

TOWARD A 21ST CENTURY CITY FOR ALL

PROGRESSIVE POLICIES FOR
NEW YORK CITY IN 2013
AND BEYOND

Using Performance Management to Attain a Better New York City for All

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Getting performance management right matters deeply for the residents of New York. It is a critical tool for producing better public service outcomes for all New Yorkers. New York City is justifiably viewed as a leader in performance management, with strengths in culture, reporting, and accuracy that the next mayor should preserve. The next mayor can also improve performance management. We suggest two broad priorities: using clear outcome measures to drive government decisions and providing leadership to support performance management.

1. Where are the city's strengths in performance management?

New York City has a culture of measurement and an appreciation for the value of data that many other cities lack. Mayor Bloomberg's office, the City Hall Bull Pen, contains a huge screen that updates the performance indicators about which the mayor is most concerned. He receives bi-weekly performance reports with green, yellow, and red ratings and calls his deputy mayors, commissioners, and agency staff to task when a red flag appears. Mayor Bloomberg recently established an Office of Performance Management in the Office of Operations and appointed a leading government performance management expert – Jeffrey Tryens – to head it.

Twice a year, the Office of Operations compiles more than 1,000 indicators generated by 44 city agencies in the Mayor's Management Report ("MMR"). Though in the past this report was arguably underutilized as a management tool, the Bloomberg administration recently has made it more useful and accessible by focusing more on outcomes and adding online search capabilities, customer-service reviews, overviews of high-interest indicators, goals for each agency, trend data for the last five years, and an executive summary.¹

The city is also improving how it mines data to identify, understand, and fix problems. A team in the Office of Policy and Strategic Planning (dubbed the "geek squad" by the *New York Times*) has used data

¹ In 1990, most users rated the utility of the report as "positive but limited" (Smith 2012, 8). The MMR has been required by the city charter since 1977.

to remove trees felled in Hurricane Sandy and to help identify restaurants illegally dumping oil and stores selling bootlegged cigarettes (Feur 2013).

Another strength is the focus on improving the accuracy of outcome measures. The city has developed its own measure of poverty (the CEO Poverty Measure) that recognizes both the cost of living and government benefits to produce a more accurate measure than the federal poverty standard (NYC Center for Economic Opportunity 2012). To measure the number of homeless people on the streets, the city worked with researchers to develop “HOPE,” an annual street homelessness survey.

It is critical that the next mayor not lose this hard-won ground. There are many worrying instances where a change of administration results in leaders’ underestimating the importance of these good practices and unwinding them. New York City has already made substantial progress on this difficult journey and the next mayor must maintain this momentum.

2. What can the next mayor do to improve performance management?

The next mayor should pursue two broad priorities: using clear outcome measures to drive government action and providing leadership to support performance management (Smith 2012; Citizens Budget Commission 2006).

Produce, prioritize, and analyze key outcomes

When governments invest taxpayer money in policies and services, they should track and report whether that investment makes any difference. This is distinct from tracking *inputs*, for example the amount of money spent on a program; *activities*, such as how many visits a caseworker made to a family; and *outputs*, such as how many women received breast cancer screenings. It is not particularly useful to know, for example, that the city spent \$80 million dollars on literacy efforts, that a family experiencing domestic violence was visited ten times over the course of a year, or that 70 percent of women aged 50 and older had a mammogram, if we don’t know whether those efforts improved literacy, changed family behavior patterns, or increased the survival rate of women screened for breast cancer relative to those who were not.

Measuring and tracking outcomes can confer real benefits on residents. Since the Department of Sanitation began tracking the percent of neighborhoods with “acceptably clean streets,” that percentage has improved from 71.3 to 99.1 percent (Preliminary Mayor’s Management Report 2013, 128).

The city has made remarkable the progress since the mayoral administration of Ed Koch, when “only a handful” of the 3,000 measures the city reported on were outcomes (Smith 2012, 8-9). Notable improvements have occurred even in the last year. But there is still room to improve our understanding of how the city is doing in key areas, whether the city’s prosperity and problems are shared, and where we need to improve.

The next mayor should continue to prioritize and, where necessary, develop outcome measures for all agencies that show how we are doing as a city. For example, the Department of Health and Mental

Hygiene currently tracks screening rates for breast cancer; it should also track breast cancer survival rates to understand whether interventions like screening are having the desired effect.

Analyze outcomes by cohort and neighborhood to inform decision-making

All agencies should also track outcome measures by *cohort*, the group of people that enters a city program or system in a specific time period. The Department of Education's "Where Are They Now" reports are a good model of this kind of analysis. The reports, which are accessible only to school officials, track cohorts of students after they leave a school and allow administrators to compare their outcomes to similar groups of students. Tracking by cohort differs from reporting *incidents* in given time period (as some agencies currently do), which can be misleading. For example, the Department of Probation currently reports that the monthly re-arrest rate across all adults on probation was 3.3 percent (Fiscal 2013 Preliminary Mayor's Management Report). This number does not tell us what percentage of people placed on probation commit new crimes and can mask the fact that some groups have very high violation rates (important in deciding how to allocate resources).

Agencies can use outcome measures (including cohort analysis) in managing contracted services as well as government-administered programs. The recently announced contracts for reducing recidivism among people leaving Rikers Island are a great example of managing by outcome (Office of the Mayor 2012). As with any new process, it will be complicated to get this right; early ventures in performance-based contracting typically experience hiccups, including a steep learning curve for agencies not used to tracking their outcomes and implementation challenges for smaller agencies with fewer resources. Ideally, service providers should know the baseline outcome measures for their programs before beginning work; once they start, they should get at least annual reports on outcomes for the cohorts of people they serve.

The next mayor should also systematically analyze outcomes by neighborhood and share this information with community-based service providers. Zip codes or census tracts can define a neighborhood; community districts are too large for meaningful analysis and action. For example, while the city has used measures of street homelessness to decide where to locate prevention programs, and is conducting a substantial evaluation of its prevention programs, it does not track shelter entries in a way that is sufficiently useful to homelessness prevention providers. Giving these providers the baseline shelter entry numbers for the neighborhoods or groups they serve and regular updates on how these numbers change over time would let them see whether the numbers are going in the right direction and help them innovate to reduce homelessness in the neighborhoods they serve.

This information will help program managers understand if their programs are working and address problems before it is too late (White 2013). Understanding the relationship between outcomes and government activities by neighborhood also provides a valuable way to look at issues of equity. Analyzing and reporting data on issues such as crime and stop-and-frisk or homelessness and affordable housing units at the neighborhood level can reveal inequities and help the city address them.

The city should share this neighborhood-level data with community groups and residents so agencies and communities can use a common, fact-based understanding of what is happening locally to undertake collective problem solving and generate practical, neighborhood-specific solutions.²

Track “big picture” indicators for the city as a whole

In addition to analyzing outcomes for each agency by neighborhood and program, the next mayor should identify and manage toward certain “big picture” outcomes such as poverty, employment, and even happiness or wellbeing. Even if we can’t conclude what caused changes in poverty or life expectancy or other outcomes, measuring such outcomes regularly and analyzing them by neighborhood, demographic group, and program will help the mayor and city residents identify problems, innovate to solve them, and deploy resources efficiently.

New York City should regularly measure and analyze poverty by neighborhood and sub-group; these data should be well-known throughout government (and the public), stimulating problem solving and innovation (Preliminary Mayor’s Management Report 2013, vii). Despite Mayor Bloomberg’s unprecedented effort to reduce poverty – managed through the Center for Economic Opportunity – the most recent data in the Preliminary Mayor’s Management Report from March 2013 is citywide data from July 1, 2009-June 30, 2010. The next mayor should also use unemployment (currently tracked by the state) or, better yet, employment at a living wage, as a key outcome measure, managing city agencies and local workforce development programs to improve local unemployment outcomes. The city’s workforce development programs, for example, are held accountable for the number of people they place in jobs and their retention in those jobs, but do not track unemployment in the neighborhoods they serve.

The next mayor should also consider piloting an assessment of residents’ happiness or overall wellbeing, coordinating with current federal efforts. Driven by dissatisfaction with traditional economic measures and advances in techniques to measure subjective happiness, several U.S. cities are experimenting with happiness or wellbeing measures and a panel funded by the Department of Health and Human Services is exploring using happiness measures at the federal level. The Centers for Disease Control and Prevention already surveys Americans every four years about health and life satisfaction (Whoriskey 2012). An organization called Measure of America, a project of the Social Science Research Council, aims to “provide easy-to-use yet methodologically sound tools for understanding wellbeing and opportunity in America....” Measures such as the OECD’s “Your Better Life Index” and wellbeing surveys in Canada, France, and Great Britain are being used to inform policy decisions in other countries.

Understanding residents’ happiness by neighborhood and demographic group would give the city potentially useful information about whether some groups are struggling more than others, where problems are concentrated, and what conditions affect New Yorkers’ happiness the most.

² There is no need to trade off data-driven decision-making with community engagement; indeed, sharing good neighborhood data is an important first step in enabling communities to generate practical, realistic solutions to local issues. The next mayor can share data with communities through “town hall meetings” (Somerville, Massachusetts is a good model for this), social media, or other online forums.

Manage to avoid perverse incentives

One of the very real challenges of using outcome measures to drive performance is making sure the measurement system incentivizes good performance but does not drive staff to fudge results or shift problems to areas that are not measured. For example, while the police department's laser-like focus on major felony arrests likely contributed to the city's falling major crime rate, there are also allegations that it has given officers the incentive to avoid reporting serious felonies or to downgrade them to misdemeanors (Baker and Rashbaum 2011).

There are at least two ways to avoid this problem. One is to have a system for auditing important performance measures, imposing consequences for erroneous reporting, and correcting data. Each agency should have such a system. The second is to use measures that are not entirely within the control of one department. For example, as a measure of crime, the city might complement arrest measures with a local version of the national crime victimization survey. Since many crimes are not reported, surveying people about victimization is thought to be a more accurate measure (as long as it uses a methodologically sound, validated survey tool). Another example is an Oklahoma workforce development program that measured employment by combining job placement numbers with worker satisfaction (Rosengrant 1998).

3. Provide Leadership That Drives Outcomes

The next mayor should lead by example and use outcome measures to promote interagency cooperation.

Lead from the front

When it comes to performance management, leadership is more important than any data: unless the mayor and commissioners view performance measures as a critical management tool and use them to make decisions, measures have limited value. The next mayor should prioritize and support performance management. Specifically, the mayor should:

1. Set the performance tone early by having the transition team use performance data to assess agency performance and drive recommendations.
2. Hire commissioners with proven track records in using data to achieve results.
3. Hold commissioners accountable for performance against outcomes as detailed in agency-level strategic plans.
4. Instruct each agency to designate one executive as the agency's chief performance officer, responsible for establishing and maintaining performance improvement.
5. Recognize achievements in performance management as well as good results.
6. Make clear that it is acceptable, even encouraged, to find that a program or policy is not working if that information is used to improve, replace, or discontinue the program.
7. Create communities of practice in performance measurement, evaluation and management where agency staff share information and support each other.

Use outcome measures to drive inter-agency cooperation and accountability

The next mayor should create structures to foster collaboration across agencies, by encouraging joint problem solving and creating mutual accountability. While performance measurement traditionally has been done in agency silos, the Young Men's Initiative is a welcome counterexample of a cross-agency initiative, holding 20 city agencies and offices responsible for outcomes including graduation rate, employment and felony conviction. More broadly, there are many complex issues that can benefit from cross-agency cooperation, including public safety, poverty, homelessness, and employment. As Laura Wolf-Powers discusses in her chapter in this volume, city economic development and workforce development agencies currently operate independently – and sometimes at cross purposes – to promote the economic wellbeing of New York City and its residents. Holding both agencies jointly accountable for reducing unemployment by creating living wage jobs for New Yorkers would produce a more coordinated strategy. Giving those agencies regular data on employment by neighborhood and demographic group would enable them to target efforts and see progress.

4. Conclusion

Improving New York City's performance management requires commitment and resources. It can be challenging: to measure college completion, for example, the city needs to track young people long after they leave the school system. And using data effectively to make decisions is not always straightforward. Being truly fact-based about the way taxpayer dollars are invested requires leadership and commitment from the Mayor's office and throughout the agencies.

It's worth it. Good performance management makes for better policy and better government. It ensures the time, money and effort city government invests is actually having a positive impact for *all* residents of New York City.

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