

Integrating Equity into Incentive Metrics

Report from the November 9, 2021, SEDE Network Incentives Roundtable

State and local experts and practitioners discussed emerging approaches to measuring and reporting on diversity, equity and inclusion impacts within incentive programs during the recent SEDE Network roundtable program, [Integrating Equity into Incentive Metrics](#).

This topic is a work in progress for the economic development field. Leaders are still figuring out the right way to obtain the right data for the right metrics to allow them to answer the questions about incentive use that are being raised in their communities. The roundtable provided the opportunity to share ideas about where we are and what we've learned to date.

This article describes takeaways from the roundtable presentations. To dive deeper and see examples of these ideas in practice, please access the full [slide deck from the roundtable](#) or listen to the [recording](#) to hear the insightful and information-packed remarks from the outstanding panelists.

Setting the Stage

Equity is about improving the baseline experience for everyone in the community. Acting to improve equity is not anti-growth (growth is, in fact, necessary), it is not a zero-sum game (the objective is not to cut or take away from someone else), and it is not only about race (race matters, but equity should be applied to and across many dimensions such as gender, language, culture, location, and age, among others).

A mandate from leadership is often the key to making equity metrics a priority. Nothing motivates action in agencies like a mandate from the top. When elected and appointed leaders offer a consistent message about making equity a priority, departments respond. A strong leadership commitment also encourages coordination, including alignment in definitions and metrics across government agencies, which is preferable to each department going it alone. Support from leadership also facilitates access to the resources needed to implement changes to data collection and reporting practices.

Incorporate equity into the strategic planning process. Equity initiatives should not be add-ons but should become part of the way economic development organizations develop policies, programs, and metrics. Existing strategic planning tools, logic model exercises, and program development procedures can be expanded to incorporate equity and inclusion into the economic development mission, objectives and goals. Using existing procedures that people are already comfortable with should make it easier to integrate DEI metrics into economic development practices.

Metrics should indicate whether people are better off as a result of program activities. This means focusing primary metrics on target population outcomes, not just program activities. Multiple panelists use a Results-Based Accountability (RBA) process to figure out how to do this. A results focus begins by defining the difference the program intends to make or how intended beneficiaries will be better off. With this understanding, agencies can organize their work activities toward those actions with the greatest impact. Level of effort or output metrics still matter, but they are just the start, and they must help indicate whether the policy or program is moving the needle on the outcome.

Reporting on equity metrics is a long-term play. Diversity, equity and inclusion outcomes that most communities care about are long-term in nature. Knowing that a specific program reaches a broader set of recipients than before is helpful, but it is probably not sufficient to address community and economic development concerns. Accordingly, high-quality equity metrics will require more than adding a new column to the spreadsheet or collecting a few more demographic datapoints.

Cultivating the Data Set

The implication is that economic development organizations may need to create new data sets to answer questions about how well programs are performing and who is benefiting. Legacy IT systems and data collection processes will likely need to be updated to accommodate the change. Some tips from the panelists for cultivating an inclusive data set to allow program evaluation and reliable reporting to stakeholders include:

- DEI data and metrics should not be standalone but should be integrated with the organization's strategy and objectives
- Data points should be measurable, repeatable and reportable to track progress and demonstrate change
- Data should be used to facilitate continuous improvement (including internal process reviews to identify barriers to participation)
- Think about metrics that can indicate "trickle-up" community wealth generation, not just trickle-down benefits
- Use community engagement metrics to indicate public accountability and incorporation of community voice into programs
- Report on or at least describe partnerships and interconnectivity with other programs
- Determine if current and new data sets can be disaggregated by demographic categories
- Use GIS tools to demonstrate disparities geographically and to track changes over time
- Establish data baselines and benchmarks
- Update legacy forms and IT systems to allow expanded data collection and facilitate analysis of the new datasets

- Strengthen communication with grantees around program challenges, technical assistance needed, and data collection requirements
- Prepare to monitor key outcome metrics over longer time horizons than usual to determine impact
- Create a plan to communicate results and findings

COVID relief programs have given many state and local governments the opportunity to figure out how to measure assistance provided to the businesses and communities that struggled most during the pandemic but that were also less likely to participate in financial support programs in the past. Smart Incentives looks forward to sharing our findings on how small business assistance programs are changing and how they are faring on diversity, equity, and inclusion when we complete an update to our research on [Incentives for Entrepreneurial Firms](#) in early 2022.