

August 31, 2018

ABOUT

Beyond Fiscal Impact Statements: Understanding the Racial Equity Impacts of Public Policy Choices

Public policy helps shape our lives every day, creating the basic structure for the economy and rules for our communities. In Virginia, public policy choices have created top-notch public universities, good quality public schools in many communities, and, most recently, expanded access to healthcare for low-income working parents. Far too often, however, public choices and public investments in Virginia have locked communities of color out of opportunity, rather than working to build an economy and communities where everyone has a fair shot at reaching their full potential.

Sometimes, those choices are both obvious and deliberate, such as Massive Resistance and the placement of highways through communities of color. But sometimes policy choices result in harming or shutting out communities of color without intending to do so. For example, penalty enhancements for drug distribution within a certain number of feet of a school contribute to longer terms of incarceration and have a disparate impact on people of color. Communities of color generally have more population density and therefore any particular arrest is more likely to be within the school zone.

Some cities and states are seeking to make the expected impact of proposed public policies on different communities more transparent through preparing racial equity impact analyses for proposed legislation and in state agency budget submissions. For example, Iowa requires analyses of the impact on minority populations of criminal justice legislation, and Connecticut, Minnesota, and New Jersey conduct similar racial equity impact analyses for some criminal justice-related legislation. While these states do not go further and conduct such analyses for all legislation, this is being considered in some states and would improve the information available to legislators.

Virginia already does fiscal impact analyses of proposed changes to state law. Legislators rely on these “fiscal impact statements” to understand how much money a proposed change will save or cost the state. And the Commission on Local Government is required by law to provide estimates of the impact on local government revenue or expenditures of state legislative proposals that are expected to require additional local spending or reduce local revenue. Legislators often also ask state agencies, bill patrons, or lobbyists for estimates of the number of Virginia companies or individuals who would be impacted by a proposed change.

What’s currently missing from the conversation is whether a proposal would – even inadvertently – continue to entrench existing barriers to opportunity for



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communities of color and, if so, what can be done to mitigate that impact. Building racial equity impact analysis into the process for adopting legislation and budgets would help to inform legislators and aid Virginia in becoming a state where the legacy of discrimination and unearned advantages no longer shapes so much of our children's life chances.

— *Laura Goren, Research Director*

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