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August 13, 2021

To: Supervisor Hilda L. Solis, Chair  
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Supervisor Janice Hahn  
Supervisor Kathryn Barger

From: Fesia A. Davenport  
Chief Executive Officer

## **REPORT ON RECOVERING BETTER THAN BEFORE: ENSURING EQUITABLE IMPLEMENTATION OF THE AMERICAN RESCUE PLAN (ITEM NO. 24, AGENDA OF JULY 13, 2021)**

On July 13, 2021, the Board of Supervisors (Board) directed the Chief Executive Officer (CEO) to report back within twenty-one (21) days with proposed equity principles and a formula that all departments must apply to ensure all American Rescue Plan Act (ARPA) funds are expended, to the greatest extent possible, on residents and areas of the County most impacted by COVID-19 and most affected by poverty. This report responds to that directive.

### **Background**

Data show that Los Angeles County (County) neighborhoods experiencing concentrated poverty (i.e., areas with higher percentages of residents under 200 percent of the federal poverty level) have nearly three times as many COVID-19 cases than communities with higher incomes. Plotting case and death rates over time reveals that our Native Hawaiian, Pacific Islander, Black, and Latino/Latinx populations have most consistently faced housing, food, and economic insecurity during the pandemic. Given these disparities, the Board directed the CEO's Anti-racism, Diversity, and Inclusion (ARDI) Initiative to create equity principles and a distribution formula to be applied to ARPA resources targeting those most impacted by the pandemic. County residents living in highest need communities where there are high rates of housing vulnerability, poverty, unemployment, and underinsurance make up a greater share of the essential workforce and experienced higher adjusted death case rates. Therefore, those communities will require a greater amount of the ARPA resources to heal and recover from the pandemic.

## **Equity and ARPA Guiding Principles**

Equity principles are generally values-based and incorporate and express ethical premises. They aim to articulate how to do things right (effectively) and the right thing to do (express the values basis for action). They are also generally able to be evaluated, which means it is possible to document and judge whether the principle is being followed, and document and judge what results from following the principle. ARDI recently drafted the Countywide Equity Guiding Principles with input from County departments through ARDI's Planning and Data Workgroup—established for ARDI's strategic planning—and from community partners. These principles, along with ARPA-specific budget principles, will help County departments weigh considerations throughout the budgeting process and ensure that program, policy, and funding decisions align with the Board's equity goals for ARPA fund expenditure. The Countywide Equity Guiding Principles and ARPA-specific budget principles are listed in Attachment I.

## **Funding Formula**

ARDI, in collaboration with the Coalition for Equitable ARPA Implementation, considered numerous economic, social, environmental, and health factors to develop an allocation formula accounting for pandemic-related impacts upon the highest needs communities as well as the resources needed to meet the outcomes outlined in ARPA. Additionally, the proposed COVID-19 Vulnerability and Recovery Index (Index) helps to identify the communities most impacted by COVID-19 and those facing the greatest adverse outcomes related to COVID-19 case rates and myriad economic, health, and social factors. The proposed Index and supplemental indicators, outlined in Attachment II, will also help identify and meet the needs of hard to reach populations such as American Indian, Pacific Islander, and immigrant communities who exist in non-geographically concentrated communities. The proposed funding formula, also outlined in Attachment II, allocates resources by prioritizing highly impacted populations throughout the County.

The initial proposed set of equity principles and formula will evolve over time as ARDI consults further with the Coalition for Equitable ARPA Implementation, the Office of Immigrant Affairs, the Los Angeles City/County Native American Indian Commission, and various community stakeholders, to develop alternative metrics or supplemental approaches to mitigate ongoing challenges. Working with the Chief Information Office (CIO), Internal Services Department (ISD), and relevant County departments, the formula will incorporate and apply additional indicators to capture and prioritize vulnerable populations not well reflected in the COVID-19 recovery. As ARPA expenditure rolls out, further alignment with departments will occur as the need to develop program-specific metrics and adhere to federal reporting guidelines are clarified. ARDI will continue to

Each Supervisor  
August 13, 2021  
Page 3

work with departments to support application and use of equity tools throughout ARPA expenditure.

### **Next Steps**

The Board's July 13, 2021 motion also directed, among other things, the development of a public facing dashboard and a framework to evaluate the guiding principles and formula. ARDI is working with ISD, CIO, and Esri—a geographic information system consultant for the County—to develop a system to track whether the ARPA funding equity goals are being accomplished. To ensure that ARPA funds are spent on the intended goals, the system will track and report program and spending data to ensure that outcomes are equitable, strategic, and impactful. The CEO will continue to work toward those directives.

Should you have any questions concerning this matter, please contact me or D'Artagnan Scorza, Ph.D., Executive Director of Racial Equity, at (213) 974-1761 or [dscorza@ceo.lacounty.gov](mailto:dscorza@ceo.lacounty.gov).

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DS:HJN:es

### **Attachments**

c: Executive Office, Board of Supervisors  
County Counsel

### **Countywide Equity Guiding Principles (Proposed)**

1. Reduce racial disparities in life outcomes as well as disparities in public investment to shape those outcomes
2. Develop and implement strategies that identify, prioritize and effectively support the most disadvantaged geographies and populations
3. Authentically engage residents, organizations, and other community stakeholders to inform and determine interventions (e.g., policy and program) and investments
4. Seek to improve long-term outcomes both intergenerationally and multi-generationally
5. Use data to effectively assess and communicate equity needs and support timely assessment of progress
6. Disaggregate data and analysis within racial/ethnic and other demographic subgroup categories
7. Work collaboratively and intentionally across departments as well as across leadership levels and decision-makers
8. Act urgently and boldly to achieve tangible results
9. Align policies, processes, practices to effectively address equity challenges throughout the County's workforce (personnel, contractors and vendors)
10. Intervene early and emphasize long-term prevention

### **Additional ARPA Budget Equity Principles (Proposed)**

- Dedicate ARPA funds and resources to programs and services that reduce and close race and gender equity gaps and address root causes and drivers of inequity.
- Lead with transparency and accountability during critical stages of program implementation by reporting out program process and seeking community input and engagement in delivering services.
- Ensure immigrants of all statuses and system-impacted communities, including those with criminal histories, are eligible for any new or existing programs funded by ARPA dollars.
- Ensure new and existing programs and services are accessible to disadvantaged communities without the fear of intimidation or judgment.
- Services must be culturally and linguistically accessible, near transit, available in-person/over the phone, during days and hours when working individuals can access services and delivered by trusted messengers.
- When possible, offer opportunities and the technical assistance needed to support CBOs in accessing County funds. Leverage existing contracting reform strategies and third-party administrator programs.
- Prior to the allocation of additional ARPA funding, assess the impact of the initial round of allocated ARPA funding and programs.

- ARPA funds and resources should be used to support and uplift the health and wellness needs of communities who have experienced historic disinvestment, over-policing, and been impacted most by the pandemic. Funds should not be used to advance suppression-based efforts via incarceration and policing.

## COVID-19 Vulnerability and Recovery Index and Proposed Formula

### Background

Race, class, and place are closely linked in Los Angeles County (County) and the impact of COVID-19 has disproportionately affected individuals and families who live at the intersections of these factors for several reasons. Decades of discriminatory housing, banking and economic policies have limited the opportunities of Black, Indigenous, and Latino/Latinx residents in the County to maintain the economic security needed to weather a crisis. These communities are also at greater risk of exposure to the virus due to their increased likelihood of being essential workers, public transit-dependent, and living in overcrowded housing far from supermarkets and other essential businesses. This means they are less able to safely shelter and more vulnerable to missed paychecks. As an example of the economic impact, the County has the largest number of people living under or near the poverty line in California (about 4 million).<sup>1</sup> Data show that County communities in deep poverty (i.e., areas with higher percentages of residents under 200% of the federal poverty level [FPL]) have nearly three times as many COVID-19 cases as those that are not.<sup>2</sup> Plotting case and death rates over time by race, Native Hawaiian and Pacific Islander, Black, and Latino/Latinx populations have been adversely affected the most by the pandemic and the process to reopen the State and the County, which continue to have a visible effect on infection and death rates among these communities.<sup>3</sup>

### COVID-19 Vulnerability and Recovery Index

Due to the health, social, and economic circumstances experienced by low-income communities of color that pre-dated and were exacerbated by the pandemic described above, COVID infection patterns demonstrated a shift in the spread of COVID-19 from wealthier, predominantly White communities towards non-White, low-income communities early in the pandemic. Along with County departments, organizations like Advancement Project California tracked and measured this growing disproportionate impact of COVID-19 on people of color and low-income communities and developed a Statewide, place-based index after finding strong evidence of the virus' unequal impact by race, class, and place. In response, Advancement Project California developed the COVID-19: Statewide Vulnerability and Recovery Index (Index) to help identify the communities most at risk for the disproportionate impact of COVID-19 in terms of immediate health risk and long-term recovery costs.

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<sup>1</sup> Caroline Danielson. (March 19, 2020). "The COVID-19 Crisis is Affecting Low-Income Workers." Public Policy Institute of California. Retrieved from <https://www.ppic.org/blog/the-covid-19-crisis-is-affecting-low-income-workers/> ("[T]he poverty line on average for a family of two adults and two children is about \$32,400; the deep poverty line is \$16,200, and the near-poverty line is \$48,500.").

<sup>2</sup> Maria Cabildo, Elycia Mulholland Graves, John Kim, and Michael Russo. (n.d.). "Report: How Race, Class, and Place Fuel a Pandemic." Advancement Project California, 2020. Retrieved from <https://www.racecounts.org/covid/> (case rate data as of Nov. 11, 2020).

<sup>3</sup> Advancement Project California. (January 25, 2021). COVID-19 and the True Cost of Reopening. Retrieved from <https://www.racecounts.org/covid/covid-statewide/>.

The Index uses ZIP Code level data to identify California communities most in need of immediate and long-term pandemic and economic relief interventions based on relative risk. The Index assesses each ZIP Code's risk factors for COVID-19 infection and severity, as well as its ability to recover from the health, economic, and social impacts of the pandemic. The Index originally included nine indicators, including an indicator for race, that fell across three categories: risk, severity, and recovery. These categories were meant to measure the immediate health risks to communities and the long-term social and economic impacts.

In addition to the original indicators in the Index, Advancement Project California, with consultation from the Coalition for Equitable ARPA Implementation, explored and analyzed an additional five indicators to account for the local context in the County and to consider other equity concerns, including immigration. Based on their analysis, the Index has since been modified for the County to include eight original indicators and four additional indicators for Los Angeles County. Figure 1 shows these indicators in their entirety by the Index's three components. California

**Figure 1. Index indicators<sup>4,5</sup>**

Risk	Severity	Recovery Need	Hard-to-Count Populations	Non-Geographically Targeted Communities <sup>5</sup>	Department Identified
<ul style="list-style-type: none"> <li>• Percent essential workers</li> <li>• Percent population under 200% of federal poverty level</li> <li>• Percent residing in overcrowded housing units</li> <li>• Noncitizen population</li> </ul>	<ul style="list-style-type: none"> <li>• Percent population under 200% of federal poverty level</li> <li>• Percent population age 75+ in poverty</li> <li>• Percent uninsured population</li> <li>• Heart attack hospitalization rate</li> <li>• Diabetes hospitalization rate</li> <li>• Asthma rates</li> </ul>	<ul style="list-style-type: none"> <li>• Percent essential workers</li> <li>• Percent population under 200% of federal poverty level</li> <li>• Unemployment rate</li> <li>• Percent uninsured population</li> <li>• Gun injury rate</li> <li>• Single-parent households</li> </ul>	<ul style="list-style-type: none"> <li>• Tenant Vulnerability (Publicly Available)</li> <li>• Homeless Status (Internal/CIO)</li> <li>• MDWVBE<sup>4</sup> Status (Internal/CIO)</li> <li>• Preferred Language (Publicly Available)</li> <li>• Area Agency on Aging Services (Internal/CIO)</li> <li>• Child Welfare Services (Internal/CIO)</li> <li>• Substance Abuse Treatment Program Location (Internal/CIO)</li> <li>• GAIN/GROW enrollment (Internal/CIO)</li> <li>• SOGI ((Internal/CIO)if available)</li> </ul>	<ul style="list-style-type: none"> <li>• Partner with CBOs to identify and reach hard-to-count populations</li> <li>• Partner with Internal County entities focused on target populations</li> <li>• Engage in participatory mapping effort</li> <li>• Develop a workgroup</li> </ul>	<ul style="list-style-type: none"> <li>• TBD</li> </ul>

Using the Index, stark differences of quality-of-life conditions between the Higher and the Lowest need ZIP Codes are seen. The Higher need ZIP Codes on the Index experience progressively higher rates of overcrowded housing, poverty, unemployment,

<sup>4</sup> “MDWVBE Status” in “Hard-to-Count Population” column stands for Minority, Disadvantaged, Women and Veteran Business Enterprises.

<sup>5</sup> The “Non-Geographically Targeted Communities” column includes supplemental approaches to accurately capture non-geographically concentrated communities disproportionately impacted by COVID-19 that may not be captured by the index indicators.

essential workforce employment, lack of insurance, and diabetes. Below are some key data points that illustrate the relative risk experienced by Higher need communities when compared to Lower need communities<sup>6</sup>:

### *Overcrowded Housing*

- ZIP Codes within the Highest need on the Index have nearly seven times the rate of overcrowded housing units compared to ZIP Codes within the Lowest need.<sup>7</sup>
- Nearly half (48.9%) of overcrowded housing units are in Highest need ZIP Codes in the County. Highest need ZIP Codes have nearly 46 times the share of the County's overcrowded housing units compared to Lowest need ZIP Codes.<sup>8</sup>

### *High Rates of Poverty Levels*

- ZIP Codes within the Highest need on the Index have nearly four times the rate of individuals living below 200% of the FPL compared to ZIP Codes within the Lowest need. While just 15.3% of individuals in Lowest need ZIP Codes live in households below 200% of the FPL, 56.6% of individuals do in Highest need ZIP Codes.<sup>9</sup>
- About 37.6% of the County's population living in households below 200% of the FPL live in Highest need ZIP Codes. Highest need ZIP Codes have six times the share of the county's population below 200% of the FPL compared to Lowest need ZIP Codes.<sup>10</sup>

### *High Rates of Uninsured Populations*

- ZIP Codes within the Highest need on the Index have nearly four times higher uninsured rates compared to ZIP Codes within the Lowest need. While just 4.5%

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<sup>6</sup> Exact percentages and analysis are based on Index prior to inclusion of four additional indicators. However, these general trends remain true for the updated Index with the County's four additional indicators.

<sup>7</sup> Analysis by Advancement Project California, 2021. Data Sources: American Community Survey 5-Year Estimates, 2018. Tables referenced include: DP05, B25014, S1701, B17020, S2301, S2401, S2701. California Office of Statewide Health Planning and Development, 2013-2014. Index category without race included. Ratio of each prevalence rate in Highest need ZIP Codes compared to Lowest need ZIP Codes. Averages are weighted averages based on each indicator. These estimates will change as the Index is updated to include additional indicators and current data.

<sup>8</sup> Analysis by Advancement Project California, 2021. Data Sources: American Community Survey 5-Year Estimates, 2018. Tables referenced include: DP05, B25014, S1701, B17020, S2301, S2401, S2701. California Office of Statewide Health Planning and Development, 2013-2014. Index category without race included. The percentages displayed are the percent share of each population each Index category has in the category. In other words, the percent of overcrowded housing units in Highest need ZIP Codes. Percentages are based on all ZIP Codes included in the Index. These estimates will change as the Index is updated to include additional indicators and current data.

<sup>9</sup> Ibid at 4.

<sup>10</sup> Ibid at 5.

of individuals in Lowest need ZIP Codes are uninsured, 17.2% of individuals are uninsured in Highest need ZIP Codes.<sup>11</sup>

- About 38.7% of the County's uninsured population lives in Highest need ZIP Codes. Highest need ZIP Codes have six and a half times the share of the County's uninsured population compared to Lowest need ZIP Codes.<sup>12</sup>

The County Department of Public Health's COVID-19 Surveillance Dashboard also showed Higher need ZIP Codes consistently had higher adjusted death rates due to COVID-19 compared to Lowest need ZIP Codes.<sup>13</sup> For example:

#### *High Rates of Death Cases Due to COVID-19*

- The City of Maywood (90270), an area that is considered Highest need in the Index, has an adjusted death rate of 478 compared to the City of Walnut (91789), considered as Lowest need in the Index, with an adjusted death rate of 89.
- The Van Nuys (91405) community, considered as Highest need in the Index, has an adjusted death rate of 447 compared to the unincorporated community of Santa Monica Mountains (90265), categorized as Lowest need in the Index, with an adjusted death rate of 71.
- The City of Wilmington (90744), considered as Highest need in the Index, has an adjusted death rate of 201 compared to Manhattan Beach (90266), considered Lowest need in the Index, with an adjusted death rate of 42.

The above data points provide a strong justification for equitably distributing ARPA resources to the communities most impacted by the pandemic, given that people living in Highest need ZIP Codes are more likely to be at risk for COVID-19 exposure, experience higher adjusted death case rates, and will require a greater amount of ARPA-funded resources to recover from the pandemic as a result of the health, social, and economic circumstances that pre-dated and were exacerbated by the pandemic. Therefore, the proposed formula recommends distributing ARPA resources based on the percentages in Table 1 based on the findings that Higher need ZIP Codes on the Index experience progressively higher rates of overcrowded housing, poverty, unemployment, essential workforce employment, lack of insurance, and diabetes. The differences are most stark between Highest and Lowest need ZIP Codes, as indicated below.

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<sup>11</sup> Ibid at 4.

<sup>12</sup> Ibid at 5.

<sup>13</sup> LA County COVID-19 Surveillance Dashboard Developed and Published by the Los Angeles County Department of Public Health. Crude and Adjusted Rates are Per 100,000 population (2018 Population Estimates). Adjusted Rate is age-adjusted by year 2000 US Standard Population. Adjusted rates account for differences in the distribution of age in the underlying population. Adjusted rates are useful for comparing rates across geographies (i.e. comparing the rate between cities that have different age distributions).

- ZIP Codes within the Highest need on the Index have nearly seven times the rate of overcrowded housing units compared to ZIP Codes within the Lowest need.
- ZIP Codes within the Highest need on the Index have nearly four times the rate of individuals living below 200% of the FPL compared to ZIP Codes within the Lowest need. While just 15.3% of individuals in Lowest need ZIP Codes live in households below 200% of the FPL, 56.6% of individuals do in Highest need ZIP Codes.
- ZIP Codes within the Highest need on the Index have nearly four times higher uninsured rates compared to ZIP Codes within the Lowest need. While just 4.5% of individuals in Lowest need ZIP Codes are uninsured, 17.2% of individuals are uninsured in Highest need ZIP Codes.

**Table 1: COVID-19 Vulnerability and Recovery Index for Los Angeles County, Analysis of Index as of 7/27/21**

Index Category*	Overcrowded Housing Average (%)	Below 200 FPL Average (%)	Seniors 75 Plus in Poverty Average (%)	Unemployment Average (%)	Essential Workforce Average (%)	Uninsured Average (%)	Heart Attack Hosp Average (per 10K)	Diabetes Hosp Average (per 10K)
Highest	10.9	56.6	22.9	8.8	66.4	17.2	36.0	22.6
High	5.8	42.9	18.4	7.2	58.6	12.7	37.4	19.5
Moderate	3.8	32.3	14.6	6.4	53.4	9.4	39.4	15.5
Low	2.6	23.2	14.0	6.0	46.4	6.4	33.4	10.5
Lowest	1.6	15.3	10.2	5.0	39.2	4.5	29.6	7.6
Ratio between Highest/Lowest**	6.8	3.7	2.3	1.7	1.7	3.9	1.2	3.0

\*Index category without race included. Index category does not reflect Index updated to four additional indicators.

\*\*Ratio of each prevalence rate in Highest need ZIP Codes compared to Lowest need ZIP Codes. Averages are weighted averages based on each indicator.

These estimates will change as the Index is updated to include additional indicators and current data.

"Data Sources: American Community Survey 5-Year Estimates, 2018. Tables referenced include: DP05, B25014, S1701, B17020, S2301, S2401, S2701.

California Office of Statewide Health Planning and Development, 2013-2014."

## Proposed Equity Funding Formula

Based on the Index, which stratifies communities into five Index categories, ranging from highest to lowest need, the proposed Equity Funding Formula (Formula) suggests corresponding percentages of allocated resources; the higher the Index need category, the higher the percentage of resources allocated based on community need and population size. This ensures that ARPA funding is prioritized for communities that were most impacted by COVID-19 and that will need the most support to recover. Table 2 shows the percent allocation by Index category and will serve as strong guidance for the allocation of funds. However, the actual deployment of ARPA funding could be different depending upon Federal guidance, the type of program and the additional equity metrics identified and applied by departments.

**Table 2: Per-Capita Allocation and Population Need Summary**

AMERICAN RESCUE PLAN – TARGETED ATTENTION FOR RESOURCES					
Equitable Per-Capita Allocation	HIGHEST (40%)	HIGH (35%)	MODERATE (20%)	LOW (3%)	LOWEST (2%)
Population by Need Category	2,443,277	2,623,527	1,717,489	1,702,272	1,491,901

The percentages in Table 2 were determined by aggregating the population levels of communities in ZIP Codes that fall under each Index need category (“Population by Need Category”) and then applying a greater concentration of resources to higher need communities based on their disproportionate need (“Equitable Per Capita Allocation”). Highest need communities were often between four and seven times higher than the Lowest need communities by ZIP Codes for Index indicators. For instance, ZIP Codes within the Highest need Index category have nearly four times the rate of individuals living below 200% of the FPL and nearly four times higher uninsured rates when compared to the Lowest need ZIP Codes. It is also important to note that more than 50% of the County population falls into the Highest or High need categories, versus Moderate, Low and Lowest need categories, combined, so they would merit a higher proportion of funds based on population alone. Therefore, the Formula allocates 40% of the ARPA resources to communities in the Highest need ZIP Codes. The percentages for the lower need Index categories cascade down to 35% for High need communities, 20% for Moderate need communities, and 5%, total, for Low and Lowest needs communities. The percentages ensure that Highest, High, and Moderate need ZIP Codes receive a higher concentration of targeted resources due to the intensity of the pandemic experienced in those communities, while still allocating resources to communities in Low and Lowest

need ZIP Codes. The Formula is intended to assist departments in identifying program allocations so that they can concentrate resources in Highest and Higher need communities, while individuals and families who reside in Low and Lowest need ZIP Codes and who are uninsured, unemployed, and live in overcrowded housing would still be eligible for and be able to access these services. Other indicators and funding strategies will also be considered, in tandem with the Formula, to capture and provide proportional and equitable ARPA resources for disadvantaged communities that are non-geographically concentrated, such as American Indian, Native Hawaiian, Pacific Islander, and immigrant communities.

Departments and programs that receive ARPA funding can use the Index to geographically locate the highest, high, and moderate need communities and prioritize their program services in these areas using the Formula in Table 2. For example, if the Department of Parks and Recreation plans to use ARPA funds to expand the Parks After Dark program, the Formula would allocate 75% of ARPA-funded resources to parks in highest and high need communities and allocate 20% of the resources to communities in moderate need communities. Departments should also aim for geographic diversity within the highest need communities, so investments are shared across the communities that need it most. Once funding is equitably allocated, departments and programs must demonstrate accountability by using budget documents to track which communities are being served by the ARPA-funded programs and services.

Given the infusion of ARPA dollars from the federal government into the County, there is a tremendous opportunity to act on our commitment to advance equity by implementing strategies to allocate funds fairly and transparently. The strategic pillars in the County's spending plan reference equity explicitly as a primary consideration, mandating both equity-based investments and supportive services that lead to an equitable recovery. Systematically implementing the proposed equity principles and Formula will help fulfill and further these directives by intentionally prioritizing the individuals and families in our County who were most impacted by COVID-19 and need the most resources to recover from the pandemic's disproportionate effects.