programs and day to day services. Departments are typically asked to submit new spending requests in January.
- **Capital Budget Call:** The Capital Budget Call is when departments with capital budgets submit requests for new funding for capital projects. Departments with capital budgets are typically asked to submit new spending requests in October. This process is carried out in collaboration with the Philadelphia City Planning Commission in order to ensure that investments in infrastructure are done in alignment with the City's Comprehensive Plan.

Operationalizing Budgeting for Racial Equity

To embed racial equity in the City's budgeting, the Budget Office, in coordination with the Office of Diversity, Equity, and Inclusion (ODEI), incorporates a racial equity lens across the budget process. This includes:

- **Minority Contracting Goals:** Operating Budget meetings include contracting goal-setting for spending with minority-, women-, and disabled-owned businesses in the upcoming year.
- **Connecting Funding Requests and Racial Equity:** Departments requesting new operating or capital funding are asked for both quantitative and qualitative information about the anticipated impact of new funding requests on racial disparities.
- **Year-round Collaboration Between ODEI and Budget Office:** As part of the City's annual DEI planning process, ODEI works with departments to align goals and strategies to prepare for the budget process. ODEI encourages departments to gather data and information related to DEI and racial equity impacts earlier in the year so that departments are better prepared for the budget process, which commences in the fall. Furthermore, ODEI implements and refines racial equity commitments that were developed during the City's initial racial equity action planning process, which took place from 2020-2023. Departments participated in a cohort process with other departments to create core department goals related to racial equity.

Department Level Racial Equity Questionnaires

All City agencies that report to the Mayor submitted a Racial Equity questionnaire. This document, developed jointly by the Budget Office and ODEI, was sent to departments to respond to the intersection of current spending and operations with a racial equity lens. The Budget Office shared

guidance with departments to help them complete their questionnaires, including a cheat sheet with guidance on how to respond to the Racial Equity questionnaire.

Below are the five FY25 racial equity budget questions that were sent to departments in early August 2023. Department responses to these questions were used as an input to score new funding requests.

- Please briefly describe how the core functions of your agency intersect with the City’s vision for racial equity. What major areas of opportunity are there for you to advance racial equity as part of the core work your department performs?
- What critical programs, initiatives, or policies does your office administer with your current budget to improve racial equity? *In briefly describing this program, initiative, or policy, please include (a) how you measure its success (including any performance measures and/or data/tools available), (b) observable strengths in advancing racial equity, and (c) observable challenges or opportunities for growth in advancing racial equity.*
- Please briefly describe how your department is using its budget to create an inclusive, anti-racist workplace, including shifting internal cultural practices, and hiring and promotional policies, if at all.
- Is there any critical unmet need within your budget that inhibits your department’s achievement of its greatest racial equity priorities? If so, briefly describe.
- How have you involved internal and external stakeholders, including marginalized communities of color, in your department’s budget process?

Department Level Scoring Group

The Racial Equity questionnaires are assessed using the following metrics:

- **Core Competencies** – The degree to which a department coherently articulates the link, potential and capacity of any core departmental functions to reduce racial disparities internal to city government and/or external in connection with residents and communities.
- **Evidence of Impact** – The degree to which a department can point to any evidence of racial equity impact in historical and current programs and policies, whether quantitative, qualitative or both, including the existence of any equity-centered performance management system.
- **Inclusive Workplace** – The degree to which a department can describe and invests in racial equity efforts to build an inclusive workplace and diverse workforce.
- **Stakeholder Engagement** – The degree to which a department indicates concrete efforts of improving transparency and decision making, particularly around budget, in partnership with communities most impacted

During the FY25 budget process, which began in fall of 2023, City employees who had some familiarity with the city’s racial equity strategy and have had a role in development and/or implementation of their department’s Racial Equity Plan were designated by then Cabinet Members to serve on scoring groups. The department level scoring group was comprised of 9 city employees, serving in 3 groups, who scored the Racial Equity questionnaires. Team leads from Finance and ODEI helped guide the scoring process. Scoring groups met for two trainings and convened in their groups during winter 2023.

FY25 Budget Call and Racial Equity Scoring Groups

The Budget Office worked closely with ODEI to train city staff on the City’s racial equity strategy in preparation for them to support the process of reviewing new funding requests using a racial equity

lens. As an initial step, staff from Finance and ODEI participated in a six-hour training session facilitated by the city's racial equity consultant.

Once employees were trained, they served as team leads within the Budgeting for Racial Equity scoring groups, which reviewed department level questionnaires (as shared above) and new capital and operating spending requests. In preceding years, this review step had been completed by the external racial equity consultant.

Capital Budget Call

Capital Budget Racial Equity Questions

In fall 2023, departments with capital budgets submitted proposals for new capital projects. The Capital Program is the City of Philadelphia's six-year plan for investing in its physical and technological infrastructure, neighborhood and community facilities, and public buildings.

Departments responded to the following questions during the FY25 Capital Budget call:

- Broadly, what changes are you proposing to your capital budget that may contribute to racial equity?
- For each proposed material change and new request related to your department's capital budget, please briefly describe:
 - The intended impact on racial equity (e.g., what do you hope will be achieved with this project).
 - Potential performance measures. Please describe how you will measure progress toward your intended racial equity goals, including what performance measures you are interested in and what data/tools you have available to your department to assess impact.
- Are any projects or capital investments related to your department's Racial Equity Action Plan? YES or NO. If your department has not completed a Racial Equity Action Plan, please answer N/A.
 - If yes, please explain which elements of your capital budget align with your Racial Equity Action Plan.
- Is there anything else you would like the Budget Office to know about the racial equity impacts of your budget proposal(s) for new funding requests?

Departments also received a "Budgeting for Racial Equity Capital Budget Cheat Sheet" to assist in answering the questions in a way that highlights equity in their new spending requests.

Capital Budgeting for Racial Equity Scoring Group Process

For the FY25 Budget Process, City employees were designated by then-Cabinet members to serve on the scoring groups. Designated employees had subject matter expertise and a diversity of lived and work experience and scored capital requests only. Team leads made up of Finance and ODEI employees helped guide teams in their scoring process. Scoring Groups met for two training sessions and convened in their groups between December 2023 and January 2024.

Scoring groups used scores from the department level racial equity questionnaire responses as well as all new funding requests to calculate a cumulative score for projects. Departments were given a baseline

score using the department's FY25 Capital Budget Call Supplemental Equity questions (listed above) and additional considerations (area of project, population served/impacted) were used to review projects.

Groups used the following metrics to score proposed capital projects:

- **Disparity Focused** – Degree to which race equity is explicitly named and factored in the design, implementation and/or data collection of any project or initiative seeking new funding.
- **Performance Impact** – Degree to which anti-racist implementation appears clear, direct, viable and within the stated budget, including reference to specific performance measures and evidence.
- **Leverages Partnerships** – Degree to which new funding requests leverage partnerships (including resource partnerships), current and potential.
- **Structurally Sustainable** – Degree to which new funding request is designed with an eye to structural root causes of racial inequity and works to undo historic harm of systems.
- **Alignment to Strategic Priorities** – The degree of departmental explicit alignment with strategic priorities that impacts the social, health, and economic success within a department and/or with city residents. Strategic priorities might include public safety, economic opportunity, investing in youth/future generations, government operations, etc.

Examples of high scores based on Mayoral Alignment

Contemporaneous with the group scoring process, the Budget Office reviewed department submissions to identify budget requests aligned with the Mayor's priorities of building a safer, cleaner, greener city with access to economic opportunity for all. Funding requests that were in line with these priorities¹ and that scored high in the group scoring process were prioritized for investment.

Samples of high scoring projects that were included in the FY25 proposed budget

- Neighborhood Commercial Centers: Site Improvements (\$1.5M)
- Park and Street Tree Removal and Planting (\$500K)
- Lower Schuylkill River Industrial District (\$500K)
- Dell Center and Mann Music Center capital improvements \$1M
- EV Charger and Solar Upgrades (\$500K)

Operating Budget Call

Operating Budget Racial Equity Questions

During winter 2024, departments submitted proposals for new operating spending. As part of each new spending request, departments were required to respond to the following questions:

- What impact will this request have on racial disparities? (Select 1)
 - Will reduce racial disparities and is supported by rigorous, data-driven evidence
 - Will reduce racial disparities (anecdotal/no data)
 - Will not reduce or increase racial disparities
 - Will increase racial disparities (anecdotal/no data)
 - Will increase racial disparities based on rigorous, data-driven evidence

¹ Scored requests were primarily from the Kenney Administration's original proposal as new spending requests were due prior to Mayor Parker's inauguration

- Please describe the expected impacts on racial disparities if you responded anything other than “Will not reduce or increase racial disparities.”
- If this request will increase (worsen) or continue existing racial disparities, how can those impacts be mitigated?
- Have you involved internal and external stakeholders, including marginalized communities of color, in the development of this justification for new funding?

Departments received a “Budgeting for Racial Equity Operating Budget Cheat Sheet” to assist in answering the questions in a way that highlights equity in their new spending requests.

Operating Budgeting for Racial Equity Scoring Group Process

During the FY25 Budget Process, City employees were designated by then-Cabinet members to serve on the scoring groups. Comprised of 15 subject matter experts, the scoring group was divided into 5 groups and scored a total of 158 new operating spending requests that responded to the above racial equity questions². Team leads made up of Finance and ODEI employees helped guide teams in their scoring process. Scoring group members attended two training courses and groups were convened in mid-January.

Scoring groups used scores from the department’s Racial Equity questionnaires along with the new funding requests to calculate a cumulative score for projects. Groups used the following metrics to score proposed operating projects:

- **Disparity Focused** – Degree to which racial equity is explicitly named and factored in the design, implementation and/or data collection of any project or initiative seeking new funding.
- **Performance Impact** – Degree to which anti-racist implementation appears clear, direct, viable and within the stated budget, including reference to specific performance measures and evidence.
- **Leverages Partnerships** – Degree to which new funding request leverages partnerships (including resource partnerships), current and potential.
- **Structurally Sustainable** – Degree to which new funding request is designed with an eye to structural root causes of racial inequity and works to undo historic harm of systems.

Scoring groups considered the following factors as they reviewed new spending requests:

- Those that support programs or services designed to advance equity,
- Increase transit and mobility options,
- Improve access to facilities and programs,
- Improve material conditions and well-being for communities of color,
- Increase diverse representation at all leadership levels and advance a more inclusive workspace, and/or
- Minimize negative impacts for communities of color, and other marginalized groups.

² Scored requests were primarily from the Kenney Administration’s original proposal as new spending requests were due shortly after Mayor Parker’s inauguration.

Samples of high scoring projects that were included in the FY25 proposed budget

- 11 new positions and program support for Philadelphia Taking Care of Business corridor cleaning with a ramp up over the FY25-FY29 Five Year Plan.
- 33 new positions to support the Free Library of Philadelphia’s new Adult Services and Programs Division.

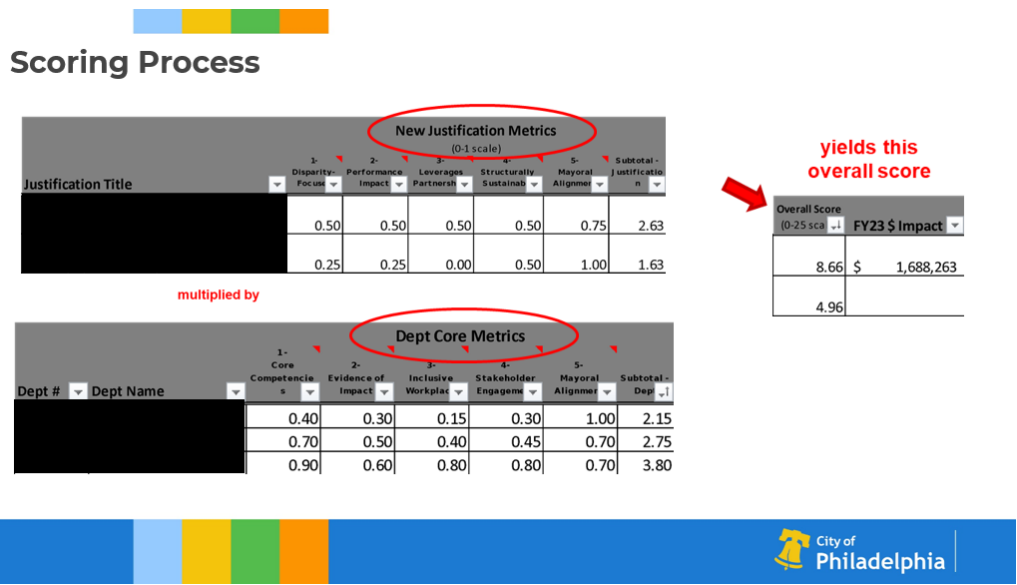
Scoring Group Training

Department Level, Capital and Operating scoring group members participated in the following training sessions in preparation for scoring sessions:

- **Introduction to Budgeting for Racial Equity**
 - In this training, participants learned about Budgeting for Racial Equity as well as aligning definitions around racial equity. Prior to this session, participants were encouraged to watch the *How Philadelphia’s Annual City Budget Works* video.
- **Racial Equity Rubric**
 - In this session, participants learned how to use the Racial Equity Rubric originally designed by the City’s racial equity consultant to prepare for scoring Racial Equity questionnaire.

FY25 Budgeting for Racial Equity Scoring Group Process

Racial Equity questionnaires and supplemental questions in new spending requests were used to calculate an overall score:



Scoring Process

The process involves two main scoring tables. The first table, **New Justification Metrics** (0.1 scale), evaluates various aspects of a project. The second table, **Dept Core Metrics**, evaluates department-level performance. The scores from these tables are multiplied to determine the final **Overall Score** (0-25 scale) and **FY23 \$ Impact**.

Justification Title	1- Disparities Focus	2- Performance Impact	3- Leverages Partnerships	4- Structurally Sustainable	5- Mayoral Alignment	Subtotal - Justification
	0.50	0.50	0.50	0.50	0.75	2.63
	0.25	0.25	0.00	0.50	1.00	1.63

multiplied by

Dept #	Dept Name	1- Core Competencies	2- Evidence of Impact	3- Inclusive Workplace	4- Stakeholder Engagement	5- Mayoral Alignment	Subtotal - Dept
		0.40	0.30	0.15	0.30	1.00	2.15
		0.70	0.50	0.40	0.45	0.70	2.75
		0.90	0.60	0.80	0.80	0.70	3.80

yields this overall score

Overall Score (0-25 scale)	FY23 \$ Impact
8.66	\$ 1,688,263
4.96	

Visual description of how new spending requests were scored using the racial equity rubric.

Departments received guidance about what racially equitable budget requests may include, such as:



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- Those that support programs or services designed to advance equity.
- Increase transit and mobility options.
- Improve access to facilities and programs.
- Increase diverse representation at all leadership levels and advance a more inclusive workspace.
- Minimize negative impacts for communities of color, and other marginalized groups.

Budget Equity Committee

The Budget Equity Committee, a cross-departmental group of city employees that provides feedback about budget decisions using a racial equity framework was comprised of 44 employees with a diversity in staff levels within the City's organizational structure, from deputies to frontline and represented 8 Cabinet clusters. These groups were divided into 10 groups who prioritized high-scoring capital and operating new spending requests after the capital and operating scoring processes. Groups were divided in the following clusters:

- Internal/Core Support Initiative (2 groups)
- Managing Director's Office (2 groups)
- Public Safety (1 group)
- Health and Human Services (2 groups)
- Capital Projects (2 groups)
- Preventative Services (1 group)

Budget Equity Committee Training

- **Budget Equity Committee Welcome**
 - In this presentation, participants learned about the Budgeting for Racial Equity process and the committee's role in the process.
- **Racial Equity Rubric**
 - During this session, participants learned about the Racial Equity Rubric used by the scoring working groups to score new capital and operating justifications.