

TESTIMONY BEFORE THE CITY COUNCIL GOVERNMENT OPERATIONS AND FINANCE COMMITTEES
MARIA DOULIS, CITIZENS BUDGET COMMISSION
NOVEMBER 14, 2011

Good afternoon, and thank you for the opportunity to testify today on the Mayor's Management Report (MMR).

I am Maria Doulis, a senior research associate at the Citizens Budget Commission (CBC). The CBC is a nonpartisan, nonprofit civic organization that promotes efficiency in New York State and City government. As part of its mission, the CBC conducts research on a variety of policy topics and analyzes on the extent to which public investments lead to cost-effective outcomes.

Choices about public spending should be made using good data about the outcomes of investment, and citizens should be able to obtain this information easily in order to hold their lawmakers accountable. In 2006, the CBC issued a report entitled, "Giving Taxpayers More Bang for the Buck: Managing for Results in New York City Government." The CBC's report analyzed the types of data provided in the MMR on agency operations and identified two serious shortcomings: (1) the information available was inadequate because it typically did not report outcomes and (2) the information was not used to guide spending decisions. In short, the MMR did not offer a solid basis for managing or budgeting for performance.

CBC made five recommendations, based on best practices, to address these flaws:

- (1) Focus on efficiency by developing unit-cost measures in every service area;
- (2) Focus on outcomes by developing and tracking end results in every service area, rather than merely reporting on inputs and outputs;
- (3) Develop and present comparative performance measures so that the public understands how services here compare to those delivered by other cities;
- (4) Develop citizen satisfaction measures; and most importantly,
- (5) Connect money and performance by reorganizing the budget to better align spending with programmatic objectives and program performance.

Since CBC's report, there have been three important developments:

- (1) In 2008, the Mayor's Office of Operations, in conjunction with the Office of the Public Advocate, conducted a comprehensive citywide survey of over 24,000 residents to gauge public perceptions about safety, community cleanliness, after school programs and the quality of other public services. The survey also asked for feedback about customer service by city agencies and provided results both on a citywide and community board level.

The survey was a valuable tool, but it has not been conducted again and there are no plans to repeat it. A regular survey is critical in gauging and improving citizen satisfaction with city government.

- (2) The accessibility of MMR data has been enhanced. New Yorkers can now go online, type their address into the My Neighborhood Toolbar, and view neighborhood statistics, including crime rates, school performance and park cleanliness. For a citywide perspective, they can check out the Citywide Performance Reporting tool, which highlights indicators that are improving or declining.

Unfortunately, the data is not made available for download, and the usefulness of the indicators to the average citizen is limited by the MMR's confined focus on outputs instead of outcomes.

- (3) In 2007, the City Council and the Mayor agreed to take an important step toward aligning the budget with performance goals by introducing the Budget Function Analysis, an alternate presentation of each agency's budget. While the traditional budget schedules are organized under units of appropriation that can be broad and/ or unrelated to key agency mission, the Budget Function Analysis makes important headway in presenting resources according to the key programs or services provided by each agency.

The Budget Function Analysis initially included only the Administration for Children Services and Small Business Services, but more agencies have been added each year; however, the report still does not cover all agencies (including the Department of Education). The usefulness of the report for making future budget decisions is also limited because it provides a five-year retrospective, rather than a forward look at resources allocations projected for the financial plan.

While some progress has been achieved, true performance management and budgeting in New York City will require transforming the orientation and structure of the budget and the MMR. The City Council should adopt work with the Mayor to:

- (1) Continue to develop outcome and unit-cost measures for agencies in the MMR that will allow for comparison to other local governments;
- (2) Make the Citizen Satisfaction Survey an annual or biennial endeavor;
- (3) Expand the Budget Function Analysis expeditiously to cover all agencies and weave performance reporting into the presentation of agency expenditures.

Thank you. I welcome any questions you may have.