



MEMORANDUM

Date: December 14, 2023

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Additional Information for the December 5, 2023 Board of Supervisors Agenda Item No. 14, Prosperity Initiative Report and Proposed Board of Supervisors Policy**

At the December 5th, 2023 Board of Supervisors meeting, Supervisor Scott requested additional information regarding an approach to budgeting that was referenced in the Prosperity Initiative Policy Recommendations Report as "priority-based budgeting", and how this approach may be part of implementing this new Board policy. Supervisor Scott also asked for more information on how Pima County Grants Management and Innovation (GMI) will support implementation of the new Board policy and how GMI tracks compliance with the Federal Justice40 initiative. Lastly, Supervisor Scott requested regular updates on the County's work with the Urban Institute and Aspen Institute, which will occur.

Priority-Based Budgeting

Priority-based budgeting is an approach to budgeting that focuses on identifying and funding the most important priorities or goals of an organization. Instead of using traditional budgeting methods that allocate funds based on historical spending or incremental changes, priority-based budgeting aims to align all financial resources with strategic priorities. Pima County currently uses the traditional budgeting methodology based on historical spending. Transitioning from historical budgeting to priority-based budgeting involves a shift in mindset, processes, and organizational culture. Instead of asking departments what resources are needed for their department, Pima County would identify what resources are available and then allocate those resources by priority.

Here are the key principles of priority-based budgeting:

- **Identification of Priorities:** Organizations first identify their key priorities, goals, and objectives. This often involves a strategic planning process to determine the most critical areas that require attention and resources. The Prosperity Initiative, in implementing the new Board policy E36.2 Addressing Generational Poverty, is a key priority for Pima County.
- **Evaluation of Programs and Services:** Once priorities are established, existing programs and services are evaluated based on their alignment with these priorities. This evaluation involves assessing the impact, effectiveness, and relevance of each

The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Additional Information for the December 5, 2023 Board of Supervisors Agenda Item No. 14, Prosperity Initiative Report and Proposed Board of Supervisors Policy**

December 14, 2023

Page 4

program or service. In the new Board policy, Implementation Items No. 4 and 5 direct the County Administrator to "Conduct periodic scans of the County budget, plans, programs, services, and regulations to identify opportunities to realign existing operations and resources to implement these policies cost effectively....and structure future departmental budgets in such a way that expenses made to further these policies can be tracked over time." One of the first steps to implementing this will require that the new financial managing system be operational, and will then involve working with every department to identify expenditures that are furthering this policy and tagging those so that investments can be tracked over time.

- **Resource Allocation:** After evaluating programs and services, resources (financial, human, and other assets) are allocated to the highest-priority areas. This ensures that resources are directed toward activities that contribute most significantly to the organization's goals.
- **Transparency and Engagement:** Priority-based budgeting emphasizes transparency in the budgeting process. Stakeholders, including citizens, community groups, and employees, are often involved in the decision-making process. This helps ensure that the budget reflects the values and priorities of the community or organization.
- **Continuous Review and Adjustment:** Priority-based budgeting is not a one-time process; it involves continuous review and adjustment. As priorities or circumstances change, the budget can be adapted to reflect these shifts.
- **Performance Measurement:** To gauge the success of programs and services, priority-based budgeting incorporates performance measurement metrics. This helps in assessing the effectiveness of resource allocation and making informed decisions for future budgets. The new Board policy, Implementation Item No. 2, directs the County Administrator to "Identify key metrics for measuring progress. At a minimum, the development of metrics should be informed through expanded partnerships with University of Arizona faculty, participation in the Urban Institute's Mobility Action Learning Network, and a review of the United Way of Tucson and Southern Arizona's Cradle to Career Partnership metrics, and relevant metrics included in the University of Arizona's MAP Dashboard."

By focusing on priorities and aligning resources accordingly, priority-based budgeting aims to enhance the efficiency and effectiveness of an organization's spending, leading to organizations to be able to monitor outcomes and the achievement of strategic objectives. While this approach to budgeting can be partially undertaken to implement the new Board policy, changing the County's overall budgeting approach would require direction from the Board, as well as identification of the Board's strategic priorities.

Grants Management and Innovation

GMI will be supporting County Departments in pursuing, implementing, and managing grants that support the Board's new Prosperity Initiative policy.

GMI has a Development Division which monitors and researches Federal, State, and private grant opportunities and shares preliminary information about them with departments. Opportunity research is targeted toward funding priorities shared by the departments, County Administration, and the Board of Supervisors. GMI Development has created a draft list of 16 Prosperity Initiative activities, many of which are already identified funding priorities, and many of which are already supported by grants to Pima County. GMI Development will incorporate the Prosperity Initiative activities into its opportunity research targets to support the County's ongoing efforts to expand these strategies.

1. Increase supply of affordable housing
2. Prevent evictions and foreclosures
3. Increase homeownership
4. Reduce home energy costs
5. Provide health insurance enrollment assistance
6. Increase access to long-lasting contraception
7. Increase access to affordable high quality childcare
8. Promote children's college savings accounts
9. Increase affordable transportation options
10. Encourage mixed-use and transit-oriented developments
11. Expand broadband services
12. Increase digital inclusion
13. Prioritize career and training services
14. Promote high-quality employment opportunities
15. Improve financial capability
16. Promote disadvantaged business ownership

Two additional Prosperity Initiative strategies are approaches that could apply to any of the above activities – 1) Collecting end-user input about activities and incorporating it into the design of programs and services, and 2) Prioritizing accessibility to disadvantaged populations in the delivery of programs and services.

Departments wishing to pursue a grant opportunity are required to submit a grant application approval request through GMI to the County Administrator. GMI provides a cost-benefit analysis of each proposed grant application. Alignment with County goals and policy priorities is one of the factors reviewed in the cost-benefit analysis and the Prosperity Initiative's priority areas will be considered as part of this analysis.

Prosperity Initiative priorities align with the funding priorities for many grant programs, and their incorporation will make the County more competitive in most grant competitions. Many

Departments request support from GMI in developing their grant applications. GMI Development works as part of the team with departmental staff to scope and write and submit applications. A key function for the GMI team in this process is analyzing competitiveness according to the published criteria for selection of grantees. While it is up to the implementing department to decide the scope, budget and approach for the proposed grant, GMI staff share their assessment about how well the application meets the competitive criteria and minimum requirements.

The Justice40 Initiative is a federal mandate that requires 40 percent of spending coming from large federal spending bills such as the Inflation Reduction Act (IRA), the Bipartisan Infrastructure Law, and the American Rescue Plan, to impact disadvantaged communities that are marginalized, underserved, and overburdened by pollution. It applies to many areas of investment that overlap with the Prosperity Initiative policy recommendations including climate change, clean energy and energy efficiency, clean transit, affordable and sustainable housing, training and workforce development, remediation, and reduction of legacy pollution.

GMI verifies the applicability of, and alignment with, Justice40 for each federal grant application that GMI supports, and advises the department of this through the project scoping and application development process. Note that many Health and Community and Workforce Development programs automatically align with Justice40 based on program or target community eligibility requirements. GMI Research and Development assists departments to utilize the Climate and Economic Justice Screening Tool and other data sources and maps to develop grant proposals that align with and cite Justice40 mandates in making a persuasive case for funding. GMI does not currently track Justice40 alignment on an aggregate level, for instance to quantify a percentage of requested or awarded grant funding that falls under Justice40. Doing so is not a requirement for a non-federal entity; the mandate to award 40 percent of certain funding authorizations to benefit historically disadvantaged communities is for the federal agencies that administer the applicable programs. That said, with the implementation of a new enterprise-wide grant management system in 2024, GMI will have increased capacity to track grant applications and will explore opportunities to incorporate Justice40 and/or Prosperity Initiative investments into these analytics.

JKL/anc

c: Francisco Garcia, MD, MPH, Deputy County Administrator & Chief Medical Officer
Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
R.K. Kelly, Director, Grants Management and Innovation
Ellen Moulton, Director, Finance and Risk Management
Dan Sullivan, Director, Community and Workforce Development
Bonnie Bazata, Ending Poverty Now Program Manager
Nicole Fyffe, Senior Advisor, Pima County Administrator's Office