With the influx of $43 billion in flexible state and local recovery funds via the American Rescue Plan Act and a historic state surplus—plus $45 billion in federal infrastructure dollars following closely behind—California has a landmark opportunity to ensure its investments help create a more equitable state and build resilience for the future. Now is the time for governmental leaders to “bake in” health equity and racial justice to public funding programs at every stage, strengthening governmental policies and procedures in the process so that resources and power are more fairly distributed, and investments improve material conditions in historically marginalized communities.

By designing and implementing funding programs grounded in California’s commitment to equity, we can foster community health, safety, and wellbeing in our state’s racially and economically diverse communities. This brief recommends ways to operationalize equity in each phase of a public funding program. Policy makers, governmental administrators, and community stakeholders should consider these recommendations when building a funding measure from the ground up, or when leading advocacy efforts as an established funding program moves into planning, implementation, or evaluation phases.
California has prioritized health equity and racial justice in state and local governance. The state’s Strategic Growth Council (SGC), for example, a multi-agency collaborative housed in the Governor’s Office of Planning and Research, adopted a Racial Equity Action Plan in 2019, which includes concrete actions the Council will take to “achieve racial equity in our organization, operations, programs, and policies.” Multiple agencies and departments have participated in the state’s Government Alliance on Race and Equity (GARE) cohort to build internal capacity to address racial inequities. Local jurisdictions across the state have declared racism a public health crisis and established offices dedicated to anti-racism or the advancement of health equity.

This brief draws from experiences with recent statewide and local funding measures including Proposition 68 and 64, and the County of Los Angeles’ Measure A—initiatives that created new funding for parks and cannabis tax-funded public health efforts—and distills some key insights that can be applied to operationalize California’s equity goals in upcoming state and local allocations. It outlines specific strategies that have been used to embed procedural, distributional, and structural equity into public funding programs.

**Health equity:** Health equity means that everyone has a fair and just opportunity to attain their full health potential and that no one is disadvantaged, excluded, or dismissed from achieving this potential. Health equity is the absence of avoidable, unfair, or remediable differences in health status among groups of people, whether those groups are defined by race/ethnicity, culture, class, national origin, or other means of stratification.
Design

Crafting an Equitable Funding Program

As advocates and policymakers work to develop and pass a funding proposal—through legislation, budget mechanism, bond measure, or voter initiative—it can be tempting to focus on the campaign and leave the details of the funding program to be sorted out after it is adopted. However, clear and detailed policy language, as well as robust community input on the proposal, are key to establishing a strong foundation for transparency, accountability, and a viable plan to invest in communities equitably.

In order to codify principles of health equity and racial justice within a funding program, include language in its design that prioritizes historically disinvested communities, earmarks funding for priority groups, and sets specific guidelines and targets to ensure funding is directed toward closing gaps. Fund designers—often in partnership with community-based, nonprofit, and philanthropic partners—can and should facilitate a community engagement and education process so that residents and advocates in places most impacted by the issue can voice their preferences for public investments, particularly in the following domains:

1. DETERMINE INVESTMENT PRIORITIES

   By investing in a robust community assessment and engagement process, fund designers can ensure that funding guidelines reflect community-identified needs and opportunities—and demonstrate a clear rationale to voters that public funding is needed.

   The first step in building an equitable funding program is identifying community needs and the underlying structural inequities that created them. To accomplish this, those designing the funding proposal should engage in an assessment process that entails community engagement to establish a strong foundation for a community-driven, equity-focused program.²

   • **Assessment:** Public funding proposals should be guided by an assessment of the policy issue that identifies the geographic and racial gaps in resources, opportunities, and/or outcomes, and
creates a nexus between identified gaps and solutions that the funding measure would address. The assessment can help pinpoint needs by race, geography, and other salient characteristics—information that will be critical to developing equity-producing, needs-based allocation in the funding guidelines. In tandem, a landscape analysis of community organizations, networks, and capacities can illuminate how equipped the groups “on the ground” currently are to address the highest needs, thus informing applicant pipeline development, technical assistance, and capacity-building investments in the expenditure plan.

- **Community engagement and co-design:** When the people closest to the problem are involved in conceptualizing solutions, the resulting funding program is typically more effective. Robust community engagement is an opportunity for residents and stakeholders to reflect on community conditions and for fund designers to “ground-truth” their assessment findings. For example, as part of its 2015 Countywide Parks Needs Assessment, the County of Los Angeles supported seven well-respected community-based organizations in conducting targeted outreach in nine underserved, park-poor communities so residents could provide input on the development of a parks ballot measure and future parks projects. This kind of activity helps to ensure the program’s solutions are rooted in a fundamental understanding of historical and present-day inequities, as well as cultivate a pipeline of applicants from communities closest to the problem and illustrate to voters where needs exist.

2. **DESIGN EQUITABLE FUNDING GUIDELINES**

When it comes to funding guidelines, the details matter. To anchor a program in equity, the guidelines can prioritize investments to specific applicant types (e.g., those rooted in historically marginalized communities), and support power building and systems change work—in addition to on-the-ground community projects—so as to address systemic drivers of inequity. In addition, a review of past funding measures indicates that administrative procedures can present burdensome barriers to the very groups who are best positioned to advance equitable outcomes. An equitable funding stream must develop guidelines to proactively overcome these barriers.
Once community input and data have been gathered, those developing the proposal can apply new insights to the design of funding guidelines. Funding guidelines create a framework for how the funds will be implemented once adopted. This language can specify what type of organizations will be prioritized for contracting and awarding, what type of projects and activities qualify for funding, and where funds should be allocated, among others. Guidelines can be designed to get beyond the “usual suspects.”

- **Prioritize the highest-need communities and invest in community-rooted organizations:** Equity-focused funding programs will strongly link a determination of need with where resources are ultimately spent. To accomplish this, the funding guidelines can make clear how resources will be dedicated based on need (e.g., by race/ethnicity, spatial designation, or other characteristics correlated with poorer health and safety outcomes) and the mechanism or formula that will be used to allocate them. Some equity-focused funding programs, such as Caltrans’s Active Transportation Program and Strategic Growth Council’s Transformative Climate Communities, have used place-based metrics or indicators to prioritize communities for investment, including the Public Health Alliance of Southern California’s Healthy Places Index. If the entire pot of revenue generated was not subjected to a needs-based allocation, some funding measures, such as Proposition 68—California’s Parks and Water Bond Act of 2018—include an “equity set-aside” with clear criteria for accessing it.

The funding guidelines can also specify who will receive funding and how it will be broken down across eligible recipients (e.g., community-based groups, governmental agencies, large nonprofits or quasi-governmental organizations, and tribal governments). In many communities across California, grassroots and community-based organizations (CBOs) that are grounded in their respective communities with deep connections to residents are uniquely poised to respond to systemic inequities; provide direct response to support vulnerable communities; and address underlying inequities.

- **Build the expenditure plan:** The spectrum of activities supported through a funding program can also ensure that investments are geared toward policy and systems improvements, and that awardees and their partners have the supports they need (e.g., technical assistance and capacity building, communications support, etc.) to advance lasting changes that will continue to produce more equitable
Implement

Carrying Out the Funding Program to Support Health Equity and Racial Justice Across California’s Diverse Communities

Once a public funding program has been adopted it often becomes the task of a government agency or department to implement. Fund administrators play a major role in shaping how implementation progresses—including the extent to which the goal of equity anchors program decisions about where and to whom dollars flow; how capacity-building support for grantees is delivered; what kind of organizational and leadership development occurs; and how program oversight and accountability processes unfold.

Program staff can apply principles of equity and racial justice in all aspects of implementation, including community engagement and outreach to cultivate a pipeline of applicants from historically marginalized communities; inclusive contracting and awarding; and technical assistance that supports grantees in strengthening capacity to advance policy and systems changes through advocacy strategies.
1. BUILD A PIPELINE OF APPLICANTS AND Awardees ROOTED IN THE HIGHEST-NEED COMMUNITIES

Fund administrators can carry out a robust and supportive community engagement, outreach, and technical assistance plan to ensure the most competitive applicants to a funding program represent diverse community-based organizations, including those rooted in the highest-need communities.

As fund administrators prepare to request proposals, community engagement and capacity-building activities can strengthen the pipeline of community-based organizations that are located in the highest-need communities and have experience addressing systemic inequities. Such organizations have often been sidelined from government funding due to contract requirements that tend to favor larger, well-funded entities, inhibiting them from developing relationships within governments and building a track record of successful implementation. Fund administrators have an opportunity to break this cycle of bias by intentionally engaging with and providing technical assistance to community-rooted organizations. For infrastructure programs, similar processes can be applied to smaller cities that frequently lack the staff capacity to respond to innovative funding programs and deliver health- and equity-promoting infrastructure to residents.

- Create an integrated outreach plan: Once the details of the funding program are hammered out, the implementing agency can build on earlier community outreach so that residents and community organizations are engaged in streamlined and connected ways, rather than a series of one-off events. Fund administrators, or their designees, can work with community partners that were involved in designing the program to facilitate an outreach plan that prioritizes engagement with the highest-need communities. Often, grassroots community-based organizations have cultivated deep relationships with residents and other local organizations and can serve as trusted co-conveners, and ensure outreach materials provide clear, salient information, such as how resources will be allocated based on need (e.g., by race/ethnicity, spatial designation or other characteristics correlated with poorer health and safety outcomes). As with earlier community engagement, fund administrators can also use this time to listen to stakeholder feedback, needs, and priorities to strengthen the way the funding program addresses equity, especially as they prepare to engage in the contracting and awarding process.
• **Provide technical assistance to applicants and awardees:** A comprehensive, equity-oriented technical assistance (TA) plan is best built into the funding program, and not as an afterthought or accessory. A TA program should be tailored based on an evaluation of historical funding patterns, if possible. In the application phase, an effective TA program can help advise jurisdictions and organizations that often face barriers to public funding on the application process so that the most competitive applications represent diverse applicants including CBOs that vary in size, location, and leadership diversity, among others. This approach can move potential first-time applicants from the highest need communities from “unlikely or unable to apply” to “likely and able to apply.” Once contracts are executed, TA efforts should continue to develop a pipeline of applicants for future rounds of funding from communities of highest need.

While awarded CBOs or historically underfunded jurisdictions carry out their projects, TA should also build grantees’ capacity by supporting the various organizational needs that arise during the funding period. These can include assessment, planning, community engagement, organizing, communications, media advocacy, policy advocacy (non-lobbying), and so forth. In California, a robust TA program should also meet the racial, ethnic, cultural, economic, geographic, and linguistic needs of communities across the state.

In tandem with development of the TA plan, the implementing agency can conduct an internal assessment of its own staff’s skills and competencies to reveal opportunities to better promote equity. A responsive workforce development plan may include training and facilitation to strengthen staff’s readiness to apply an equity lens to agency policies, practices, and resource decisions.

### 2. CONTRACTING AND AWARDING

*The particulars of how contracts and awards will be made have a significant bearing on who will apply and what structures will be put in place to facilitate—rather than hamper—eligible awardees.*

As administrators consider ways to embed equity in funding programs, contracting and awarding present a valuable window to create equitable opportunity for all types of organizations. To ensure the funding program works for jurisdictions or organizations with
smaller administrative capacity and less access to upfront capital, fund administrators can remove barriers to participation and share decision making about who will receive awards with those who have direct experience with the inequities the fund seeks to address.

• **Design an inclusive process for awarding funds:** Determining which applicants receive funding benefits from a transparent process in which those impacted by the problem are included in decision making. Fund administrators can establish community scoring panels or advisory boards that include diverse members from organizations and communities with direct experience with the issue at hand. Taking time to orient and train scoring panelists on a funding program’s equity objectives can ensure that an equity analysis drives the review process. In collaboration with panel members, fund administrators can develop an application scoring rubric and selection criteria that awards high marks to organizations with demonstrated roots in historically marginalized communities, who submit evidence-informed proposals that are designed to address structural and systematic barriers to health equity and racial justice. For example, one strategy used by the Governor’s Office of Business and Economic Development (GoBiz) to ensure a more equitable distribution of funding through its Community Reinvestment Grants program is to prioritize organizations whose leadership has direct experience with the inequities that the program seeks to address.⁵

• **Remove barriers for community-based organizations:** From a contracting standpoint, fund administrators can put protections in place so that organizations in the highest need communities will not face contractual barriers, such as onerous requirements for insurance that preference larger organizations or reimbursement-only contracting which necessitates upfront operating capital. To ensure funding works for small nonprofits, including nonprofits affiliated with tribal communities, the program could commit to providing at least 33 percent of funding upfront, allow for at least 25 percent in indirect costs, and have simple reporting requirements. Fund administrators can take steps to set the funding level for grant awards to facilitate small organizations to apply. Often, grant awards are capped at amounts so low that organizations with smaller budgets and/or administrative capacity can’t meet expected outcomes or deliverables with the funding offered. Conversely, when
Grant awards are so large that they dwarf an organization’s annual operating budget, smaller organizations may not be able to absorb the funding and scale up operations in a sustainable way. To calibrate funding levels to support smaller organizations in achieving project goals, building administrative capacity, and growing sustainably, fund administrators can survey equity-focused community organizations from across the state to learn what grant amounts would work for them. To build in flexibility, program guidelines can invite applicants to apply at a funding level that works for their organization, up to a capped amount. Multi-year awards also aid organizations in their ability to plan and build organizational capacity that will benefit the community over the long term.

Oversight and Evaluation:

Continuous Improvement through Transparency, Accountability, and a Commitment to Equitable Outcomes

Evaluating the impacts of funding programs and creating a structure of oversight to ensure government agencies are carrying out the program in alignment with the public’s intent, helps to safeguard an open, transparent process in which a government can be held accountable to achieving the program’s aims. In the case of ongoing investment streams, evaluation and oversight also facilitate continuous improvement as fund administrators carry out future rounds of funding. This is particularly important for safeguarding the public’s trust and serving as a bulwark against anti-tax sentiments which can level powerful opposition against public funding programs.

1. Evaluate the Impact of the Public Investment
   Once a measure has run its course, a comprehensive, independent evaluation should be undertaken to ensure that decision makers, administrators, and most importantly the public have a full understanding of whether the measure closed gaps in opportunities and resources between priority groups and the broader population.
A third-party evaluator with expertise in equity and government administration can conduct an academic evaluation of the funding program to assess where funds were allocated, how they were used, and if they produced equitable change. The results can help state agencies develop their capacity to design and implement future equitable funding programs that prioritize investments for historically marginalized communities.

Drawing upon the evaluation work of others, like Jon Christensen (UCLA) on Proposition 84, an academic partner (in concert with a broad-based advisory committee) may be best suited to help answer questions like: Did the fund have its intended impact? Was it able to target funds to the highest-need communities? What criteria were put in place to ensure funds made their way to the places with greatest need? What features need to be adjusted to ensure gaps are closing as the fund moves from year one into subsequent years?

Fund administrators can add significant value to grantees and the field by investing evaluation resources to build the evidence base for the strategies and solutions developed in historically marginalized communities that have been impacted by systemic inequities. For example, in California’s tribal communities, indigenous knowledge and solutions have often been left out of the evidence base established through peer-reviewed studies and professional journals. Creating a body of research that elevates the deep knowledge and experience of those working to make policies, systems, and community environments more equitable and just helps communities to demonstrate their impact and secure additional funding. Contextual and experiential evidence, including community insights into useful strategies and action, can play as important a role as more traditional sources of quantitative evidence.

2. OVERSIGHT AND ACCOUNTABILITY

Any public funding proposal requires oversight and transparency to ensure funds are used as they were intended. An oversight committee that is well resourced and representative of historically marginalized communities can effectively carry out monitoring and decision making to ensure a funding program is accountable to the public.

The public deserves—among other things—budget transparency, clarity on awardee selection criteria, and easily accessible, easy-to-understand data to track progress on key metrics. An oversight committee that monitors program administration and budgeting,
as well as advises program staff on decisions related to the funding guidelines, can represent the public’s interest. Too often, fund administrators are pressured to “get money out the door” quickly which sometimes causes administrators to side-step robust oversight. However, attention to equity necessitates a more thoughtful approach to programming public dollars.

- **Committee Make-Up & Authority:** The composition of the committee, including number of appointees, geographic representation, whether it will include youth, residents, and grassroots organizations representing diverse communities (and if so, how many, so as not to tokenize their participation) are among just a few of the details that matter for the oversight committee to be a serious and meaningful element of a fund. People closest to the issue of focus, with “lived experience,” should be included in voting roles in oversight committees, and a majority of committee positions (at least 51%) should be open for individuals to apply to join, rather than by appointment. This approach ensures that grassroots community organizations, residents, and those closest to the issue will have a seat at the table and bring practical experience to help ensure the program works for community-rooted organizations.

- **Committee Resources:** Those who have served on a committee know that serious efforts require time and resources. Oversight committees have often functioned with members donating their time—a model that creates barriers to participation for residents and youth, and representatives from low-income, communities of color who may have the most direct experience with the issue at hand. As oversight committee composition is further clarified, so too should resources for committee activities be factored in. If the committee will include people who are not paid professionals, funding should be set aside to ensure their time is supported. Resources should also be afforded to the committee to ensure that it can act as a conduit to decision makers and the broader public for oversight, transparency, and accountability.
Achieving health equity and racial justice requires us to address, and redress, inequitable community conditions and assure freedom from oppression for all people. California's state and local leaders and government representatives can leverage the significant dollars flowing into the state to accelerate progress to dismantle longstanding racial and health inequities that have been brought into even sharper focus during the COVID-19 pandemic.

Community-based organizations that work in coalition with residents who experience inequities have always been at the forefront, helping us to advance beyond historical injustices. Yet, public funding for organizations and collaboratives rooted in California's racially and economically diverse communities has frequently been episodic, inadequate, or exclusive. Drawing upon a notable handful of funding streams that have sought to break old patterns, and a commitment to equity-focused decision making, it's time to create a new norm where governmental processes and investments set us on a path towards a healthier, more equitable state.

We thank the California Funders Workgroup on Prevention and Equity, which includes Blue Shield of California Foundation, the Sierra Health Foundation, The California Endowment, St. Joseph Community Partnership Fund, The California Wellness Foundation, and Well Being Trust, for their guidance and insights during the development of this report and acknowledge that the recommendations presented in this report are those of the authors alone and do not necessarily reflect the opinions of the foundations.

3 Prevention Institute. (2020). Building an ecosystem of community engagement: Strengthening local capacity to achieve equity in Los Angeles' built environment [Internal working paper].
# Elements of Equity-Focused Funding Programs: A Checklist

The checklist below organizes key elements of funding program design, implementation, oversight, and evaluation to guide policymakers, governmental administrators, and community stakeholders through the comprehensive process of operationalizing equity.

<table>
<thead>
<tr>
<th>Domain</th>
<th>Equity Strategy</th>
<th>Equity Objective</th>
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<tbody>
<tr>
<td><strong>DESIGNING THE FUNDING PROGRAM</strong></td>
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<tr>
<td><strong>Determine Investment Priorities</strong></td>
<td>Assess: Ensure the public funding proposal is guided by an assessment of the policy issue that identifies the geographic and racial gaps in resources, opportunities, and/or outcomes, and creates a nexus between identified gaps and solutions that the funding measure seeks to address.</td>
<td>Structural Equity</td>
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<tr>
<td>Prioritize the highest-need communities and invest in community-rooted organizations: Equity-focused funding programs make a strong linkage between a determination of need and where resources are ultimately spent. To accomplish this, the funding guidelines can make clear how resources will be dedicated based on need (e.g., by race/ethnicity, spatial designation, or other characteristics correlated with poorer health and safety outcomes) and the mechanism or formula for that will be used to allocate them.</td>
<td>Distributional Equity</td>
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<tr>
<td><strong>Design Equitable Funding Guidelines</strong></td>
<td>Build the expenditure plan: A transparent expenditure plan provides clear information on how funds will be used, allocates sufficient supportive infrastructure to grantees, and is geared towards community power building, policy advocacy, and systems change for health equity and racial justice.</td>
<td>Structural Equity</td>
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<tr>
<td><strong>IMPLEMENTING THE FUNDING PROGRAM</strong></td>
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<td><strong>Build a pipeline of applicants and awardees rooted in the highest-need communities</strong></td>
<td>Create an integrated outreach plan: Build on earlier community outreach so that residents and community organizations are involved in streamlined and connected ways by partnering with community-rooted organizations to facilitate engagement with the highest-need communities.</td>
<td>Procedural Equity</td>
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<tr>
<td>Provide technical assistance to applicants and awardees: Build in technical assistance as a core mechanism of the funding program in order to support applicants and grantees, especially organizations from most high-need communities, in applying for funding and successfully carrying out projects.</td>
<td>Structural Equity</td>
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<td><strong>Contracting and Awarding</strong></td>
<td>Design an inclusive process for awarding funds: Establish community scoring panels or advisory boards that include diverse members from organizations and communities with direct experience with the issue at hand. In collaboration with panel members, fund administrators can develop an application scoring rubric and selection criteria that awards high marks to grassroots, community-based organizations with demonstrated ability to work in and with historically marginalized communities.</td>
<td>Distributional Equity</td>
</tr>
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<td>Remove barriers for community-based organizations: Identify the protections that will be put in place to ensure that organizations in the highest-need communities will not face contractual barriers, such as onerous requirements for insurance that preference larger organizations or reimbursement-only contracting that requires upfront operating costs, and offer multi-year awards so agencies and organizations can plan and build capacity.</td>
<td>Structural Equity</td>
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<tr>
<td><strong>OVERSIGHT AND EVALUATION OF THE FUNDING PROGRAM</strong></td>
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<td><strong>Evaluate the impact of the public investment</strong></td>
<td>Evaluation: Have a third-party evaluator with expertise in equity and government administration conduct an academic evaluation of the funding program to assess where funds were allocated, how they were used, and if they produced equitable change.</td>
<td>Structural Equity</td>
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<tr>
<td><strong>Oversight and Accountability</strong></td>
<td>Consider committee make-up and authority: Take care in composing the committee, and consider number of appointees, geographic representation, and whether it will include youth, residents, and grassroots organizations representing diverse communities (and if so, how many, so as not to tokenize their participation). People closest to the issue of focus, with “lived experience,” should be included in voting roles in oversight committees, and a majority of committee positions (at least 51%) should be open for individuals to apply to join, rather than by appointment.</td>
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<td>Offer committee resources: If the oversight committee will include people who are not paid professionals, funding should be set aside to ensure their time is supported. Resources should also be afforded to the committee to ensure it can act as a conduit to decision makers and the broader public for oversight, transparency, and accountability.</td>
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