

# Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

## EXPEDITED CAPITAL IMPROVEMENTS PROGRAM – WHITE FLINT FIRE BILL 26-23: STATION 23

### SUMMARY

When considered in isolation from the overall Capital Improvements Program (CIP), the Office of Legislative Oversight (OLO) anticipates Expedited Bill 26-23 could potentially have a negative impact on RESJ in the County through authorizing the reallocation of \$14 million in local funds from programs benefitting all residents to a project that benefits County constituents, Montgomery County Fire and Rescue Service (MCFRS) employees, and business owners who are disproportionately White. The potential benefits to White stakeholders likely outweigh the potential benefits to Asian constituents living in Rockville and Latinx employees working in the construction sector who would also benefit from this Bill. However, there are several considerations outside of the scope of this analysis for understanding this project's impact on RESJ more broadly that could be addressed by a comprehensive analysis of the CIP. Two policy options are offered for Council consideration.

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### PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.<sup>1</sup> Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.<sup>2</sup>

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### PURPOSE OF EXPEDITED BILL 26-23

The purpose of Expedited Bill 26-23 is to authorize a new fire and rescue station to be built in the Rockville/White Flint area, along with the purchase of associated apparatus, such as personnel living quarters and meeting/training rooms. Space has also been added to co-locate a future police substation at the fire station.

Under County law, the County Council must authorize "Special Capital Improvements Projects" if their local costs exceed a given threshold, which is set at \$24,196,000 in FY24 dollars.<sup>3</sup> The locally funded cost of the new fire and rescue station is estimated to total \$38,227,000 for the FY24 Capital Budget and Amended FY23-28 Capital Improvements Program. Since the anticipated cost of the project exceeds the FY24 local funding threshold, the Executive needs the Council's authorization through legislation to continue the project.

Expedited Bill 26-23, Capital Improvements Program – White Flint Fire Station 23, was introduced by the Council at the request of the County Executive on May 25, 2023.<sup>4</sup>

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### CAPITAL IMPROVEMENT PLANNING AND RACIAL EQUITY

Capital projects or capital improvements are large, long-term investments in community facilities and infrastructure that are funded through the government, such as the construction of public schools, street maintenance, parks improvements, and in the case of Bill 26-23, the construction of fire and rescue stations.<sup>5</sup> As described by the Government Finance Officers Association, capital projects “have real social impacts: raising local property values, reducing injury, and developing public spaces that provide a wealth of community benefits,” among many others.<sup>6</sup>

Applying a racial equity lens to policymaking, including to the capital improvement planning process, requires understanding the historical and cultural context for racial and social disparities. Montgomery County, like the nation as a whole, is characterized by a wide variety of racial and social disparities that reflect racial and social inequities in public policy and decision making.

More specifically, public policies that built generational wealth for White people usually did so at the expense of denying Black, Indigenous, and Other People of Color (BIPOC) comparable opportunities. These public policies include histories of land and labor theft, the legacy of racial and ethnic exclusion through state sanctioned violence, Jim Crow laws, voter disenfranchisement, redlining, racial covenants, occupational segregation, as well as New Deal mortgage programs and the G.I. Bill. In the County, racial disparities resulting from these policies noted in the 2019 Racial Equity Profile include:<sup>7</sup>

- 43 percent and 49 percent of Black and Latinx residents are homeowners, compared to 73 percent of White residents;
- While they respectively comprise 15 percent of businesses, Black and Latinx-owned businesses each earn less than two percent of all revenues in the County;
- The poverty rates of Latinx and Black children are respectively four to five times the poverty rate of White children;
- While Black and Latinx residents each account for 19 percent of the population, they account for 44 percent and 26 percent of arrests; and
- Black residents experience the highest rates of mortality for heart disease, stroke, and breast cancer.

The public policies that built generational wealth for White people also fostered racial segregation locally. Although White, Non-Hispanic people account for a minority of County constituents, they account for the majority of constituents in the most affluent parts of the County. For instance, District 1 (includes Bethesda, Chevy Chase, and Potomac), which has the largest share of White constituents had the highest average household income (\$265,145) and lowest share of households with income under \$50,000 (12.0 percent) between 2016 and 2020. Conversely, District 5 (includes Burtonsville, Colesville, and White Oak), which has the highest share of Black constituents had the lowest average household income (\$116,232) and the highest share of households with income under \$50,000 (26.7 percent).<sup>8</sup> A 2017 study by the Urban Institute found that residents of former District 5, which had among the highest share of BIPOC constituents, were less likely to have graduated high school, enrolled in college, or have a well-paying job.<sup>9</sup>

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## Expedited Bill 26-23

Given the existence of structural racial inequities, the concentration of constituents by race and ethnicity begs the question of whether capital projects in the County are equitably distributed. Although the most recent Capital Improvements Program (CIP) indicates racial equity was considered in developing the list of included projects, it is unclear whether the current or prior CIPs advance RESJ in whole or in part in terms of benefitting BIPOC and/or low-income constituents more than White and/or affluent constituents. It is also unclear whether the County is advancing RESJ through contracting Minority Business Enterprises (MBE) for capital projects in proportion to their share of County constituents or the market of vendors available in the Washington Metropolitan Region.

Recognizing racial and social inequities, other local jurisdictions have worked to operationalize RESJ in capital improvements planning. For instance, the **Baltimore City Department of Planning (DoP)** developed a methodology for conducting an annual equity analysis of the City's CIP in partnership with the Baltimore Neighborhood Indicators Alliance.<sup>10</sup> The analysis developed indicators to measure CIP investments across four areas of equity, based on the Urban Sustainability Directors' Network (USDN) equity lens:

- **Distributional Equity:** Does the distribution of civic resources and investment explicitly account for potential racially disparate outcomes?
- **Transgenerational Equity:** Does the policy or project result in unfair burdens on future generations?
- **Structural Equity:** What historic advantages or disadvantages have affected residents in the given community?
- **Procedural equity:** How are residents who have been historically excluded from planning processes being authentically included in the planning, implementation, and evaluation of the proposed policy or project?

Since the release of the original report, the DoP has continued an annual equity review of the CIP through analyzing CIP investments in the City's 55 Community Statistical Areas (CSAs) along with the CSAs' race and income demographics.<sup>11,12</sup> The analysis also accounts for the varying influence of CIP projects by identifying projects as having local, multi-neighborhood, or Citywide impacts. The annual analysis has prompted several improvements, including more proactive equity analysis during the CIP decision making process.<sup>13</sup>

Other local jurisdictions considering RESJ in capital improvements planning include:

- **Los Angeles:** The Data Team within the Mayor's Office of Budget and Innovation of the City of Los Angeles is in the process of completing "a comprehensive analysis of equity in capital investment, centralizing data from city departments and summariz[ing] findings in a meaningful and accessible way."<sup>14</sup> A preliminary analysis is available on the project's webpage.
- **Minneapolis:** In 2016 and 2017 the City of Minneapolis approved ordinances requiring the Minneapolis Park & Recreation Board to incorporate racial and economic equity measures into its capital improvement program. "[T]he ordinances specify the use of relevant, data-driven criteria to address racial and economic equity in allocating capital funds for more than 160 neighborhood parks and nearly 20 regional parks and trails."<sup>15</sup> Additionally, "metrics and rankings for parks and trails are produced annually as part of the Capital Improvement Program (CIP) and published in the annual budget."<sup>16</sup>

The 2021 "Equity in Capital Improvement Planning Processes," report from Bloomberg Philanthropies and the Public Financial Management Company highlights strategies for incorporating equity into CIP planning from jurisdictions throughout the U.S., including Seattle, Austin, and Philadelphia.<sup>17</sup>

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### ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 26-23 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

To answer the questions, OLO considered the various stakeholders that would be impacted by the construction of a new fire and rescue station in the Rockville/White Flint area and RESJ concerns for each group:

- **Constituents living in North Bethesda and Rockville**, which includes the White Flint area, would benefit from enhanced services from a new fire station. Census data summarized in Table 1 (Appendix) suggests that White constituents are overrepresented in both communities, while Asian constituents are overrepresented in Rockville and proportionately represented in North Bethesda. Black and Latinx constituents are underrepresented in both communities, while Native American and Pacific Islander constituents are proportionately represented.
- **Montgomery County Fire and Rescue Service (MCFRS) personnel** would benefit from having a new and improved workspace. Data summarized in Table 2 (Appendix) suggests White people are overrepresented among MCFRS personnel. Asian, Latinx, and Black people are underrepresented, while Native Americans and Pacific Islanders are proportionately represented.
- **Construction businesses, employees and other businesses and employees** supporting this sector will benefit from having access to an additional \$14 million in local revenue authorized by the Bill. Data summarized in Tables 3 and 4 (Appendix) suggest that construction business owners in the Washington metro area are disproportionately White, while the construction workforce is disproportionately Latinx. Since business ownership often yields greater economic benefits than employment, White business owners are likely to reap greater economic benefits from this Bill.<sup>18</sup>

However, there are several considerations outside of the scope of this analysis that are necessary to have a more accurate understanding of how this project impacts RESJ in fire and rescue services in the County more broadly. A comprehensive analysis of the CIP as previously discussed and as offered in the recommended amendments could address these questions.

Taken together, when considered in isolation from the overall CIP, OLO anticipates Bill 26-23 could potentially have a negative impact on RESJ in the County through authorizing the reallocation of \$14 million in local funds from programs benefitting all residents to a project that benefits County constituents, MCFRS employees, and business owners who are disproportionately White. The potential benefits to White stakeholders likely outweigh the potential benefits to Asian constituents living in Rockville and Latinx employees working in the construction sector who would also benefit from this Bill.

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### RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.<sup>19</sup> OLO anticipates Expedited Bill 26-23 will have a negative impact on RESJ in the County. Should the Council seek to improve the RESJ impact of this Bill, two policy options are offered for consideration:

- **Commission Equity Review of the Capital Improvements Program.** To understand and address potential racial and social inequities in capital investments, the Council could consider commissioning a comprehensive equity review of the Capital Improvements Program. For instance, as mentioned in this RESJIS, the Baltimore City Department of Planning partnered with the Baltimore Neighborhood Indicators Alliance to develop a methodology for conducting an annual equity analysis of the City's CIP.<sup>20</sup> The analysis developed indicators to measure CIP investments across four areas of equity: distributional, transgenerational, structural, and procedural. The analysis also accounted for the varying influence of CIP projects by identifying projects as having local, multi-neighborhood, or Citywide impacts.<sup>21</sup>
- **Increase Access to CIP Construction Opportunities to BIPOC-owned businesses and workers.** The County's 2014 Disparity Study found that while Black-owned firms accounted for 11 percent of the construction marketplace, they accounted for less than two percent of prime contracts with the County.<sup>22</sup> Conversely, White male firms accounted for 74 percent of the construction marketplace and 79 percent of prime contracts, and Latinx-owned firms accounted for six percent of the construction marketplace and 13 percent of prime contracts.<sup>23</sup> The Council could advance RESJ by supporting efforts to proactively identify and contract BIPOC-owned businesses for CIP funded projects and other project needs. PolicyLink's "Strategies for Addressing Equity in Infrastructure and Public Works" offers best practices for incorporating disadvantaged workers and businesses into employment and procurement opportunities.<sup>24</sup>

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### CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

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# RESJ Impact Statement

## Expedited Bill 26-23

### APPENDIX

**Table 1: Percent of Population by Race and Ethnicity, Montgomery County, North Bethesda, Rockville**

Race and ethnicity <sup>25</sup>	Montgomery County	North Bethesda	Rockville
Asian	15.1	15.3	20.3
Black	18.0	11.1	10.1
Native American	0.1	0.1	0.2
Pacific Islander	0.0	0.0	0.0
White	42.3	51.2	47.7
Latinx	19.7	16.0	16.0

Source: 2021 American Community Survey 5-Year Estimates (Table DP05), Census Bureau.

**Table 2: Percent of Population and MCFRS Personnel by Race and Ethnicity, Montgomery County**

Race and ethnicity	Montgomery County	MCFRS Personnel
Asian	15.1	2.5
Black	18.0	9.9
Native American	0.1	0.8
Pacific Islander	0.0	0.1
White	42.3	71.5
Latinx	19.7	7.1

Source: 2021 American Community Survey 5-Year Estimates (Table DP05). OLO Analysis of 2022 unpublished Office of Human Resources data.

**Table 3: Percent of Population and Construction Business Owners by Minority Business Status, Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area**

Minority Business Status	Washington Metro Area	Construction Business Owners (NAICS 23)
Nonminority (White and non-Latinx)	42.3	73.4
Minority (any other race and ethnicity combination other than White and non-Latinx)	57.7	26.0

Source: 2020 Decennial Census (Table DP1) and 2020 American Business Survey (Table AB2000CSA01), Census Bureau.

**Table 4: Percent of Population and Employees in Construction-Related Occupations by Race and Ethnicity, Montgomery County**

Race and ethnicity	Montgomery County	Employees in Construction-Related Occupations
Asian	15.1	4.5
Black	18.0	5.5
Native American	0.1	0.0
Pacific Islander	0.0	0.0
White	42.3	24.4
Latinx	19.7	63.6

Source: 2021 American Community Survey 5-Year Estimates (Table DP05) and OLO Analysis of 2021 American Community Survey 5-Year Estimates Public Use Microdata Sample (PUMS), Census Bureau.

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<sup>1</sup> Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. <https://www.racialequitytools.org/glossary>

<sup>2</sup> Ibid

<sup>3</sup> [Introduction Staff Report for Expedited Bill 26-23](#), Montgomery County Council, Introduced May 25, 2023.

<sup>4</sup> Ibid

<sup>5</sup> [“About the Capital Budget,”](#) Montgomery County Open Budget.

<sup>6</sup> Elliot Karl, [“Prioritizing Community Values in Capital Budgeting,”](#) Government Finance Officers Association, June 2021.

<sup>7</sup> Jupiter Independent Research Group, [OLO Report 2019-7: Racial Equity Profile Montgomery County](#), Office of Legislative Oversight, July 15, 2019.

<sup>8</sup> [Demographic Profile of Council Districts](#), Montgomery County Planning Department, 2022.

<sup>9</sup> Leah Hendey and Lily Posey, [“Racial Inequities in Montgomery County 2011-15,”](#) Urban Institute, December 2017.

<sup>10</sup> Baltimore Neighborhood Indicators Alliance, [“Equity Analysis of Baltimore City’s Capital Improvement Plan, FY 2014 – FY 2020,”](#) Baltimore City Department of Planning, August 2019.

<sup>11</sup> [“CIP and Equity,”](#) Baltimore City Department of Planning.

<sup>12</sup> Community Statistical Areas, developed by the City’s DoP, are clusters of neighborhoods organized around census tract boundaries. For more information, refer to [“Vital Signs: Community Statistical Areas”](#)

<sup>13</sup> [“FY22 Capital Improvement Program Equity Analysis,”](#) Baltimore City Department of Planning, June 2021.

<sup>14</sup> [“Capital Improvements Equity Analysis,”](#) Mayor’s Office of Budget and Innovation, City of Los Angeles, California.

<sup>15</sup> [“Racial Equity,”](#) Minneapolis Park & Recreation Board, City of Minneapolis, Minnesota.

<sup>16</sup> Ibid

<sup>17</sup> [“Equity in Capital Improvement Planning Processes,”](#) Bloomberg Philanthropies and Public Financial Management Company, 2021.

<sup>18</sup> Brian Headd, [“Small Business Facts: The Importance of Business Ownership to Wealth,”](#) Office of Advocacy, U.S. Small Business Administration, August 2021.

<sup>19</sup> Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

<sup>20</sup> “Equity Analysis of Baltimore City’s Capital Improvement Plan, FY 2014 – FY 2020”

<sup>21</sup> Ibid

<sup>22</sup> Griffin & Strong, PC, [“Disparity Study Final Report,”](#) Office of the County Attorney, June 11, 2014.

<sup>23</sup> Ibid

<sup>24</sup> Kalima Rose and Judith Dangerfield, [“Strategies for Addressing Equity in Infrastructure and Public Works,”](#) PolicyLink.

<sup>25</sup> Latinx people are not included in other racial groups throughout this impact statement unless where otherwise noted.