

February 2023

To Boost Opportunity through Fiscal Policy, Build In Racial Equity Analysis

State policymakers make hundreds of choices each year that have the potential to affect our daily lives, but the clearest reflection of what leaders in Annapolis are prioritizing is in the state budget. Choices about how we use our shared resources can determine whether or not your child gets a good education, shape whether your family and community have the things they need to thrive, and affect public health and safety. Decisions about the state budget also have the potential to affect who has access to opportunity in Maryland.

And these choices always have consequences: **Even choices that appear neutral on the surface can interact with historical and ongoing forms of discrimination to either obstruct or assist Marylanders of color as they seek to contribute to a thriving state.**

Essential Tools: Racial Equity Analysis and Data Disaggregation

Good intentions cannot advance equity on their own. To move Maryland toward a just, prosperous future, policymakers must understand the inequities that characterize the status quo and the historical forces that got us here. They must also have the means to predict and measure the impacts of their decisions. **Racial equity analysis** and **data disaggregation** are the tools that make this possible:

- **Racial equity analysis** involves using both quantitative data and information gained from engagement with directly affected communities to predict how policy choices could affect members of different racial and ethnic groups, with the goal of remedying the harms of historical and ongoing racism.
- **Data disaggregation** refers to the practice of calculating and presenting data on population characteristics for subgroups in addition to the aggregate whole. Data disaggregation is **one essential component of racial equity analysis**. For instance, disaggregated data on median hourly wages would include medians for workers of different racial backgrounds, genders, or other characteristics.

This year, lawmakers are implementing the most significant and positive reform to Maryland's budget process in more than 100 years. **We should build on this progress by formally incorporating racial equity analysis into our budget process.**

Racial Equity Analysis Is Catching On

- Racial equity analysis has played an important role in policymaking in the three countries of **Great Britain** since the 2000 Race Relations Amendment Act. Racial equity analysis enables British government agencies to systematize and document their legal obligations to advance racial equity.
- **Seattle** was the first United States jurisdiction to formally incorporate racial equity analysis into policymaking. The city in 2005 built equity analyses into the budget process and has since expanded their use.
- Routine racial equity analysis is a core strategy of the **Government Alliance on Racial Equity (GARE)**, a network of governments and public agencies that aim to advance racial equity through policy. The network includes state agencies in 13 states, as well as the District of Columbia government in its entirety and 10 local government agencies in Maryland.

Getting the Most out of Racial Equity Analysis and Data Disaggregation

Start from a strong foundation:

- Equity analysis must always be informed by historical context on the policies, practices, and ideologies that produced present inequities.
- The goal of equity analysis is to proactively counteract the root causes of equity, not equal-dollar investments or procedural “colorblindness.”
- All policy staff should receive the training needed to engage with equity analysis.

Seek out good information:

- People who are directly harmed by racial injustice are experts in their own experiences. Quantitative data alone cannot substitute for the knowledge gained through direct engagement with affected communities.
- Disaggregated data lie at the core of equity analysis. Wherever possible, public agencies should collect and publish disaggregated data based on uniform, thoughtful standards.
- The federal Office of Management and Budget Race and Ethnicity Standards provide a strong framework for data disaggregation, especially as the agency works to improve the current standards. Federal data requirements should be treated as a floor, not a ceiling.
- Data should generally be disaggregated at the finest level of detail possible. Because racist systems affect different communities in different ways, more-detailed disaggregation will generally yield a more accurate picture than using a broad brush.
- If sample size constraints, privacy protections, or other factors prevent fine-grained data disaggregation, analysts should briefly explain the limitations associated with broad or heterogeneous categories.
- Surveys may sometimes be necessary to collect relevant disaggregated data. In these cases,

analysts should consider oversampling certain populations to facilitate more detailed analysis.

- Lawmakers should require state agencies to provide relevant data for racial equity analysis, with appropriate privacy protections.

Ensure strong implementation:

- Equity analysis should occur throughout the process of policy development and consideration. Starting equity analysis early on helps ensure findings receive meaningful consideration and are not simply an afterthought.
- The office responsible for equity analysis should be independent of the governor or legislative leadership, to ensure that the analysis is done honestly and informs policymakers, rather than simply reflecting their preexisting priorities.
- Effective equity analysis requires significant staff time and training. The body responsible for budget equity analysis must have adequate staffing and funding to do the job thoughtfully and effectively.
- For equity analysis to inform policy, policymakers must see it, whether or not they are seeking it out. Equity analysis should be integrated into general-purpose policy documents, not only published separately or as an appendix.
- For equity analysis to promote transparency and democratic accountability, it must be publicly accessible and easy to find. This could be accomplished by including prominent links to equity analysis on the Department of Legislative Services, Maryland General Assembly, and Department of Budget and Management websites.