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Agenda Item: 11b_supp
Meeting Date: July 11, 2023
Equitable Spending and
Accountability Project (ESAP)

Why ESAP?

INNOVATION

Applying an equity frame to our budgeting allows for innovation and adaptability. This allows us to be responsive as we become a ACCOUNTABILITY TRANSPARENCY pro-equity and anti-racist organization.

Our budget is both a fiscal and moral document. Our leaderships commits to showing how we document. It reflects our priorities and values are progressing and changing as an – both to the communities we serve and our organization as we work to prioritize equity. internal community. The budget is critical to This means that we are upfront about both how we operationalize our values. our success and our struggles.

COMMITMENT TO EQUITY

Applying an equity framework to our budgeting allows us to target our strategies and invest where the needs are greatest, in employees and in community partnerships.

Equity Policy Directive - Guidance

1. The Executive Director, or a delegate, shall:
 - a. Develop a definition for “equity-related resources.” The proposed definition shall be reviewed by Commissioner Mohamed, Commissioner Cho, and the Equity and Workforce Development Committee.
 - b. Calculate and summarize all such equity-related resources in the 2019-2022 Port budgets. These resources shall be calculated as a percent of the total operating budget.
 - c. Propose a structure for communicating and executing a pilot for “equity-related resources” in the 2024 budget to Commissioner Mohamed, Commissioner Cho, and the Equity and Workforce Development Committee before the adoption of the 2024 budget. The results of this pilot shall be considered for further action.

Equity Spending Recommendation

1. Focus on operating costs, as prioritized in EPD.
2. Exclude WMBE spending costs from the final percentage of equity spending.
3. Identify and track levy tax dollars spent on equity.
4. For tracking staff time, identify and track costs only for those staff whose primary responsibilities are equity-focused.

Defining Equity Spending

The Port of Seattle defines equity spending as Port investments that:

- 1) Invest directly in structurally excluded communities, either through grants, contracts, programs, sponsorships, or dedicated facilities; OR
- 2) Invests in businesses and individuals outside the Port to help us realize our internal and external equity priorities; OR
- 3) Invests in Port staff whose essential work functions were designed to primarily focused on advancing equity work.

Equity Spending Criteria

If an investment meets one of the definitions, then it must also meet at least one of the key criteria:

- A. Advances diversity for the Port.
- B. Removes systemic barriers for BIPOC or structurally excluded communities to participate in the Port.
- C. Programs and funding that were developed through direct engagement with communities, and/or communities been consulted in design of the program.
- D. Has a demonstrable impact in quality of life for BIPOC or structurally excluded communities.
- E. Was intentionally designed to have a positive impact in BIPOC or structurally excluded communities.
- F. Achieves our environmental justice goals and removes barriers for BIPOC or structurally excluded communities to live and enjoy a healthy environment.

Methodology for Initial Analysis

- Established a baseline using the past 4 years of spending
- Used direct, clear definition of equity to analyze spending; only included spending that is easily accessible to ensure repeatability
- Spending include staff costs only for FTEs whose primary functions are equity-focused
- Engaged all Divisions in this analysis

Equity Spending Summary

(Focusing on Operating Expenses w/o WMBE)

2019 2020 2021 2022

In 000's Actuals Actuals Actuals Actuals

Operating Expenses 458,112 425,904 422,372 491,377

Equity Spending Op Exp 8,746 9,669 12,245 13,824

% of Equity Spending vs Op Exp 1.9% 2.3% 2.9% 2.8%

Levy Op Exp Spending 1,922 3,958 5,008 3,234

% of Tax Levy Spending 22.0% 40.9% 40.9% 23.4%

Note: The increase of % of Tax Levy Spending from 2019 to 2020 was mainly due to the new Opportunity Youth Initiative (OYI) spending in 2020. The decrease of % of Tax Levy Spending from 2021 to 2022 was mainly due to delay of OYI spending in 2022.

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Equity Spending Summary

(w/o Capital & WMBE)

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Equity Spending Summary

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Next Steps

Embed ESAP into Brief Commission Share dashboard
the Port's Equity in and secure their and narrative about
Budgeting support to pilot the this work internally
Playbook program and externally

Piloting ESAP

- Based on the actual equity spending items from 2019 to 2022 identify baseline for equity spending and track progress
- New/additional resources will be identified and reviewed as part of the new budget requests
- Continue to separate operating, capital, and non-op spending items
- Continue to separate WMBE spending budget/actual from the totals
- F&B will track all the equity spending budget items

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Piloting ESAP

- The Budget & Equity Committee and OEDI have revised the Equity in Budgeting Playbook to provide divisions and departments with instructions for using an equity lens in their 2024 budget process.
- No reporting on equity spending is required in department budget presentations. Equity spending will be tracked and reported on the division level.
- The divisions will be responsible for identifying and compiling the equity spending in their proposed budgets and reporting it to ELT and Commission as part of their budget presentations. The divisions will also track equity spending during the year and report out annually.

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Equity Spending Pilot

Included in the 2024 Equity In Budgeting Playbook
For Operating Divisions For Departments

- Step 1- Equity Definition for spending Please answer the following questions.
- Step 2- Category- if your budget item meets one of 1. Select your division
2. Which Department(s) are you answering for?
the 3 elements of the definition above then please 3. How does your proposed budget align with your department's select the category that fits your proposed item. draft annual equity goals?
- Step 3 – Answer the following questions related to 4. OEDI is offering a comprehensive suite of training and learning your 2023 and 2024 budgets: opportunities for Port employees. Does your department need additional or specialized training that OEDI is not currently
1. Did you have difficulty spending your budgeted equity dollars in offering? If so, please propose this cost in your budget asks. 2023? And if so why?
5. Has the external training, education, and development for all team
2. How did your division choose to prioritize equity programs with members been discussed and taken into consideration in your the available budget? proposed budget?
3. How did you engage with staff and/or community during the 6. How did you engage with your department's staff, other Port staff, budget process? and/or external stakeholders or communities during the budget
4. What new items have you added related to Equity, Diversity, and process?
Inclusion in your 2024 budget (new requests and baseline budget)?

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2024 Budget Process

2024 Budget

Development:

Budget retreats Budget Plan of Finance First Reading & 2nd Reading & Final

& Equitable Briefings and Tax Levy Public Hearing for Passage of 2024

Briefing 2024 Budget Budget

Spending and

Accountability (September-

Project October) (Mid-November) (Late November)

(October 25)

(June -August)

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Questions and

Discussion

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