

# City of Chicago RACIAL EQUITY ACTION PLAN

## Department of Finance (DOF)

Under the City of Chicago's Municipal Code (Ch. 2-4-100), all City of Chicago departments must create and maintain Racial Equity Action Plans (REAPs) "to articulate and guide strategy aimed at advancing equity and making it a permanent pillar in all departmental workstreams."

Progress on all REAPs are accounted for annually as a part of the City of Chicago's budget process. This document outlines the components of the REAP and ensures that all strategies are aligned to Chicago's citywide vision: ***All people and all communities have power, are free from oppression, and are strengthened by equitable access to resources, environments, and opportunities that promote optimal health and well-being. (HC2025)***

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### THE CITY OF CHICAGO'S DEFINITION OF EQUITY

Equity is both an outcome and a process:

As an **outcome** equity results in fair and just access to opportunity and resources that provide everyone the ability to thrive. Acknowledging the present and historical inequality that persist in our society, equity is a future state we strive to create where identity and social status no longer predestine life outcomes.

As a **process**, equity requires a new way of doing business: one that

- (1) Prioritizes access and opportunities for groups who have the greatest need.
- (2) Methodically evaluates benefits and burdens produced by seemingly neutral systems and practices.
- (3) Engages those most impacted by the problems we seek to address as experts in their own experiences, strategists in co-creating solutions, and evaluators of success.

Further, our focus is on evaluating our own strategies, interventions and resources in a way that prioritizes those who are most negatively impacted by current policies, procedures & practices.

**Racial equity** focuses on the social construction of race and how it has been used (historically and presently) to unjustly distribute opportunity and resources based on a person's skin color, heritage, ethnicity, and/or national origin. Advancing racial equity requires an analysis of systemic racism inclusive of the ways harm is created at the individual, interpersonal, institutional, and structural levels. It also requires a commitment to dismantling systems that perpetuate racialized outcomes and rebuild systems that produce systemic inclusion.🔗


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The coordination of the development and implementation of City of Chicago REAPs is led by the Office of Equity and Racial Justice. For more information about REAPs and/or the work of the office visit [www.chicago.gov/equity](http://www.chicago.gov/equity).



# RACIAL EQUITY ACTION PLAN: Priority #1

**The City of Chicago's Vision:** All people and all communities have power, are free from oppression, and are strengthened by equitable access to resources, environments, and opportunities that promote optimal health and well-being. (HC2025) 

## Citywide Priority Area & Desired Result:

**COMMUNITY ENGAGEMENT: All Chicagoans have a meaningful opportunity to influence City of Chicago programs, policies, and initiatives.**

### Indicators Examined:

#### *Community Data*

Chicago demographics, median-income, unemployment rates, hardship rates

#### *Program/Department Data*

Administrative Debt Relief (ADR), Utility Billing Relief (UBR), and Clear Path Relief (CPR) participants by community area (i.e., internal ticketing data, overlaying data from other DOF debt relief initiatives for vehicle-related violations and utility bills to find commonality of communities in need).

## Community Feedback and Narratives

Since data showed that communities who can benefit the most from ADR are the same communities who participate in UBR and CPR, the Department of Finance leadership leveraged community relationships built from the Utility Billing Relief program (e.g., Chicago Jobs Council and Community Organizing and Family Issues) to gauge receptiveness to the ADR program, engagement necessary with issuing departments, and what the Department can do to prevent future indebtedness. Key feedback notes involve community engagement where people are able to receive information. Reaching out to Aldermanic staff, point of service contacts, and media usage will be vital for success. Sharing data at the community level to improve transparency.

## Define the Problem

Residents and small businesses in Black and Brown communities have historically experienced significant debt with the City for administrative hearings, utility bills, and vehicle-related violations. This debt multiplies with time due to excessive base fine amounts and penalties for non-payment. Rather than being an incentive to pay on time, for communities with limited income the penalties only serve as another obstacle in the path to being debt free.

## Identify Root Causes to the Problem

Regressive fines and fees disproportionately impact Chicago's Black and Brown communities. Communities with the highest percentage of Black and Brown residents report lower median household income, which is a result of being denied access to education, home ownership, and the opportunity to build wealth. Therefore, enforcement of steep penalties for non-payment makes it even more difficult to resolve outstanding debt when the ability to pay is

already limited.

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### **Define Your Department's Opportunity**

As a governmental body, the City must earn the trust of its residents and should not be a barrier to economic security for any individual. DOF's programs for debt relief function as a series of corrective tools to bring individuals into compliance and settle outstanding debt, while strengthening relationships between government and the communities we serve. The Administrative Debt Relief Program has the opportunity to build upon existing relief programs and help thousands of residents and small businesses receive debt forgiveness. In addition, DOF has the ability to work with other departments like DOB, DOAH, CDPH, and DSS to gain perspective on the violations that are issued and work toward reducing the economic burden on Black and Brown communities.

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## RACIAL EQUITY ACTION PLAN: Priority #1

### Our department will advance the following strategies:

#### 1. Department Strategy: Implement ADR program in communities most impacted

**Measures of Impact: Compare the amount of AH debt outstanding at the start of the program to the amount outstanding at the end of the program, broken down by zip code**

Actions	Implementation Plan	Timeline	Status
1.1 Roll out ADR for businesses and individuals with outstanding debt	Phase 1 of Program is currently active. Required communication with Departments issuing AH violations, community engagement, drafting an ordinance, passage by the City Council, creation of an online application and micro-site, drafting of Rules, system program changes, outreach, etc.	Phase 1 01/16/2023-03/31/2023	
1.2 Engage community organizations to better understand debt relief needs and inform the public about ADR	Process is ongoing. Palm cards have been distributed to Aldermanic offices, WBEZ Black Voices featured an interview with the Comptroller to promote the program, DOF representatives will participate in the City Clerk's mobile City Hall program to increase awareness and answer questions.	1/20/2023 - 12/31/2023	
1.3 Expand ADR benefits for individuals experiencing financial hardship	Phase 2 began 04/01/2023. Data for ADR will be matched to data for CPR and UBR to identify eligible participants and they will be encouraged to apply.	Phase 2 4/1/2023 - 12/31/2023	

## RACIAL EQUITY ACTION PLAN: Priority #1

### Our department will advance the following strategies:

**2. Department Strategy: Strengthen engagement by leveraging Black and Brown media advertising.**

**Measures of Impact: Analyze program participation in communities served by media outlets selected for advertising.**

Actions	Implementation Plan	Timeline	Status
2.1 Identify media outlets that specifically serve the Black and Brown communities	Work with DOF's PIO to identify prospective media outlets.	1/16/2023 - 3/31/2023	
2.2 Select media outlets and place advertisements	DOF engaged Chicago Weekly and La Raza to promote ADR.	1/16/2023 - 3/31/2023	
2.3 Monitor community participation and feedback	Monitor participation and consider other opportunities based on community response.	4/1/2023 - 9/30/2023	

## RACIAL EQUITY ACTION PLAN: Priority #1

### Our department will advance the following strategies:

**3. Department Strategy: Share data at the community level to improve transparency about outstanding debt.**

**Measures of Impact: Departmental changes to violations and/or enforcement.**

Actions	Implementation Plan	Timeline	Status
3.1 Identify top violations issued by each Department by zip code	Gather and analyze data.	5/1/2023 - 11/30/2023	
3.2 Share data with issuing Departments	Share Excel files and heat maps to demonstrate the greatest impact on communities.	9/1/2023 - 12/31/2023	
3.3 Collaborate with Departments to identify ways to relieve the burden on Black and Brown communities	Discuss the nature of the violations and enforcement of those violations to determine ways to mitigate the impact on Black and Brown communities - equitable enforcement, community impact of violations, fine amounts, etc.	1/1/2024 - 12/31/2024	

## RACIAL EQUITY ACTION PLAN: Priority #2

**The City of Chicago's Vision:** All people and all communities have power, are free from oppression, and are strengthened by equitable access to resources, environments, and opportunities that promote optimal health and well-being. (HC2025)



### Citywide Priority Area & Desired Result:

**ECONOMIC DEVELOPMENT: All Chicagoans are economically self-sufficient, can build wealth, and thrive.**

### Indicators Examined:

#### *Community Data*

Chicago demographics, median-income, unemployment rates, hardship rates

#### *Program/Department Data*

Participation in the City's debt relief programs by community, outstanding City debt by community

### Community Feedback and Narratives

Fines and fees disproportionately impact Black and Brown communities. Outstanding City debt is a barrier to employment with the City. For low-income households, penalties for late payment of fines and fees do not incentivize timely payment but instead, further diminish their ability to pay.

### Define the Problem

While the City has made meaningful progress toward relieving the burden of municipal debt on Black and Brown communities with our fines and fees reforms, the Clear Path Relief (CPR) and Administrative Debt Relief (ADR) programs are scheduled to sunset on December 31, 2023. A return to the traditional fines and fees model would disproportionately impact those most vulnerable and disregard much of what we have learned through our engagement with community partners.

### Identify Root Causes to the Problem

Decades of being denied access to education, well-paying jobs, and the opportunity to build wealth have created an income disparity in the City's Black and Brown communities. As a result, a fines and fees structure that is applied uniformly has a greater negative impact and bears a heavier burden on those communities.

### Define Your Department's Opportunity

By codifying the Clear Path Relief and Administrative Debt Relief programs and eliminating their scheduled sunset on December 31, 2023, the City has the opportunity to provide long-lasting relief for those who need it most. In the year since CPR was launched, the program has helped more than 60,000 motorists receive \$32 million in debt relief. In just the first four months of ADR, 28,000 dockets have been closed with \$8 million of relief granted. With the codification of these programs, the

Department's actions move toward transformational rather than transactional.



## RACIAL EQUITY ACTION PLAN: Priority #2

**Our department will advance the following strategies:**

**1. Department Strategy: Perform data analysis to demonstrate the impact of CPR and ADR and the need for codification.**

**Measures of Impact: Participation in current debt relief programs by community, amount of relief provided to participants by community, amount of debt still outstanding by community.**

Actions	Implementation Plan	Timeline	Status
1.1 Gather and analyze participant data for CPR and ADR	Generate reports from source systems, create heat maps, and measure impact by community.	04/01/2023 - 6/30/2023	
1.2 Present data to key stakeholders	Present findings to Department leadership, Mayor's Office, City Council, and community partners.	04/01/2023 - 6/30/2023	

# RACIAL EQUITY ACTION PLAN: Priority #2

**Our department will advance the following strategies:**

**2. Department Strategy: Propose codification of CPR and ADR.**

**Measures of Impact: Level of support of key stakeholders**

Actions	Implementation Plan	Timeline	Status
2.1 Draft ordinance changes	Work with DOL, OBM, and other stakeholders to draft proposed ordinance to codify CPR and ADR.	4/1/23-6/30/23	
2.2 If codified, make necessary changes to source systems	Work with vendors to make technical changes required to process debt relief applications and make adjustments to balances and payment plans.	7/1/23-9/30/23	
2.3 If codified, make necessary changes to program materials	Work with DOL, vendors, and media to communicate changes to the programs and update the application sites, outbound notices, program Rules, and marketing materials.	7/1/23-9/30/23	

## RACIAL EQUITY ACTION PLAN: Priority #2


**Our department will advance the following strategies:**

**3. Department Strategy: Engage with community partners and other City Departments to evaluate program success and the need for further review of enforcement practices.**

**Measures of Impact: Continued participation in the program. Ongoing relief provided. Breaking the cycle of debt.**

Actions	Implementation Plan	Timeline	Status
3.1 Engage with community partners	Meet to review outstanding debt and program data to evaluate program success and incorporate community feedback into future iterations.	1/1/24-3/31/24	
3.2 Meet with other Departments	Meet with other City Departments issuing violations to review enforcement practices, ordinances, and fine schedules to work toward structural equity.	1/1/24-3/31/24	

## RACIAL EQUITY ACTION PLAN: Priority #3

**The City of Chicago's Vision:** All people and all communities have power, are free from oppression, and are strengthened by equitable access to resources, environments, and opportunities that promote optimal health and well-being. (HC2025) 

### Citywide Priority Area & Desired Result:

**CONTRACTING: All Chicagoans benefit from and can participate in economic business with the City of Chicago.**

### Indicators Examined:

#### *Community Data*

Community investment data, project funding for underdeveloped areas

#### *Program/Department Data*

The number of days it takes for the City to pay contractor invoices may be identified by examining expenditure reports. These reports may be sorted by department, procurement area, funding, and contractor/vendor, among other things. Data sources also include meetings with contractors and DPS reports.

### Community Feedback and Narratives

Cash flow is critical to the viability and growth of the small construction contractors, subcontractors, and suppliers that participate in City contracting. These entities include the City's disadvantaged, minority, and women-owned businesses.

### Define the Problem

Burdens on contractor cash flow create a notable barrier to the participation of small construction contractors, subcontractors, and suppliers in City projects and weakens the diversity of the contractor pool. It also undermines the ability of small businesses that participate in City contracting to thrive and build the capacity for larger projects.

### Identify Root Causes to the Problem

Burdens on contractor cash flow stem in large part from project start-up and mobilization costs, inadequate access to affordable capital, and slow invoice payments.

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**Define Your Department's Opportunity**

The Department of Finance's Fast Track Payment Program (FTPP) concept can alleviate burdens on contractor cash flow and provide a lifeline to small contractors, subcontractors and suppliers on construction projects up to \$20M. Fully implemented and facilitated by a third-party funds control provider, the FTPP expedites the issuance of standard and blanket release/purchase orders, provides contractors with 50/50 payments and advanced payments for start-up and mobilization costs, and issues direct payments to the contractor's subs and suppliers.

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## RACIAL EQUITY ACTION PLAN: Priority #3

### Our department will advance the following strategies:

**1. Department Strategy:** Implement compliance controls to ensure user departments issue an executed standard purchase order or blanket release before a contractor begins work.

**Measures of Impact:** The number of standard purchase order/blanket releases in FMPS that were issued by the start date on the Notice to Proceed.

Actions	Implementation Plan	Timeline	Status
1.1 Notify departments of the Compliance Controls regarding the timely issuance of standard purchase orders/blanket releases.	<ul style="list-style-type: none"> <li>a. Draft compliance controls</li> <li>b. Distribute Compliance controls OBM, DPS, and DOL for feedback</li> <li>c. Incorporate feedback into compliance control language</li> </ul>	4/1/23 - 5/31/23	
1.2 Prepare training PPT and video.	<ul style="list-style-type: none"> <li>a. Create training PPT and draft training video script</li> <li>b. Distribute PPT and video script to DPS, and DOL for feedback</li> <li>c. Distribute training PPT and video to all departments</li> </ul>	5/31/23 - 6/30/23	

## RACIAL EQUITY ACTION PLAN: Priority #3

### Our department will advance the following strategies:

**2. Department Strategy: Issue 50/50 payments to contractors on eligible infrastructure construction contracts.**

**Measures of Impact: 1. % of contractors invited to participate in the 50/50 program that submit a completed Opt-In form.**

**2. % of contractors that Opt-In to 50/50 program that submit a monthly invoice for a 50/50 payment.**

**3. % of participating contractors that submit a monthly invoice that receive the first 50% payment within 10 days of the date the contractor submits its certified pay estimate.**

Actions	Implementation Plan	Timeline	Status
2.1 Select CDOT and DWM infrastructure construction contracts/contractors to participate in 50/50 pilot program.	1. Identify and create a list of eligible contracts (City-funded quantities-based infrastructure construction contracts) 2. User CDOT and DWM select contractors from the list 3. Draft contractor Opt-In letter 4. User departments send Opt-In option to contractors	1/15/23 - 2/5/23	
2.2 Select CDA professional services/work services construction Contracts/contractors to participate in 50/50 pilot program.	1. Identify and create a list of CDA Professional Services/Work Services contracts 2. CDA select contractors from the list 3. Draft contractor Opt-In letter 4. CDA sends Opt-In option to contractors	3/15/23 - 4/14/23	
2.3 Gauge efficacy of 50/50 Payment Program	1. Create scorecard 2. Record and analyze metrics	2/5/23 - 7/15/23	

## RACIAL EQUITY ACTION PLAN: Priority #3

### Our department will advance the following strategies:

**3. Department Strategy: Issue advance payments for start-up and mobilization costs and direct payments to the contractor's subs and suppliers, facilitated by a third-party funds control provider.**

- Measures of Impact:**
- 1. Reach = The number of M/W/DBEs that submit bids in response to solicitations with an advance mobilization option and opt-in to the Advance/Direct Payment Program**
  - 2. Reach = The number of M/W/DBEs that state that the opportunity to receive an advance mobilization payment influenced their decision to submit a bid.**
  - 3. Participation = The number of M/W/DBEs that opt-in to the Advance/Direct Payment Program that are awarded a contract.**
  - 4. Participation = The number of M/W/DBEs that opt-in to the Advance/Direct Payment Program and receive an advance mobilization payment within 7 days of the Notice to Proceed start date.**
  - 5. Participation = The number of subcontractors and suppliers that receive their proportionate amount of the advance payment within 7 days of the date the contractor receives payment from the City.**
  - 6. Impact = The number of participating contractors/subs/suppliers that state that the advance/direct payments eased cash flow burden**

Actions	Implementation Plan	Timeline	Status
3.1 Create Advance Mobilization/Direct Payment Program concept for infrastructure construction contracts	1. Conduct no-bid inquiry 2. Create Program concept and PPT 3. Present concept to DPS, DOL, CDA, CDOT, and DWM and incorporate feedback	1/1/23 - 3/15/23	
3.2 Obtain approval/consensus to implement pilot Advance Mobilization/Direct Payment Program for infrastructure construction contracts	PENDING	PENDING	



<p>3.3 Complete Advance Mobilization/Direct Payment Program project plan.</p>	<ol style="list-style-type: none"> <li>1. Identify sureties that currently provide bonds on City infrastructure construction projects (DPS)</li> <li>2. Identify small/certified infrastructure construction contractors</li> <li>3. Develop materials to educate depts, sureties, TPAs about the Program</li> <li>4. Identify funds control TPAs acceptable to the sureties named by DPS</li> <li>5. Select infrastructure dept for pilot program and identify upcoming City-funded infrastructure projects between \$3M-\$20M</li> <li>6. In collaboration with DOL, determine if contractor pays for TPA or if City provides contractor with funds to do so.</li> <li>6. Collaborate w/ DPS and DOL and draft language and opt-in for solicitations</li> </ol>	<p>PENDING</p>	
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