

**MANAGING FOR RESULTS IN NEW YORK CITY  
GOVERNMENT: A REVIEW OF CURRENT PRACTICES**

**CITIZENS BUDGET COMMISSION  
QUALITY AND EFFICIENCY IN PUBLIC SERVICES COMMITTEE**



## FOREWORD

Founded in 1932, the Citizens Budget Commission (CBC) is a nonprofit, nonpartisan civic organization devoted to influencing constructive change in the finances and services of New York State and New York City governments. This report was prepared under the auspices of CBC's Quality and Efficiency in Public Services Committee, which we co-chair. The other members of the Committee are Paul Balser; Mark Brossman; Lawrence Bittenweiser; Bud Gibbs; Kenneth Gibbs; Peter Hein; Brian Horey; Jerome Hyman; Barbara Kohn; Hugh Lamle; James Libscomb; Stanley Litow; Randy Mastro; Frances Milberg; David Moskovitz; Stephen Nislick; Steven Polan; Carol Raphael; John Rhodes; Edward Sadowsky; Peter Samton; Larry Silverstein; Joan Steinberg; W. James Tozer; Cynthia Vance; Ronald Weiner; Mark Willis; Howard Wilson, and H. Dale Hemmerdinger, *ex-officio*.

New York City has made many significant advances in performance management over the past decade and its practices are, in many ways, quite good. City leaders developed Compstat to revolutionize policing and an excellent 3-1-1 call service center; however, even with these innovations and good practices, the City should renew its efforts to be a leader among cities by pursuing new policies and advancing change. New York City is a \$54 billion dollar enterprise, and a fundamental question should drive improvement efforts: Is the public really getting all it deserves from government for the price tag?

To help spark some new thinking on how this question could be answered, the Quality and Efficiency Services undertook this study to assess New York City's accomplishments in performance measurement and management and to recommend policy changes to improve productivity, efficiency, and accountability in the delivery of City services. Donna Lynne, a former head of the Mayor's Office of Operations and CBC Trustee, helped to guide the initial phases of our research. We thank her for her inspiration.

The Committee would like to thank the City commissioners who came to talk with us about their efforts to improve management. They include Transportation Commissioner Iris Weinshall, Parks Commissioner Adrian Benepe, Sanitation Commissioner John Doherty, and Homeless Services Commissioner (and now Deputy Mayor for Health and Human Services) Linda Gibbs. The commissioners and their staff delivered informative and impressive presentations that aided our discussions. We would also like thank Michael Lawson, Director of the International City/County Management Association's Center for Performance Management, who met with the Committee to share his perspective on comparative benchmarking.

The report was written and supervised by Elizabeth Lynam, Deputy Director of Research. Charles Brecher, Executive Vice President and Research Director, provided editorial guidance. Oliver Wise, Research Assistant, gave critical research support to the project and helped draft the report. Tammy Pels, Research Consultant, and Maria Doulis, Research Associate, provided additional research assistance. Corey Kunz, Communications and Public Affairs Associate, formatted the document. We thank them for their hard work.

Numerous readers provided helpful comments in the preparation of the report. Reviewers included: Lisa Neuberger of Accenture; Doug Muzzio of Baruch College's School of Public Affairs; Michael Keogh of the City Council Finance Division; Sarah Knapp and Elizabeth Leath of the Department of Information Technology and Telecommunications; Barbara Cohn Berman of the Fund for the City of New York; Ronnie Lowenstein and Preston Niblack of the Independent Budget Office; and Dall Forsythe and Dennis Smith of New York University's Wagner School. Their willingness to take the time to read the draft carefully and make suggestions, corrections, and revisions was appreciated. However, their participation in the review process does not necessarily mean that they agree with our recommendations.

In closing, we would like to thank the members of the Committee for their interest and enthusiasm for this topic. Your contributions to the dialogue and production of this report were notable.

Cheryl Cohen Efron  
Alan M. Klein

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## INTRODUCTION AND OVERVIEW

Accountability is the central tenet of good democracy and good management. Good democracy demands that citizens be able to call on their elected leaders to explain their choices and be judged on their achievements. Good management demands that the leaders that are called to account for themselves can apply the same standard by which they are judged all the way down the chain of command to the staff that directly provides services to the public. Where the chain is broken, the public is getting lower quality services than it should. This is the logic that underpins all efforts to manage for performance in government.

New York City has made many significant advances in performance management over the past decade and its practices are quite good in many ways; however, the City should strive beyond these good practices and renew its efforts to be a leader among cities by pursuing new policies and advancing innovation. New York City is a \$54 billion dollar enterprise, and a fundamental question should drive improvement efforts: Is the public really getting all it deserves from government for the price tag?

To help spark some new thinking on how this question could be answered, the Citizens Budget Commission completed a review of the City's performance management practices and reporting to the public about service quality. The review found that, to answer the question, the City needs to address five fundamentally weak areas in its practices. The remainder of this document is devoted to exploring these weaknesses more fully and presenting the case for improvement.

The CBC review of the City's management accountability framework identified two major weaknesses that manifest themselves in five ways. City leaders should address each issue to improve their accountability to the public. The first and foremost weakness is that money and performance are not connected in the budget. The budget can be a powerful performance tool and the City is not using it for this purpose. Second, the City is not focused on achieving the results the public desires in every service area. Some agencies do an excellent job reporting results, while others do not. These weaknesses are demonstrated in five ways.

1. The budget does not align with program performance.
2. Efficiency measures are not a major focus of service performance.
3. Outcome measures need more attention in some service areas.
4. New Yorkers cannot compare the caliber of New York City's services to those provided by competitor cities.
5. Public perception of the quality of services is not adequately measured.

To address these issues and improve services, the CBC calls on City leaders to implement five specific recommendations.

1. Connect money and performance in the budget – the budget should be reorganized to better track programs and program performance;

2. Focus on efficiency measurement – measuring and reporting unit costs should be a high priority in every service area;
3. Improve outcome measurement and reporting – leaders should push to develop and track desired results for every service area;
4. Develop and present comparative performance measures – New Yorkers should be able to compare the caliber of their services to those provided by other competitor cities;
5. Expand the use of citizen-derived outcome measures – public perception of City services should not just be measured by complaints but also by satisfaction survey measures.

Each issue and its matching recommendation are described more fully in the body of the paper.

## **BACKGROUND**

The idea of managing for performance is not new in government. At the center of the endeavor is the concept of accountability. By measuring and reporting on performance, government leaders and the public can use the information to raise more informed questions. Under pressure to perform and armed with better information, managers can respond. By managing effectively, government agencies can provide the outcomes desired by those they serve. Both parts of the equation—measurement and management—are equally important because, while measurement systems raise questions, they seldom provide answers. That is where managers must take over.<sup>1</sup>

There are many different ways to manage for results; private sector approaches have been adapted for use in government, while other management models have been developed focusing more on the public sector. Some governments, such as Charlotte, North Carolina have used the “balanced scorecard” method very successfully. Others, such as Baltimore, Maryland, have preferred to adapt the Compstat model developed here in the New York City Police Department for citywide application.

The concept has taken hold not just nationally but internationally: 24 out of 30 countries participating in a 2005 Organization for Economic Co-operation and Development (OECD) study were reporting performance results to the public.<sup>2</sup> Various methods and models of implementing performance management have been adopted. Although countries have progressed at different rates in implementing performance management techniques, many have considerable experience and are continuing to develop more sophisticated techniques.<sup>3</sup> These governments are more accountable and transparent to the public they serve.

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<sup>1</sup> Harry Hatry, *Performance Measurement: Getting Results*, Urban Institute Press, October 1999.

<sup>2</sup> Odile Sallard, “Results Matter,” *OECD Observer*, No252/253, November 2005, p. 9.

<sup>3</sup> Teresa Curristine, “Performance and Accountability: Making Government Work,” *OECD Observer* No. 252/253, November 2005, p. 11.

The Governmental Accounting Standards Board (GASB), in its effort to provide guidance for governments seeking to implement better methods of measuring and reporting government performance, has undertaken a special project on performance management called service efforts and accomplishments (SEA) with the objective of encouraging the use and reporting of performance measures. The GASB will determine whether performance measures have developed to the point where reporting standards or guidelines for inclusion in the general purpose external financial reports can be issued.

The GASB framework for performance management is called Managing for Results, or MFR. In GASB's view, the goals of MFR are relatively straightforward and the reasons governments would wish to engage in it are many. The reasons to engage in MFR include:

- To focus government more clearly on the services citizens need and want, and less on process.
- To establish goals and objectives and assess whether they are met.
- To raise and answer such questions as: How efficient and effective are the government's services and how can service quality improve?
- To organize government functions and resources to produce desired results.
- To change policies, programs, services, or budgets midstream in response to performance data as they flow in.
- To compare the government's performance to itself over time, to other governments, or if appropriate, the private sector.
- To communicate what government is accomplishing, the extent to which goals and objectives are being achieved, and how efficiently and effectively government is functioning.

The GASB framework encompasses seven different activities that can be implemented in different ways. Other models rest on similar elements. The seven aspects include:

1. Strategic Planning—The process starts with strategic planning that involves major stakeholders, ideally including citizens, in deciding on and designing goals for each function. Without strategic planning, performance management efforts will be aimless and diffuse. All measurement should be in relation to established goals.
2. Program/Activity Planning—Program and activity planning should flow from the goals of the agency in question to translate broad goals into actual government programs.
3. Measuring for Results—Metrics are then developed to measure results.
4. Budgeting for Results—Resources are allocated and the budget is aligned with programs that flow from the goals of government.

5. **Managing Work Processes**—Data is collected and used to manage the work. This involves creating systems that enable the collection of data at the desired activity levels and then assessing the data regularly.
6. **Evaluating Results**—Data is collected and used to make a formal assessment of the success of government efforts. The evaluation is typically part of periodic reporting to upper-level management and elected officials. Evaluation should be tied to the budgetary cycle and inform prospective allocation decisions.
7. **Reporting Results**—Reporting involves communicating to the citizens the extent to which government goals and objectives are being met with the kind of information that allows users to assess the effectiveness and efficiency of the program.

Government leaders must design measurement systems to assess and report results. Many types of metrics that can be used range from somewhat easy to gather—input measures—to increasingly difficult—true outcome measures.

- Input measures express the resources committed to a particular program. Examples include funds, staff, facilities, and equipment and supplies.
- Outputs measures express the amount of work completed. Examples include number of lane miles resurfaced, tons of garbage collected, and number of students placed in special education. Agency funding is often based on outputs.
- Intermediate outcomes measures express outcomes that are expected to lead to the desired end, but are not the ends in themselves. Intermediate outcomes are important to internal measurement efforts because they provide more immediate feedback on services than pure outcome measures. Intermediate outcomes typically relate to the services delivered by the program. Examples include participation in a type of career training en route to stable employment, waste water clean up en route to clean rivers, and reducing smoking en route to healthier adults.
- End outcomes express the end results that society seeks. Examples include clean streets, reduced crime, clean parks, reduced homelessness, safe streets, and healthier adults. Customer satisfaction measures are often considered end outcomes along with other “hard” measures of performance.
- Efficiency, or unit-cost, measures express the relationship between the amount of input and the amount of output or outcome of an activity or program. Examples include cost per acre of immaculately maintained park land, cost per drug addict rehabilitated, and cost per case of homelessness prevented.

The difference between the two ends of the spectrum is captured in a joke recounted by performance management expert, Harry Hatry.

In New York City, a priest and a taxicab driver died and went to heaven. Saint Peter then showed the priest his eternal dwelling place—a shack. Saint Peter then showed the driver his eternal dwelling place—a mansion. The priest was angry and asked Saint Peter, “Why the difference?” Saint Peter said, “When you preach, people sleep. When riders get into his cab, they pray!”<sup>4</sup>

The joke captures the notion that process is not as important as the results, and results are best captured by outcome measurement.

By measuring and being held accountable for outcomes, managers have the flexibility to change processes to adapt to changing needs. In contrast, tracking inputs over time may lead to the unintentional consequence of structural rigidity in an agency as managers must comply with set staffing patterns or other fixed responses.<sup>5</sup>

Efficiency measures are also important. These measures provide a way to examine the cost-effectiveness of government programs and are particularly insightful when based on true outcomes. A weakness of using output, not outcome, for unit cost calculations is that a jurisdiction that lowers unit cost may achieve efficiency gains at the expense of the preferred outcome of the service.<sup>6</sup> The intent is to raise questions all along the line from the highest manager to the frontline staff. This can be very powerful in practice.

## **EVALUATING NEW YORK CITY’S EFFORTS TO MANAGE FOR RESULTS**

The Citizens Budget Commission conducted a review of New York City’s efforts to manage for results. In the course of the review, the Commission interviewed key agency commissioners, experts from consortiums such as the International City/County Manager’s Association and other cities, and used the framework and research provided by the GASB SEA project described in the background section. Research in the field was also helpful. The practices and documents of many other cities were explored and examined.

At the conclusion of the study, the Commission concluded that there are two major weaknesses in New York City’s management accountability framework. First, money and performance are not connected in the budget. The budget can be a powerful performance tool and the City is not using it for this purpose. Second, the City is not focused on achieving the result the public desires in every service area. Some agencies do an excellent job reporting results while others do not. The City’s weaknesses in these two areas of accountability are manifested in five specific issues. Each one is addressed in turn in the following sections of this report.

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<sup>4</sup> Harry Hatry, *Performance Measurement: Getting Results*, Urban Institute Press, October 1999.

<sup>5</sup> Don Moynihan, *Managing for Results*, Chapter 7, *Paths to Performance in State and Local Government*, p. 154.

<sup>6</sup> Dall Forsythe ed. *Quicker, Better, Cheaper*, Rockefeller Institute Press, 2005.

## **Issue 1: The budget does not align with program performance.**

The notion of connecting money and performance is hardly a new idea. Efforts to align budgets with programs and program performance have a long history in federal, state, and local government. Performance budgeting has the potential to help lawmakers and the public:

- Assess the cost-effectiveness of existing programs.
- Complete cost-benefit analyses for different types of programs designed to achieve similar objectives.
- Help identify wasteful spending.
- Account for and justify budget decisions based on results.

In the wake of the “reinventing government” movement of the 1990s, performance budgeting has become more and more prevalent. Performance budgeting practices are widespread in state and local governments: all but three states have legislative or administrative requirements for the inclusion of performance information in the budget process.<sup>7</sup> New York, Massachusetts, and Arkansas do not mandate such information.

A study on the use of performance budgeting in the Arizona, Maryland, Texas, Virginia, and Washington by the US Government Accountability Office notes several common achievements. The study found that under performance budgeting, legislatures gain the ability to evaluate the impacts of proposed policy changes, reduce government expenditures while maintaining effectiveness, and improve program effectiveness.<sup>8</sup> Furthermore, in times of fiscal stress, governments are able to adjust spending without relying on typical approaches, such as across-the-board cuts, tapping rainy day funds, delaying expenditures, or increasing taxes and fees. In addition, state governments are able to prioritize program funding according to how critical the services are to achieving broad outcome goals.<sup>9</sup> Lastly, legislators motivate agencies to set higher goals by linking appropriations to expected results and by defining performance targets jointly. The added legislative scrutiny of performance targets encourages agencies to maximize the effectiveness of their service provision.<sup>10</sup> Unfortunately, New York State is not counted among the states that have implemented rigorous performance management practices so there is little guidance to be gleaned from the experience of State government.

In local government, 24 out of the 30 largest U.S. cities publish performance metrics in their budgets.<sup>11</sup> Table 1 below shows the cities and whether they have adopted the practice. New York City is not among them.

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<sup>7</sup> Julia Melkers and Katherine Willoughby, “The State of the States: Performance-Based Budgeting Requirements in 47 out of 50,” *Public Administration Review*, January/February 98, Vol. 58, Issue 1.

<sup>8</sup> United States Government Accountability Office, “Performance Budgeting: States’ Experiences Can Inform Federal Efforts,” February 2005, p. 10.

<sup>9</sup> *Ibid.* p. 12 -13.

<sup>10</sup> *Ibid.* p. 12.

<sup>11</sup> Alfred Tat-Kei Ho and Anna Ya Ni, “Have Cities Shifted to Outcome-Oriented Performance Reporting? A Content Analysis of City Budgets,” *Public Budgeting & Finance*, Summer 2005.

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**Table 1**  
**Performance Measures in Budgets of Major U.S. Cities**  
**30 Largest U.S. Cities**

New York	No
Los Angeles	Yes
Chicago	Yes
Houston	Yes
Philadelphia	No
Phoenix	Yes
San Antonio	Yes
San Diego	Yes
Dallas	Yes
San Jose	Yes
Detroit	Yes
Indianapolis	No
Jacksonville	No
San Francisco	Yes
Columbus	Yes
Austin	Yes
Memphis	Yes
Baltimore	No
Fort Worth	Yes
Charlotte	Yes
El Paso	Yes
Milwaukee	Yes
Seattle	No
Boston	Yes
Denver	Yes
Washington, DC	Yes
Nashville-Davidson	Yes
Las Vegas	Yes
Portland	Yes
Oklahoma City	Yes

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Source: Alfred Tat-Kai Ho and Anna Ya Ni, "Have Cities Shifted to Outcome-Oriented Performance Reporting? - A Content Analysis of City Budgets," *Public Budgeting & Finance*, Summer 2005. This data was updated by CBC staff in November 2006.

Note: Since the Tat-Kai Ho and Ya Ni paper was published, Las Vegas has become one of the 30 largest U.S. cities. The analysis of their budget was conducted by the authors of this paper.

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In the wake of the 1970s fiscal crisis, numerous reforms were implemented to improve the financial and operational management of New York City Government. One such reform was the development of the Mayor's Management Report (MMR) and the Preliminary Mayor's Management Report (PMMR). Another was a well-regulated and closely-monitored budget. Mayor Abe Beame's introductory letter to the inaugural MMR

read: “Citizens of New York City will be able to see how their government is planning to spend its financial resources and also what level of service can be provided with those funds.”<sup>12</sup> However, the connection between the budget and the performance measures in use has not been as strong as promised. A principal source of disconnect between the budget and the MMR is the differing way in which the two documents are organized.

***The Mayor’s Management Report.*** Although the MMR serves multiple purposes, one of its intended objectives was to allow public officials to ascertain how budget decisions affect municipal service performance. Issued two weeks after the preliminary budget, its companion PMMR was intended to be an important instrument in informing the budget deliberation process. The New York City Charter requires the PMMR to contain “proposed program performance goals and measures for the next fiscal year reflecting budgetary decisions made as of the date of the submission of the preliminary budget.”<sup>13</sup> The Charter also requires the Council to issue a report commenting on the performance goals included in the PMMR by April 8<sup>th</sup>, shortly after their Charter-mandated comments on the preliminary budget in late March.

The MMR is the report card to the public on the performance of 40 agencies that deliver a host of different services. It is produced twice yearly for reporting periods based on the City’s fiscal year and includes more than 1,000 statistics on performance. The MMR, released in September, reports the final performance of agencies for the fiscal year that ended in June. Other important information is included in the document, such as:

- Trend data for actual performance for five previous years.
- Agency performance targets, which allow for the comparison of actual performance results as compared to target in some cases.
- An overview of current and historical resources for each agency that includes staffing, overtime, spending, revenues and capital commitments.
- Data from the 3-1-1 Service Center, including a citywide summary of the most frequently received requests, complaints and inquiries and total call volume for each agency. The top-five inquiries for each agency are also presented.

While it has been published since 1977, the current structure of the MMR resulted from an overhaul of the document completed in 2002. At that time—after a lengthy review with key stakeholders and users—the report was reorganized around three key elements. These are Key Public Service Areas, Critical Objectives, and Agency Performance Reports. Key Public Service Areas and Critical Objectives state directly the policy priorities and operational strategies of the City’s Commissioners and agency heads. The Agency Performance Reports include highlights of key measures and statistical data tables. In addition to the core 1,000 metrics contained in the report, the City reports about 2,500 supplementary measures online.

The City makes other performance information available online in two forms. First, *My Neighborhood Statistics* allows users to drill down to a street address or intersection for a

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<sup>12</sup> City of New York, Office of the Mayor, *The Mayor’s Management Report*, February 18, 1977, p. 1.

<sup>13</sup> Charter of the City of New York, Section 12.b.4

key set of community well-being measures. Maps show cross-neighborhood comparisons of high and low performing indicators. Second, *Statistics for Multi-Agency Issues* allows users to display, in one page view, measures for City services or initiatives that require the cooperation of more than one agency. Eleven initiatives are currently classified as involving multiple agencies. These are noise complaints and enforcement, counterterrorism and emergency preparedness, traffic safety, domestic violence, rodent control, lead poisoning, inspections and abatement, HIV/AIDS, childhood asthma, provision of affordable housing, and tort reform.

The reorganization in 2002 improved the programmatic orientation of the MMR by organizing indicators by the KPSAs of the agency. By connecting performance indicators to agency programs, the MMR became a much more effective document in terms of tracking the performance of an agency according to its core objectives. Table 2 below shows the change in terms of indicators and indicator categories for the 2001 and 2006 MMRs. For example, in 2006, the agency added the KPSA “Protect Children from Abuse and Neglect,” which is a key aspect of the agency’s overall mission.

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**Table 2**  
**Administration for Children's Services MMR Structure**

<u>FY 2001 Mayor's Management Report</u>	<u>FY 2006 Mayor's Management Report</u>
<u>Indicator Category</u>	<u>Key Public Service Areas</u>
Child Welfare	Protect children from abuse and neglect
Agency for Child Development	Provide preventive and foster care services to meet the needs of children and families
Office of Child Support Enforcement	Ensure timely reunification or adoption services based on the needs of the child
	Ensure access to quality, safe child care and Head Start services in communities

Sources: City of New York, Mayor's Office of Operations, *Mayor's Management Report*, fiscal years 2001 and 2006 editions.

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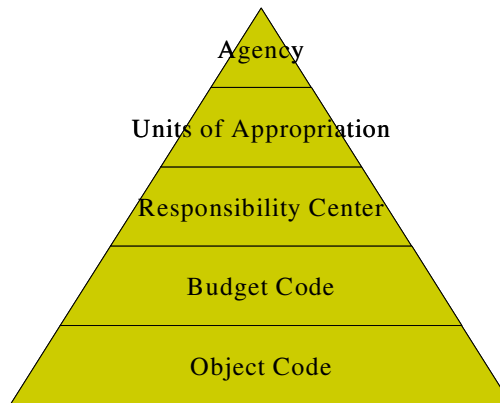
**The Budget.** The expense budget is structured hierarchically from general to detailed categories of spending. Figure 1 below illustrates the levels of detail included in the New York City budget. The most general categories are “agency” budgets that cover large service functions, such as education, sanitation and health, as well as the large citywide functions of debt service and pension contributions for workers. There are currently 79 such categories.<sup>14</sup>

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<sup>14</sup> There are 79 agency categories when all 59 community boards are counted as one agency category.

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**Figure 1**  
**Levels of Organization in the New York City Expense Budget**



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Within each agency there are “units of appropriation.” Units of appropriation are required by the Charter to reflect the main programmatic activities and goals of the agency. Section 100.c reads, “Each proposed unit of appropriation shall represent the amount requested...for a particular program, purpose, activity or institution.” The units of appropriation are allocated by the City Council. Within units of appropriation, the Mayor has full spending authority and can transfer money from one item to another. A transfer of funds from one unit of appropriation to another greater than five percent requires Council action.

Units of appropriation are divided into two major categories: personal services (spending on personnel) and other than personal services (spending on supplies). In practice, every personal service unit of appropriation has a matching other than personal service unit of appropriation. Table 3, shown below, shows the units of appropriations and the amounts allocated to them for three New York City agencies: the Department of Education, the Police Department, and the Administration for Children’s Services.

**Table 3**  
**Examples of Units of Appropriation in Select Agencies**  
(Dollars in Millions)

Department of Education	New York City Police Department		Administration for Children's Services		
	FY 2007	City Budget	FY 2007	City Budget	
<u>City Budget Unit of Appropriation</u>	<u>Adopted Budget</u>	<u>Unit of Appropriation</u>	<u>Adopted Budget</u>	<u>Unit of Appropriation</u>	<u>Adopted Budget</u>
<b>General Education Instruction and School Leadership - PS</b>	<b>\$4,908</b>	<b>Operations</b>	<b>\$2,438</b>	Personal Services	263
Special Education Instruction and School Leadership - PS	902	Executive Management	247	Headstart/Daycare	16
Regional and Citywide Instruction and Administration - PS	212	School Safety PS	179	Administrative	86
Citywide Special Education Instruction and Leadership - PS	611	Administration - Personnel	186	Other than Personal Svcs	73
Special Education Instructional Support - PS	161	Criminal Justice	94	Headstart/Daycare - OTPS	774
School Facilities - PS	390	Traffic Enforcement	89	Child Welfare - OTPS	1,258
School Food Services - PS	175	Transit Police	184		
Central Administration - PS	149	Housing Police	129		
Fringe Benefits - PS	1,967	Operations - OTPS	55		
Categorical Programs - PS	1,356	Executive Mgmt - OTPS	8		
Collective Bargaining - PS	24	School Safety - OTPS	5		
General Education Instruction and School Leadership - OTPS	530	Administration - OTPS	174		
Special Education Instruction and School Leadership - OTPS	10	Criminal Justice - OTPS	1		
Regional and Citywide Instruction and Administration - OTPS	14	Traffic Enforcement - OTPS	8		
Citywide Special Education Instruction and Leadership - OTPS	25				
Special Education Instructional Support - OTPS	125				
School Facilities - OTPS	173				
Pupil Transportation - OTPS	913				
School Food Services - OTPS	175				
School Safety - OTPS	170				
Energy and Leases - OTPS	371				
Central Administration - OTPS	220				
Special Education Pre-K Contract Payments - OTPS	548				
Charter/Contract/Foster Payments - OTPS	486				
NPS and FIT Payments - OTPS	54				
Categorical Programs - OTPS	783				

Source: City of New York, Office of Management and Budget, *Fiscal Year 2007 Adopted Budget*, July 2006.

Below the unit of appropriation, the budget is further subdivided into responsibility centers. In theory, responsibility centers are categories for which a single manager is responsible. In practice, New York City responsibility centers sometimes correspond to the management structure of an agency and sometimes do not. They are not particularly useful in budgeting for agency needs.

In contrast, budget codes, the next level of detail down from responsibility centers, are of great use to budget makers. Budget codes identify the individual activities or units of any agency. In the police department, for example, there is a budget code for every precinct house that contains the funds for that precinct. Likewise, in homeless services, there is a budget code for each shelter the agency runs.

Table 4 below shows the responsibility centers and budget code detail for one responsibility center in the Department of Homeless Services budget. Budget codes do provide additional program detail, but are not organized by key goal or outcome. Instead, they frequently follow geographic or functional lines. In the Homeless Service Budget below, for example, there is a budget code for each shelter operated by the agency.

**Table 4**  
**Budget Detail for the Department of Homeless Services**  
**Unit of Appropriation - 001 Personal Services**  
**Fiscal Year 2007 Adopted Budget**

	<u>Code</u>	<u>Amount</u>
<b>Single Shelter Operations</b>	<b>7140</b>	<b>\$21,794,631</b>
Single Shelter Operation	400	1,724,887
Adult Operations	401	2,214,555
Drop-In Outreach and Reception	402	771,929
Atlantic - Men Shelter	403	2,312,715
Eligibility and Assessment	404	1,021,454
Bellevue Men Shelter	406	3,865,834
Program Planning and Housing	407	1,200,534
Intake	408	2,029,363
Camp LaGuardia	412	198,764
Franklin - Mens Shelter	421	717,281
Greenpoint I	424	1,693,493
Brooklyn Women's Shelter	445	733,637
Lexington Armory	457	1,318,470
Kingsboro Shelter	468	1,984,240
Program & Housing Placement	1122	3,679
Substance Abuse Counselors	1123	3,796

Source: City of New York, *Fiscal Year 2007 Adopted Budget*, Supporting Schedules, June 2006.

Under budget codes there are object codes, which describe functional units of the budget that are common across different agencies. Standard account numbers are used under each budget code to detail what the funds will purchase. For example, 001 is the account for a full year position; 047 is for overtime. Object codes allow for the tabulation of spending on major categories across agencies (e.g. full-year positions and overtime).

The City Charter gives the Council the power to recommend changes in the structure of units of appropriation and requires that these be arranged to correspond with agency programs in order to give the budget a more transparent link to programs and activities. That information was intended to tie to the PMMR and the MMR in order to inform the budget process and advance performance budgeting in New York City government.

***The Disconnect.*** As it has played out, the units of appropriation in agency budgets are often broad, vague, and difficult to connect to any specific programs. The Department of Education budget, for example, although recently reorganized, has a single unit of appropriation “General Education Instruction and School Leadership Personal Services,” which represents \$4.9 billion in spending, fully 31 percent of the agency’s fiscal year

2007 budget. This single unit of appropriation is almost 10 percent of the entire City operating budget. Similarly, in the Police Department, the unit of appropriation called “Operations” covers \$2.4 billion in spending, two-thirds of the agency’s budget. Broad units of appropriation that encompass multiple programs make it nearly impossible to relate budget appropriations to the measurable results of city services.

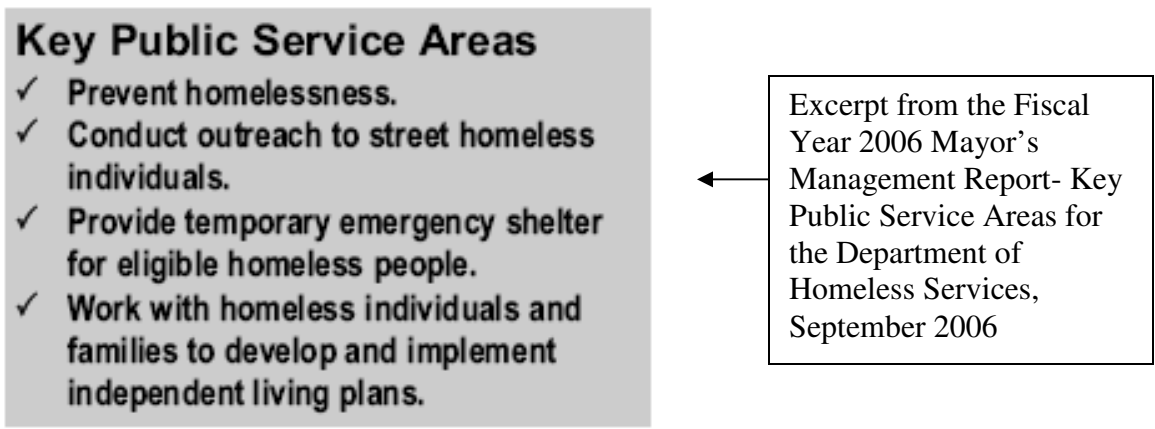
The unit of appropriation is the unit of action for the New York City Council; this is the unit appropriate for legislative accountability. Within units of appropriation, the Executive has the power to move money from one function to another. This creates a powerful incentive for large units of appropriation, as executives typically prefer maximum discretion and flexibility.

Although a laudable reform, the reorganization of performance indicators by KPSAs actually made performance information more difficult to connect to the budget. Before 2002, the MMR reported performance indicators and the budget by unit of appropriation. To the extent that units of appropriation matched agency programs, a user could connect budget appropriations with performance. However, because units of appropriation did not always match agency programs and performance information was less related to agency goals, the link, even where it existed, was weak.

Although the budget code level could, in theory, be organized to align with program performance goals, in practice, budget codes are not all that relevant to the key public service areas identified in the MMR either. Figure 2 below shows the KPSA’s for the Department of Homeless Services, which do not align with the budget code detail presented above in Table 4.

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Figure 2



The budget code level provides the Executive with a way to parcel money into discrete units for agency use. These can be changed by the Office of Management and Budget to suit the changing needs of an agency. Thus, this is the most appropriate unit for management accountability.

In recognition of the difficulty attaching programs to these large budget lump sums, the New York City Independent Budget Office has undertaken an effort to develop program spending for a selection of City agencies.<sup>15</sup> Within each sample agency, the IBO staff has grouped spending that relates to major programs run by that agency together.

Simply put, while the MMR moved toward an outcome-based programmatic structure, but the budget has not. The budget, in spite of Charter requirements, maintains a separate structure that does not allow the public to relate the dollars that are spent to government programs, let alone discern what results are being achieved with specific allocations of public money.

## **Issue 2: Efficiency Measures are not a major focus of service performance.**

Efficiency measures describe relationships between outputs (or in some cases, outcomes) and the resources, or inputs, that an agency dedicates to achieve those outputs. Examples of efficiency measures include “cost per road mile paved,” “tons of refuse collected per truck-shift,” and “buildings investigated per investigator.” Measuring efficiency indicators enables agency managers to track trends to manage resources more effectively. Furthermore, reporting efficiency measures allows oversight entities and the public to hold the government accountable for delivering the most efficient services possible.

Efficiency measures can play an especially important role in the budget process. In performance budget systems, deliberations can center on setting targets for, and monitoring the progress of, the efficiency of the government in delivering services

The number of efficiency indicators reported in the MMR varies by agency. Some agencies, such as the Department of Sanitation and the Department of Transportation, report a wide variety of efficiency indicators. These are the exception; of the 40 agencies included in the MMR, half report no efficiency measures at all. Table 5 below shows the degree of efficiency reporting by agency in the 2006 MMR.

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<sup>15</sup> These program budgets can be viewed at [www.ibo.nyc.gov](http://www.ibo.nyc.gov).

**Table 5**  
**Agency Reporting of Efficiency Measures**

<u>No Efficiency Indicators</u>	<u>1-2 Efficiency Indicators</u>	<u>3-4 Efficiency Indicators</u>	<u>5 or More Efficiency Indicators</u>
Health and Hospitals Corporation	Health and Mental Hygiene	Education	Sanitation
Youth and Community Development	School Construction Authority	Children's Services	
Environmental Protection	Human Resources Administration	Transportation	
Information Technology and Telecommunications	Homeless Services	Fire	
Records and Information Services	Aging	Probation	
City Planning	Buildings		
Cultural Affairs	Housing Authority		
Police	Housing Preservation and Development		
Emergency Management	Design and Construction		
Civilian Complaint Review Board	Citywide Administrative Services		
Law	Parks and Recreation		
Investigation	Corrections		
Human Rights	Juvenile Justice		
Administrative Trials and Hearings	Economic Development Corporation		
Finance			
Consumer Affairs			
Small Business Services			
Public Libraries			
Taxi and Limousine Commission			
City University of New York			
<b>Total</b>	<b>20</b>	<b>14</b>	<b>5</b>

Source: City of New York, Mayor's Office of Operations, *Fiscal Year 2006 Mayor's Management Report*, September 2006.

Some agencies do a good job reporting efficiency measures. One example is the Department of Sanitation. The six efficiency indicators reported by the Department of Sanitation are shown below in Table 6.

**Table 6**  
**Performance Trends for Efficiency Measures in the Department of Sanitation**

<u>Indicator</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Refuse cost per ton (fully loaded)	\$257	\$242	\$251	\$263	NA
Refuse collection cost per ton	152	147	154	154	NA
Disposal cost per ton	106	95	97	109	NA
Recycling cost per ton (fully loaded)	305	381	321	343	NA
Recycling collection cost per ton	280	380	315	325	NA
Paper recycling revenue per ton	7	7	10	16	10

Source: City of New York, Mayor's Office of Operations, *Mayor's Management Report*, fiscal years 2006 and 2003 editions.

Note: NA=Not available. As of the *Fiscal Year 2006 Mayor's Management Report*, data for fiscal year 2006 was not available for many of the indicators.

The International City/County Management Association's (ICMA) Center for Performance Management uses efficiency measures in its performance measurement benchmarking consortium. Of the 216 indicators that ICMA publishes in its annual performance measurement benchmarking publication, 42 are efficiency measures. As shown below in Table 7, New York City only reports 4 out of 42 of these efficiency indicators.

**Table 7**  
**Efficiency Indicators Included in the International City/County Management Association Center for Performance Management Data Report**

<u>Service Area</u>	<u>Efficiency Indicator</u>	<u>Similar MMR Indicator(Agency)</u>
Facilities Management	Custodial Expenditures Per Square Foot: Administrative/Office Facilities Custodial Expenditures Per Square Foot: Library/Cultural Facilities Custodial Expenditures Per Square Foot: Recreation/Community Center Repair Expenditures per Square Foot	Average Cost of Cleaning per Square Foot (Department of Citywide Administrative Services)
Fleet Management	Hours Billed per Vehicle or Piece of Equipment Maintained by the Central Fleet Management Operation Hours Billed as a Percentage of Hours Available Average Fleet Maintenance Expenditures per Vehicle Police Vehicles: Total Maintenance and Preventative Maintenance Expenditures per Vehicle Police Vehicles: Total Maintenance Expenditures per Mile Driven Fire Vehicles: Total Maintenance and Preventative Maintenance Expenditures per Vehicle Fire Vehicles: Total Maintenance Expenditures per Mile Driven EMS Vehicles: Total Maintenance and Preventative Maintenance Expenditures per Vehicle EMS Vehicles: Total Maintenance Expenditures per Mile Driven Light Vehicles: Total Maintenance and Preventative Maintenance Expenditures per Vehicle Light Vehicles: Total Maintenance Expenditures per Mile Driven Solid-Waste Packers: Total Maintenance and Preventative Maintenance Expenditures per Vehicle Solid-Waste Packers: Total Maintenance Expenditures per Mile Driven Buses: Total Maintenance Expenditures per Mile Driven Medium Vehicles: Total Maintenance and Preventative Maintenance Expenditures per Vehicle Heavy Vehicles: Total Maintenance and Preventative Maintenance Expenditures per Vehicle Heavy Equipment: Total Maintenance and Preventative Maintenance Expenditures per Vehicle	
Highway and Road Maintenance	Road Rehabilitation Expenditures per Paved Lane Mile Snow and Ice Control Expenditures per Capita Compared with Inches of Snowfall	Average Cost per Lane Mile Resurfaced Citywide (Department of Transportation)
Housing	New Low-to-Moderate-Income Housing: Number of New Units Completed per \$100,000 of Public Financial Assistance for New Housing Rehabilitation of Low-to-Moderate-Income Housing: Number of New Units Completed per \$100,000 of Public Financial Assistance for Housing Rehabilitation Low-to-Moderate-Income Home Ownership Assistance: Number of New Units Completed per \$100,000 of Public Financial Assistance for Home Ownership	
Information Technology	Central IT Expenditures per Workstation	
Library Services	Operating and Maintenance Expenditures per Registered Borrower Operating and Maintenance Expenditures per Item Circulated	
Police Services	Operating and Maintenance Expenditures Charged to the Police Department per UCR Part I Crime Cleared	
Purchasing	Dollar Amount of Central Purchasing Office Purchases per Central Purchasing Office FTE Dollar Amount of Nonconstruction Purchases through Central Purchasing Office per FTE Number of Protests Filed per \$25 Million Purchased	
Refuse and Recycling	Operating and Maintenance Expenditures per Refuse Collection Account Operating and Maintenance Expenditures per Ton of Refuse Collected Operating and Maintenance Expenditures for Refuse Collection and Disposal per Account Operating and Maintenance Expenditures for Recycling Services per Account Operating and Maintenance Expenditures for Recycling Services per Ton of Recyclable Material Collected	Refuse Collection Cost per Ton (Department of Sanitation)  Recycling Collection Cost per Ton (Department of Sanitation)
Risk Management	Expenditures for Workers' Compensation per \$100 of Total Jurisdiction Salaries and Benefits	
<b>Total Efficiency Indicators</b>		<b>42</b>

Sources: City of New York, Mayor's Office of Operations, *Fiscal Year 2006 Mayor's Management Report*, September 2006; International City/County Management Association Center for Performance Measurement, *FY 2003 Data Report*, December 2004.

### **Issue 3: Outcome measures need more attention in some service areas.**

Focusing on outcome measures is one of the keys to successful performance measurement and management. Other measures, such as inputs, outputs, and other process measures, are important for day-to-day management and need to be in place, but outcome measures ultimately communicate to the public whether their tax dollars are well spent. Truly focusing on outcomes can change the culture of an organization from that of a “responding agency” to that of “an agent for social change.” It can also free up managers to employ creative approaches. The idea is that measuring desired outcomes leads to producing them by encouraging an “eyes on the prize” mentality.

The NYPD’s experience with Compstat demonstrates the difference improved accountability for results can make. Compstat hinges on the notion that the police ought to measure, and be held accountable for, the actual occurrence of crime—a radical departure from the more traditional approach of measuring and managing responses to crime. By measuring crime rates (outcomes) rather than arrests (outputs), the NYPD began holding precinct commanders accountable for reducing crime and making

neighborhoods safe, rather than other dimensions of performance, such as adequately staffing officers on patrol.<sup>16</sup>

Compstat also transformed the way performance information was used. Instead of tracking all crime data at NYPD's headquarters at One Police Plaza, precinct commanders received up-to-date data on a wide range of outcome-based crime indicators. The emphasis was using real-time data to identify trouble spots. Commanders were then expected to deploy police officers to locales where crime was likely to occur, rather than respond to incidents when they were reported. An historic decrease in crime followed.

In an effort to replicate the success of the NYPD model, the City initiated the Citywide Accountability Program, or "Capstat." The City encourages agencies to use systematic collection and analysis of timely performance measures and data to recognize program success, identify emerging issues, substantiate or refute opinions, and inform improvement plans. In Capstat meetings, executive staff reinforce operational goals and use key performance indicators to hold managers accountable.

In fiscal year 2005, 14 other agencies had implemented programs under the Capstat: Department of Buildings; Department of Citywide Administrative Services; Department of Correction; Department of Environmental Protection; Department of Health and Mental Hygiene; Department of Housing Preservation and Development; Department of Parks and Recreation; Department of Probation; Department of Transportation; Fire Department; Human Resources Administration; the Mayor's Office; and Campaign Finance.

Many of the Capstat agencies have made the shift to outcome measurement. One example of note is the Department of Health and Mental Hygiene. Many of the indicators employed by the agency reflect underlying health trends of the population; for example, the infant mortality rate, deaths due to drug abuse, and hospitalization rate for childhood asthma. Table 8 below shows the measures used and reported by the Department of Health and Mental Hygiene. In fact, a comparison of available metrics for local governments compared to New York City in this study finds that the Department's measures are superior. This may also reflect a scope of work far more comprehensive than that undertaken in health departments in other places.

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<sup>16</sup> Dennis C. Smith and William J. Bratton, "Performance Management in New York City: Compstat and the Revolution in Police Management", in *Quicker, Better, Cheaper: Managing Performance in American Government*, edited by Dall W. Forsythe, Rockefeller Institute Press, Albany, 2001.

**Table 8**  
**Comparing Outcome Indicators:**  
**New York City, ICMA and Austin**  
**Agency: Health and Mental Hygiene**

<u>New York City</u>	<u>ICMA</u>	<u>Austin</u>
Adults who smoke	Prevalence of teen motherhood	Satisfaction with safety of restaurant food
Hospitalization rate for asthma among children ages 0-14	Prevalence of low-birth weight babies	Satisfaction with health care available to low income individuals
Infant mortality rate		Satisfaction with social services available to low income individuals
Children in the public schools who have completed required immunizations		Satisfaction with homeless services
New adult AIDS cases diagnosed		Infant mortality rate
New pediatric AIDS cases diagnosed		Satisfaction with health services in general
Persons diagnosed, living and reported with HIV/AIDS		Satisfaction with primary care services
Syphilis cases		
New tuberculosis cases		
Patients who complete treatment for active tuberculosis		
West Nile virus cases reported		
Deaths due to drug abuse		
Childhood Blood Lead Levels		
New cases among children less than 18 years requiring environmental intervention for lead poisoning in accordance with Local Law 1 of 2004 (August-June)		
New cases among children less than 18 years identified with blood lead levels greater than or equal to 10 micrograms per deciliter		
New cases among children aged 6 months to less than 6 years with blood lead levels greater than or equal to 10 micrograms per deciliter		

Sources: City of New York, Office of Operations, *Fiscal Year 2005 Mayor's Management Report*, September 2005; City of Austin, *Fiscal Year 2002 Community Scorecard*, October 2002; International City/County Management Association Center for Performance Measurement, *Comparative Performance Measurement FY 2003 Data Report*, December 2004.

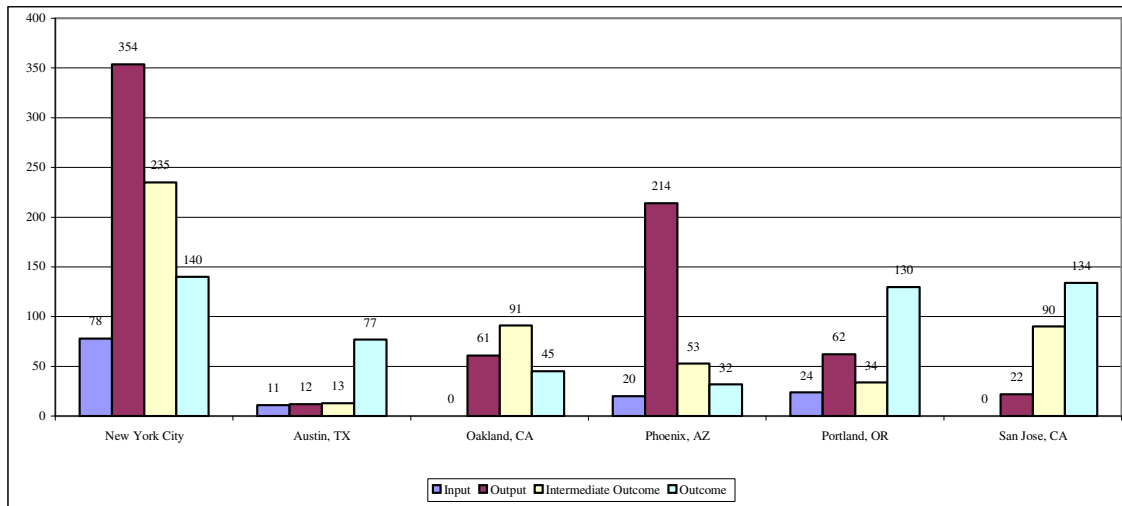
Another example of this shift has occurred in the Department of Homeless Services (DHS). After studying the application of the Compstat model to its own operations, DHS went beyond its traditional measurement and focus on outputs (counts of how many emergency shelter beds were provided) to add measures to reflect the actual prevention of homelessness (census of homeless data).<sup>17</sup> The outcome orientation is reflected by the

<sup>17</sup> Dennis C. Smith and William J. Grinker, *The Transformation of Social Services Management in New York City: "CompStating" Welfare*, Seedco, March 2005.

wide number of outcome indicators now included in the MMR.<sup>18</sup> In the 2001 MMR, DHS reported no outcome indicators; in 2006, 15 out of the 29 indicators reported are outcome measures.<sup>19</sup>

In general, New York City’s measures are focused more toward outputs than outcomes. Figure 3 below shows that New York City measures and reports 70 inputs, 354 outputs and 140 outcomes for 41 agencies. Other governments have distributions of measures that reflect the high priority placed on outcomes measurement. San Jose, for example, collects 134 outcome measures, or about 19 per agency. The scale of New York City’s operations is reflected in its large volume of indicators; nevertheless, its indicator distribution is dominated by output measures.

**Figure 3**  
**Indicator Distribution in the Performance Documents of Select Cities**



	<u>New York City</u>	<u>Austin</u>	<u>Oakland</u>	<u>Phoenix</u>	<u>Portland</u>	<u>San Jose</u>
Outcome Indicators	140	77	45	32	130	134
Agencies	41	16	12	34	11	7
Outcome Indicators per Agency	3.4	4.8	3.8	0.9	11.8	19.1

Sources: City of New York, Office of Operations, *Fiscal Year 2005 Mayor’s Management Report*, September 2005; City of Austin, *Fiscal Year 2002 Community Scorecard*, October 2002; City of Oakland, *Fiscal Year 2004-2005 Annual Report*, October 2005; City of Phoenix, *Fiscal Year 2005 City Manager’s Executive Report*, August 2005; City of Portland, Office of the City Auditor, *Service Efforts and Accomplishments: 2003-2004, December 2004*; City of San Jose, Office of the City Manager, *2003-2004 Year End City Service Area Performance Report*, September 2004.

An agency-by-agency analysis of outcomes reported in the MMR shows that six agencies—Education, Health and Mental Hygiene, Human Resources, Parks and Recreation, Police, and Small Business Services—report more than eight true outcome indicators in their service areas. Table 9 below shows the distribution. The majority of

<sup>18</sup> *Ibid.* p. 33-34.

<sup>19</sup> City of New York, Mayor’s Office of Operations, *Mayors Management Report*, fiscal years 2001 and 2006 editions.

agencies are in the middle of spectrum, reporting between 1 and 7 outcomes each. At the bottom of the pack are 13 agencies that report no outcome measures in their service areas. In some of these agencies, customer survey measures would be needed to develop true outcomes measures.

<u>No Indicators</u>	<u>1-2 Indicators</u>	<u>3-4 Indicators</u>	<u>5-6 Indicators</u>	<u>7 or More Indicators</u>
Buildings	Information Technology and Telecommunications	Transportation	Housing Authority	Homeless Services (7)
City Planning	Fire	Sanitation	Corrections	Education (10)
City University	Health and Hospitals Corporation	Housing Preservation and Development	Economic Development Corporation	Parks and Recreation (10)
Cultural Affairs	School Construction Authority	Citywide Administrative Services		Small Business Services (10)
Emergency Management	Aging	Children's Services		Human Resources (11)
Human Rights	Design and Construction	Environmental Protection		Health and Mental Hygiene (17)
Investigations	Civilian Complaint Review Board	Probation		Police (22)
Juvenile Justice	Administrative Trials and Hearings	Consumer Affairs		
Landmarks Preservation	Finance			
Law				
Public Libraries				
Records and Information Services				
Taxi and Limousine Commission				
<b>Total</b>	<b>13</b>	<b>9</b>	<b>8</b>	<b>3</b>

Source: City of New York, Mayor's Office of Operations, *Fiscal Year 2006 Mayor's Management Report*, September 2006.  
Note: Number in parentheses is the number of outcome indicators reported for each agency. An outcome indicator is any that measures the ultimate goal or result of an agency. Timeliness of services does not constitute an outcome indicator. Determining whether and indicator is truly an outcome measure is a matter of judgement and the above table reflects the judgement of the authors of this paper.

#### Issue 4: New Yorkers cannot compare the caliber of New York City's services.

Governments increasingly compare their performance against that of others. In fact, in the cities examined for this study, such comparisons are the norm. These efforts help local government leaders determine how able their locale is to compete for jobs and residents.

As governments endeavor to do these comparisons, they invariably encounter comparability challenges. The nature of government services and the function and responsibilities of the agencies that provide them differs from place to place and makes comparison difficult without strenuous effort to standardize the data. Many governments overcome these challenges by participating in the ICMA Center for Performance Measurement. More than 120 cities/counties currently participate.

Local governments of all shapes and sizes participate in the program, from Miami Dade (population 2.4 million) to Safford, Arizona (population 9,394). Although New York's size might suggest difficulties in terms of comparability, there are many large municipalities in the project. Table 10 below shows the counties and cities with populations above 500,000 that participate in the ICMA Center for Performance Management and their form of government.

One of the principal advantages of comparative benchmarking is the ability to learn from high performance jurisdictions. *What Works*, ICMA's supplement to their yearly *Comparative Performance Measurement Data Report*, identifies cities and counties that have had demonstrable success in the indicator areas that ICMA follows. Small case studies in *What Works* describe the programs and policies that have led to greater performance. Without the comparative dimension of performance measurement, it is impossible to identify the municipalities that are leaders in the particular service areas. In addition to the sharing of performance information for comparison purposes, comparative

benchmarking plays an important role in providing a starting place for further analysis of who performs well and how they are achieving results.

**Table 10**  
**Large Municipalities Participating in the ICMA Center for Performance Management**

<b>Municipality</b>	<b>Population</b>	<b>County/City</b>	<b>Major Cities (if County)</b>	<b>Management Structure</b>
Los Angeles, CA	3,700,000	City		Mayor-Council
Miami-Dade County, FL	2,253,362	County	Miami	Council-Manager
Bexar County, TX	1,392,931	County	San Antonio	Commission
Phoenix, AZ	1,373,947	City		Council-Manager
San Antonio, TX	1,241,100	City		Council-Manager
Fairfax County, VA	998,153	County	Arlington; Suburban Washington, DC	Council-Manager
San Jose, CA	918,000	City		Council-Manager
Calgary, AB (Canada)	904,900	City		Mayor-Council
Hamilton County, OH	845,503	County	Cincinnati	Council-Manager
San Francisco, CA	789,800	City		Mayor-Council
Austin, TX	667,705	City		Council-Manager
Montgomery County, OH	559,062	County	Dayton	Council-Manager
Portland, OR	529,121	City		Commission
Las Vegas, NV	520,936	City		Council-Manager
Oklahoma City, OK	510,800	City		Council-Manager
Tucson, AZ	507,085	City		Council-Manager

Source: International City/County Management Association, *Comparative Performance Measurement: FY 2002 Data Report*.

Municipalities participating in the Center’s data reporting can compare benchmarks in 15 service areas. The Center publishes two yearly documents: *Comparative Performance Measurement Data Report*, a collection of data comparing performance across a wide set of indicators in the 15 service areas listed above; and *What Works*, a volume describing best practices in highly effective governments. In addition to the annual reports, the ICMA Center helps “clean” data in order to ensure accuracy and comparability for its recommended measures. Table 11 below shows the core service areas in the ICMA project with a selection of sample indicators for each one.

**Table 11**  
**Service Areas and Indicators Collected by ICMA's Center for Performance Management**

<u>Service Area</u>	<u>Sample Indicators</u>
Code Enforcement	Rates of voluntary compliance Number of elapsed calendar days from first inspection to voluntary compliance
Facilities Management	Custodial expenditures per square foot Customer satisfaction: timeliness of repair service
Fire and EMS	Fires confined to room of origin or confined to structure of origin Percentage of total fire calls with a response time of five minutes or under
Fleet Management	Total maintenance expenditures per mile driven Internal customer satisfaction: timeliness of fleet maintenance services
Highway and Road Maintenance	Citizen ratings of road condition Road rehabilitation expenditures per paved lane mile
Housing	Number of households assisted per \$100,000 of public financial assistance Outside capital leveraged as a percentage of total funding for low-to-moderate-income housing
Human Resources	Sick leave hours used per 1,000 hours worked Number of employee grievances and appeals per 100 employees
Information Technology	Central IT expenditures per workstation Help desk calls: resolved at time of call
Library Services	Circulation rates Citizen ratings of library services
Parks and Recreation	Citizen ratings of the safety of parks and recreation facilities Citizen ratings of overall satisfaction with parks and recreation in the jurisdiction
Police Services	Number of top priority police calls per 1,000 population Citizen ratings of safety in their neighborhoods during dark
Purchasing	Calendar days from requisition to purchase order Internal customer satisfaction: timeliness of service
Refuse and Recycling	Average tons of recyclable material collected per account Operating expenditures for refuse collection per ton of refuse collected
Risk Management	General liability claims per 10,000 population served Traffic accidents per 100,000 miles driven
Youth Services	Prevalence of low-birth weight babies Prevalence of teen motherhood

Source: International City/County Management Association Center for Performance Measurement, *Comparative Performance Measurement FY 2004 Data Report*.

A neighboring jurisdiction, Nassau County, recently joined the ICMA project; it is the first and only local government in New York that participates. In digging itself out of a fiscal crisis, Nassau County has reformed its budget process to be more transparent and accountable to the public.

Among major U.S. cities, comparative measurement is becoming more common. A review of the practices employed in those cities shows that nearly one-third report comparative benchmarks in their performance documents. Table 12 below shows the cities.

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**Table 12**  
**Comparative Benchmarking in Major U.S. Cities**  
**30-Largest U.S. Cities**

<u>City</u>	<u>Benchmarks to Other Cities</u>
New York	No
Los Angeles	No
Chicago	No
Houston	No
Philadelphia	No
Phoenix	Yes
San Antonio	Yes
San Diego	Yes
Dallas	Yes
San Jose	Yes
Detroit	No
Indianapolis	No
Jacksonville	No
San Francisco	No
Columbus	No
Austin	Yes
Memphis	No
Baltimore	No
Fort Worth	No
Charlotte	No
El Paso	Yes
Milwaukee	No
Seattle	No
Boston	No
Denver	No
Washington, DC	No
Nashville-Davidson	No
Las Vegas	Yes
Portland	Yes
Oklahoma City	No

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Source: CBC staff analysis

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New York City government does not currently make use of comparative measures in any systematic way. Periodically, agencies will include performance statistics for select measures in the MMR, but it is not the norm.

In the fiscal year 2006 MMR, for example, there are two City agencies and one City authority that use comparative benchmarking in their performance reporting. The Health and Hospitals Corporation, a City authority, compares their average length of stay to voluntary hospitals. The New York Police Department reports their FBI Total Crime

Index rate and compares it to the ten largest U.S. cities. (New York has the lowest FBI Total Crime Index rate, making it the safest large city in the country.) In addition, the Department of Health and Mental Hygiene compares the City's infant mortality rate to the federal "Healthy People 2010" goals.

Although it does not track its performance relative to that of other jurisdictions, New York City's MMR does provide five-year trend data. Users are able to track the performance statistics provided by the City over many years. A sample of that data from the MMR is provided below in Figure 4 for a key goal of the New York City Department of Parks and Recreation. Agencies collect and report indicators for each key goal in the same format.

**Figure 4**

**Excerpts from the New York City Mayor's Management Report, 2006**  
**Department of Parks and Recreation**

**Performance Report**

✓ **Maintain a green, clean and safe park system and urban forest for all New Yorkers.**

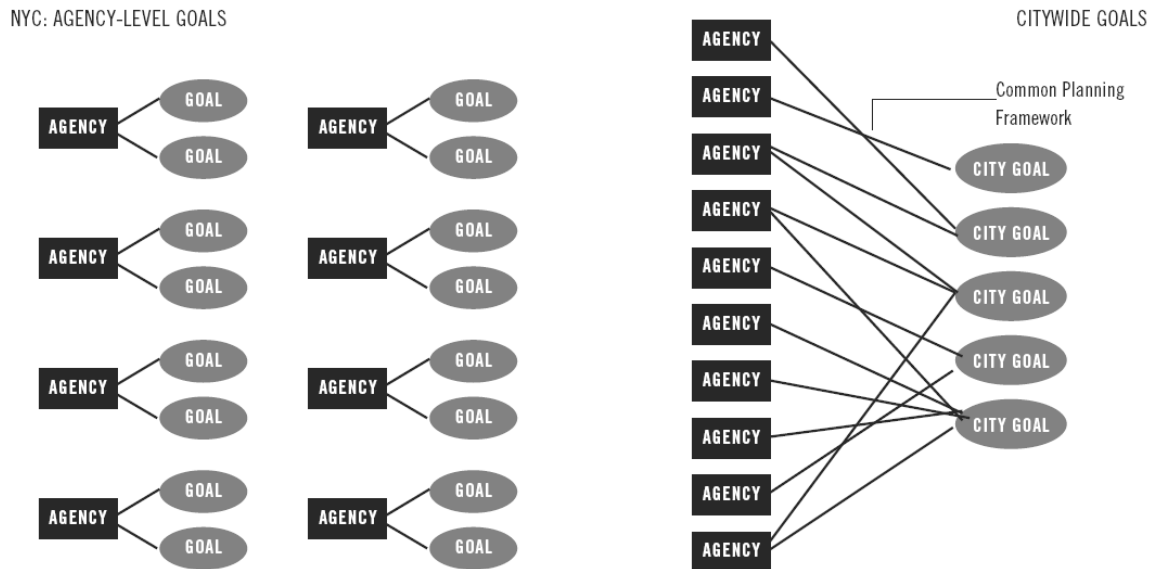
Performance Statistics	A c t u a l					T a r g e t		
	FY02	FY03	FY04	FY05	FY06	FY06 Preliminary	FY07 Updated	FY07 Updated
Parks rated "acceptable" for overall condition (%)	88%	87%	87%	87%	88%	85%	85%	85%
Parks rated "acceptable" for cleanliness (%)	93%	91%	90%	92%	93%	90%	90%	90%
Playground safety surfaces rated "acceptable" (%)	94%	95%	92%	89%	92%	90%	90%	90%
Playground equipment rated "acceptable" (%)	85%	91%	95%	90%	88%	90%	90%	90%
Comfort stations in service (in season only) (%)	58%	74%	83%	84%	92%	80%	80%	80%
Spray showers in service (in season only) (%)	100%	98%	88%	86%	88%	*	*	*
Drinking fountains in service (in season only) (%)	90%	91%	91%	89%	90%	*	*	*
Parks with an affiliated volunteer group (%)	40%	42%	51%	53%	56%	*	*	*
Summonses issued	22,949	29,059	24,806	31,455	26,108	*	*	*
<b>Trees planted</b>	<b>13,658</b>	<b>12,382</b>	<b>9,997</b>	<b>10,579</b>	<b>9,100</b>	*	*	*
Trees pruned - block program			33,550	35,481	36,368	29,000	29,000	29,000
- Annual pruning goal completed (%)			120%	122%	125%	*	*	*
- 10-year pruning cycle completed (%)			10%	10%	10%	*	*	*
Trees removed within 30 days of service request (%)	99%	94%	96%	93%	99%	95%	95%	95%
Acres restored	44.2	17.7	38.9	28.3	8.0	*	*	*
Acres improved			322.6	330.2	291.4	*	*	*
Attendance at historic house museums (000)	508.6	564.8	597.0	596.8	659.3	*	*	*
Monuments receiving annual maintenance (%)	15%	20%	20%	26%	36%	*	*	*
DPR-managed properties within Citywide Rodent Initiative target areas			123	121	121	*	*	*
- Properties with signs of rodent infestation (%)			23%	50%	31%	*	*	*
Tort cases commenced	248	308	253	274	243	*	*	*
Tort dispositions	292	365	335	327	267	*	*	*
Total tort payout (\$000)	\$16,179.3	\$15,017.8	\$8,554.6	\$14,617.6	\$5,925.6	*	*	*

**Issue 5: Public perception of the quality of services is not adequately measured.**

There are three important reasons to focus on enhancing citizen participation. First, citizen-driven metrics help governments become more citizen-centric. Second, focusing on how citizens view government can improve measurement and, ultimately, outcomes. Third, involving citizens makes them partners in the achievement of desired outcomes.

For city governments that have started focusing more about citizens, planning and reporting documents will often be oriented around common or shared goals. Agencies are recognized as feeding into shared goals rather than as separate “columns” responsible only for their own constituents. A simple graphic serves to illustrate the point. In Figure 5 below, the agency-centric view is shown on the left and the citizen-centric view is on the right. On the left, agencies are accountable for only the goals they identify as falling within their purview, even though the reality is that the actions of multiple agencies may affect the overall achievement of the goal. On the right, agencies are depicted as contributing to common goals.

**Figure 5**  
**Agency-Goal Relationships in New York City Vs. Other Places**



Source: [www.nyc.gov](http://www.nyc.gov) Citizens Budget Commission

Source: [www.portlandonline.com/auditor](http://www.portlandonline.com/auditor)

Citizens view government differently than managers. Citizens are not as concerned about agency structures or functions as the personnel who manage them. They are first and foremost interested in getting what they need from government and less interested in which agency delivers the desired service. Governments that have undergone an

examination of the performance indicators they are using to measure their success have found that the measures agency leaders care most about for managing their work flow do not speak to the public in the same way.

Some interesting examples of metrics that a “citizen-centric” view of the world might produce were compiled in study by Barbara Cohn Berman and the Fund for the City of New York. Over a six-year period, Berman conducted a two-part research study with approximately 651 New York City residents examining the quality of services offered by City government. The second part of the study included telephone surveys conducted in 1998.

The research suggested some different metrics based on what people reported to be the most important features of the service they had received from City government. In mass transit, for example, waiting time and reliability were aspects of performance that were most important to the public. Thus, the suggested measure is waiting time at various points in time during the day for different types of mass transit and for different lines.

Another classic example of the difference between the citizen-centric view and the agency-centric view is also a transportation indicator. A typical measure that is tracked by agency managers in transportation is “lane miles of pavement resurfaced.” This gives the head of a department of transportation a view of how well they are maintaining roadways for auto users. Presumably a regular resurfacing cycle would produce high quality road surfaces. It turns out that what most users of the roads find most important is the smoothness of the surface.<sup>20</sup> Smoothness may or may not bear a direct relationship to the frequency with which the road has been repaved. The Fund for the City of New York reports smoothness ratings for New York City streets.

Public officials and employees alone cannot achieve successful outcomes. Citizens are “co-producers” of many services. This co-production function is particularly important in human services, but can also play a part in some of the “harder” services such as public safety and sanitation.

For example, parents and caregivers are often viewed as co-producers in education. And though many teachers have described the frustrations of being expected to overcome the difficult or counterproductive circumstances their students may face at home, some innovative programs have been developed to engage parents and caregivers as partners or co-producers of their children’s education. Programs that help parents and caregivers understand how to help encourage reading skills at home or how to review homework acknowledge that these significant actors in the lives of students are partners in a joint enterprise.

It is this recognition of partnership in the achievement of desired outcomes that goes one step beyond a market-research-based view of citizens as customers. Some scholars argue that the recognition of citizens as co-producers will fundamentally alter the relationship

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<sup>20</sup> Berman, Barbara J. Cohn (2005). *Listening to the Public: Adding the Voices of the People to Government Performance Measurement and Reporting*. New York, NY: Fund for the City of New York.

between public administrators and the public they serve, forging a more collaborative form of governance where each has core responsibilities to fulfill in the attainment of societal goals.<sup>21</sup> The theory posits that the successful programs of the future will harness the spirit of mutual effort rather than entrepreneurial bureaucratic enterprise.

To help governments shift their focus to the citizen, the collection of survey data in various forms is becoming standard practice. A recent survey of jurisdictions completed by ICMA shows that almost 60 percent of jurisdictions with populations that range from 5,000 to 250,000 residents have conducted at least one citizen survey in the last five years.<sup>22</sup> Among local governments that conducted citizen surveys, 75 percent report that they found them “very useful.”<sup>23</sup> More specifically, among the 30 largest U.S. cities, half include citizen surveys in their performance documents, as shown in Table 13.

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<sup>21</sup> Vigoda, Eran. 2002. *From Responsiveness to Collaboration: Governance, Citizens and the Next Generation of Public Administration*. *Public Administration Review*, Vol. 62, No. 5, p. 535.

<sup>22</sup> International City/County Management Association, *Citizen Surveys: How to Do Them, How to Use Them, What They Mean*, 2000.

<sup>23</sup> *Ibid.* p. 153.

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**Table 13**  
**Use of Community Surveys in Major US Cities**  
**30-Largest U.S. Cities**

<u>City</u>	<u>Uses Community Surveys</u>
New York	No
Los Angeles	No
Chicago	No
Houston	No
Philadelphia	Yes
Phoenix	Yes
San Antonio	Yes
San Diego	Yes
Dallas	Yes
San Jose	Yes
Detroit	Yes
Indianapolis	No
Jacksonville	No
San Francisco	Yes
Columbus	Yes
Austin	Yes
Memphis	No
Baltimore	No
Fort Worth	No
Charlotte	No
El Paso	No
Milwaukee	Yes
Seattle	No
Boston	No
Denver	Yes
Washington, DC	No
Nashville-Davidson	Yes
Las Vegas	No
Portland	Yes
Oklahoma City	Yes

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Source: CBC staff analysis

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A wide range of important metrics can be added with the help of surveys. Survey data can be very helpful in areas where more traditional outcome indicators are nonexistent. Ultimately end user satisfaction is the outcome for all government functions whether they are internally provided from one agency to another or to employees through human resources departments or other personnel management efforts. Broad perceptions about societal conditions can also be gathered to evaluate community conditions and identify potential drivers of economic change.

Another important benefit of gathering citizen survey information is that it can be used to offset the influence of special interests. Special interest lobby groups are a powerful presence in the halls of government. Often these groups have better access and influence with elected officials and their staff than most members of the public. Creating an institutional focus on divining what the general public desires from government can counteract this influence and provide a more egalitarian focus in setting the public agenda.

New York City's current efforts to use citizen-derived measures to improve performance are twofold. First, some agencies do use customer satisfaction surveys and focus groups to evaluate their performance, although these data are not made public in most cases. Second, the City has opened a first-rate 3-1-1 call center and measures derived from that enterprise are reported in the MMR and separately online. Although these efforts have begun to focus City leaders on citizen satisfaction, the overall orientation of City services or the measurement of their performance has not changed much.

New York City's efforts to measure satisfaction with services do include the use of some market research techniques, such as customer satisfaction surveys and focus groups. These efforts are summarized below:

- Department of Buildings- Focus groups and surveys of customers at its walk-in centers.
- Department of Finance- In person and mail surveys of customers.
- Department of Parks and Recreation- Recreational facility and parks surveys at various sites
- Health and Hospitals Corporation- "Patients' Perception of Care" survey twice per year
- Human Resources Administration- Surveys clients at walk-in centers
- New York City Housing Authority- Follow-up survey after maintenance work appointment

Almost none of the outcome measures emerging from these efforts are currently included in the MMR.

Plans to implement a 3-1-1 system were first announced by Mayor Bloomberg in January 2002. The line was activated to take the first call fourteen months later on March 9, 2003. The 3-1-1 call center has taken more than 35 million calls since the line was activated. People call 3-1-1 for a range of inquiries and services, from information on recycling and garbage pick-up to health insurance options for small businesses and individuals. They can lodge complaints for noise violations and blocked driveways, for example, or schedule an appointment for a building inspection. Calls are answered by live operators 24 hours a day, seven days per week. Service is provided in 170 languages.

In fiscal year 2006, 3-1-1 handled 13.2 million calls with an average wait time of 14 seconds. This amounts to nearly 45,000 calls per day. About half of these, 47 percent, were calls for information. The top-five reasons people call 3-1-1 are: 1) Carbon Fluoro-

chloride or freon removal 2) bus or subway information 3) landlord maintenance complaints 4) parking ticket assistance, and 5) towed vehicle information. These calls comprise about 11 percent of the total volume on the system.

The City currently reports top-five overall and agency call volume indicators in the MMR and online. This year for the first time the City added neighborhood-level statistics on calls to its reporting as it was required to do under Local Law 47. A sample of the reporting contained in the MMR is presented in Table 14 for a select group of agencies. It confirms that about half of the information collected from 3-1-1 is helpful to agency managers; the other half consists of requests for services.

Table 14 311 Related Indicators in the Mayor's Management Report for Selected Agencies			
<b>Department of Transportation</b>	<b>Data</b>	<b>Department of Homeless Services</b>	<b>Data</b>
<i>Top 5 DOT-Related Inquiries</i>			
Alternate side parking information	112,643	Homeless Shelter Intake for Single Adults	12,342
Street light defect	87,789	Homeless Shelter Intake for Families with Children	9,225
Traffic signal defect	86,006	Request Assistance for a Homeless Person	3,477
Pothole on street	40,669	Homeless Drop-In Centers	3,126
Follow-up on service request	22,811	Homeless Shelter Intake for First Time Applicant Families	2,947
<i>311 Related Indicators</i>			
Traffic signal defects responded to within 48 hours of notification	98.7%	Families entering the DHS shelter services system for the first time	6,618
Streetlight defects responded to within 10 days of notification	92.9%	Single adults entering the DHS shelter services system for the first time	10,528
Pothole work orders	51,460	Outreach contacts that result in placement into temporary housing	4.6%
Pothole work orders closed within 30 days of notification	98.0%	Families placed in the shelter services system according to their youngest school-aged child's school address	91.0%
Potholes repaired	216,107		
<i>Department of Sanitation</i>			
<i>Top 5 DSNY-Related Inquiries</i>			
CFC and freon removal	224,085	<i>Department of Parks and Recreation</i>	
Garbage pickup	107,916	<i>Top 5 DPR-Related Inquiries</i>	
Bulk items disposal	69,412	Find a park	14,674
Recycling and trash collection schedules	51,662	Wood disposal appointments	10,104
Recycling pickup	35,940	Find an event in a park	9,322
		Find a public swimming pool	9,009
		Trees and sidewalks repair program	8,712
<i>311 Related Indicators</i>			
Missed refuse collections	2.2%		
Missed recycling collections	0.4%		
Number of chlorofluorocarbon/freon recoveries	133,050		

Source: City of New York, Mayor's Office of Operations, *FY 2005 Mayor's Management Report*, September 2005.

Past City efforts included a broad citizen survey. In 2000 and 2001, the New York City Council commissioned two citizen surveys from the Survey Research Unit at Baruch College.<sup>24</sup> The survey interviews were conducted via telephone with 2,020 adults, sampled to provide statistically meaningful demographic and geographic results. Questions used in the survey were designed to determine New Yorkers' use patterns and satisfaction with a broad range of City services, as well as their views on the overall quality of life in the City and their confidence in City Government. More information on the results of these surveys is provided in Appendix C.

The information captured by the survey is interesting and quite different from the more typical measures reported by agency managers in the MMR. Such information measures how well government is communicating with and being received by the public. A pairing with traditional MMR indicators would provide added depth to current measurement

<sup>24</sup> Muzzio, Douglas and Gregg Van Ryzin, *Satisfaction with New York City Services: 2001, Final Report, November 2001*. Baruch School of Public Affairs, Survey Research Unit, The City University of New York.

efforts. The survey was discontinued in 2001, but since that time, the City Council has considered legislation to mandate periodic surveys. Survey measures do not replace hard measures where they can be obtained, but they provide a good complement.

New York City has yet to make much progress developing the kind of shared planning framework that allows for the achievement of jointly held goals. The city website classifies eleven initiatives as involving multiple agencies. These are noise complaints and enforcement, counterterrorism and emergency preparedness, traffic safety, domestic violence, rodent control, lead poisoning, inspections and abatement, HIV/AIDS, childhood asthma, provision of affordable housing, and tort reform. The site represents a step in the right direction but still adheres more to the needs of individual agency managers than to the public.

Although 3-1-1 provides information on the level of dissatisfaction with certain aspects of City services, it does not substitute for the kind of information obtained in a broad resident survey or efforts to survey neighborhoods or customers to measure public perception on specific issues. It also cannot aid City leaders in setting strategic priorities or identifying the goals that the public views as high priority.

## **RECOMMENDATIONS**

For New York City to fully fulfill its commitment to accountable government, it needs to fully implement the managing for results framework and then raise the bar on its own performance. To do this, New York City leaders should implement five recommendations:

- 1) Connect money and performance in the budget
- 2) Focus on efficiency measurement
- 3) Improve outcome measurement and reporting
- 4) Develop and present comparative performance measures
- 5) Expand the use of citizen-derived outcome measures.

Each of the recommendations is described in the following section.

### **Recommendation 1: Connect money and performance in the budget**

The budget is a powerful performance management tool. Many governments use it to hold themselves accountable for the limited resources entrusted to them by taxpayers. New York City's efforts to use this important tool to leverage performance, report to the public, and engage in a dialogue more informed by a discussion of tradeoffs have been lacking.

Disconnection between the budget and performance information prohibits users from knowing how public resources are spent on specific agency programs and how

expenditure trends affect service results. In order to improve transparency and accountability in the budgeting process, New York City should join the ranks of other cities and take steps to link performance information with the budget.

There are many ways to conduct performance budgeting systems; however, at the heart of all performance budgeting systems is the alignment of budget and performance reporting categories. With the proper crosswalk between the budget and performance reporting documents, users are able to discern how inputs (budget allocations) affect the outputs and outcome of agency programs.

Drawing on the lessons learned by others further along in their efforts, New York City should make good on its Charter requirements and restructure agency units of appropriation so that they reflect a programmatic structure. The performance of programs funded in each unit of appropriation should be monitored by performance indicators which should be reported both in the budget itself and in the MMR.

In those agencies where there is a strong focus on outcome-level goals, units of appropriation could be modeled on the Key Public Service Areas in the MMR. Aligning units of appropriation with the KPSAs would allow users to track how budget allocations affect the performance of agencies in accomplishing their key objectives. However, the outcome-focus of some agencies still needs to be enriched. Before restructuring units of appropriation to correspond to the programmatic framework of the MMR, New York City should ensure that the KPSAs truly reflect the core objectives of the agency and that the indicators used to track the performance of agencies measure the end-result outcomes of city services. Below the unit of appropriation level, the budget codes could better organized to align with programs and program goals. This means that many of the agencies reporting geographic or functional budget code detail would need to develop budget codes aligned with performance goals and measures that follow from the goals.

Restructuring the budget will likely require a major mayor-led initiative. The Mayor will need to work to get the Office of Management and Budget, the Office of Operations, and agency commissioners on board with the changes. The City Council also has an important role to play in improving the performance-orientation of the budgeting process. The Charter empowers the Council to make recommendations regarding changes in the unit of appropriation structure<sup>25</sup> and to hold hearings on the performance goals and measures included in the PMMR.<sup>26</sup> While the Council previously held these hearing and issued reports with its findings, the practice was discontinued. The council should hold oversight hearings on the PMMR and MMR and press for a better link to the budget.

In recent months there has been some effort by the City leaders to reform unit of appropriation structures. On May 2, 2006, Mayor Michael Bloomberg and Council Speaker Christine Quinn jointly announced that they would work together to reform the structure in two agencies, Administration for Children's Services and the Department of

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<sup>25</sup> New York City Charter Section 247, b.

<sup>26</sup> New York City Charter Section 12, e.

Small Business Services.<sup>27</sup> This effort could serve as an important first step in a longer-run effort to change the structure of the entire budget.

Since there is ample practice underway in other governments, it is useful to examine the lessons that have been learned in other places. Overall, the experience shows that while there will inevitably be difficulties in implementing and following through on performance budgeting techniques, linking performance to the budget can be a useful practice in informing the budgeting process. It will not solve the problems of contemporary budgeting, but it can be an important tool. An overview of a selection of governments is included in Appendix A with a brief digest of the studies that have been done for each place examined in this study. What follows is a broad look at some of what has been learned and some of the challenges that will need to be overcome or addressed along the way. The experience of federal, state and local governments suggests that the following strategies will support the success of performance budgeting:

- The credibility of outcome data is enhanced by developing oversight entities to audit outcome measures and more actively involve stakeholders in the evaluation process.<sup>28</sup> Budget committees may also require agencies to describe and justify all data measures and collection practices during funding allocation.<sup>29</sup>
- The performance budgeting process and the outcome measurements to be used should be transparent and broadly supported by the legislature, the executive branch, citizens and community leaders.<sup>30</sup>
- Performance budgeting structures need to be entrenched in legislative actions in order to signal intent and protect reforms against changing political climates and leadership.<sup>31</sup>
- The link between program funding and performance measures should be clearly defined and communicated to legislators. Decisions need to be made on how to respond to positive and negative performance measures (e.g. Should funding be cut to “critical” programs if performance is negative? How should societal factors

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<sup>27</sup> City of New York, Office of the Mayor, Press Release: “Mayor Bloomberg and Speaker Quinn Announce Agreement to Increase Transparency of City Budget,” May 2, 2006.

<sup>28</sup> *Ibid.* p. 16.

<sup>29</sup> Gary Van Landingham, Martha Wellman, and Matthew Andrews, “Useful, But Not a Panacea: Performance-Based Program Budgeting in Florida,” *International Journal of Public Administration*, Vol. 28, 2005, p. 245.

<sup>30</sup> United States Government Accountability Office, “Performance Budgeting: States’ Experiences Can Inform Federal Efforts,” February 2005, p. 16; Herb Hill and Matthew Andrews, “Reforming Budget Ritual and Budget Practice: The Case of Performance Management Implementation in Virginia,” *International Journal of Public Administration*, Vol. 28, 2005, p. 264-265; David Bernstein, *Case Study: City of Portland, Oregon: Pioneering External Accountability*, Governmental Accountability Standards Board, September 2002, p. 21-23; Paul Epstein and Wilson Campbell, *Case Study: Austin, Texas: Use and the Effects of Using Performance Measures for Budgeting, Management, and Reporting*, Governmental Accounting Standards Board, September 2002, p. 25-26.

<sup>31</sup> Gary Van Landingham, Martha Wellman, and Matthew Andrews, “Useful, But Not a Panacea: Performance-Based Program Budgeting in Florida,” *International Journal of Public Administration*, Vol. 28, 2005, p. 261-262.

that influence performance be incorporated?). Programs, criteria and unit costs need to be well described.<sup>32</sup>

- Performance information can be integrated in all phases of the budget process: budget preparation, approval, execution and audit phases. Incorporating such information throughout the budget process allows agencies to justify budget requests and predict the outcomes of new initiatives, legislators to analyze how funding corresponds to outcomes, and agencies to track efficiency measures on a regular basis and continually manage resources effectively.<sup>33</sup>

The implementation of performance budgeting measures also suggests that, to ensure the long-term sustainability and the success of performance budgeting, governments need to recognize and address the following challenges:

- Legislators currently rely most on workload and output measures when determining funding levels and desired levels of service. Since workload and output measures are straightforward, legislators more easily relate to the impact of various appropriation levels on these measures.<sup>34</sup> Legislators may also be reluctant to abandon traditional, line-item budget allocations.<sup>35</sup>
- Public officials and agency staff must recognize the importance of data collection and accountability and support all reforms. If the connection between performance measurement, budgeting and outcomes is not clear and does not invoke proper motivation, affected parties may resent the increased workload and not support the effort.<sup>36</sup>
- Performance measurements present logistical difficulties in the definition of outcomes and the collection of data. At the governmental level, time must be allocated so that legislators may discuss and agree upon appropriate and meaningful outcomes. These discussions require that the legislators have an understanding and appreciation of different perspectives and consequently may prove difficult.<sup>37</sup>

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<sup>32</sup> Ibid. p. 239,241-242, 247-248.

<sup>33</sup> Philip G. Joyce, "Linking Performance and Budgeting: Opportunities in the Federal Budget Process," IBM Center for the Business of Government, October 2003, p.14-19; Herb Hill and Matthew Andrews, "Reforming Budget Ritual and Budget Practice: The Case of Performance Management Implementation in Virginia," *International Journal of Public Administration*, Vol. 28, 2005, p. 263-264.

<sup>34</sup> United States Government Accountability Office, "Performance Budgeting: States' Experiences Can Inform Federal Efforts," February 2005, p. 11

<sup>35</sup> Robert B Bradley and Geraldo Flowers, "Getting to Results in Florida," in *Quicker, Better, Cheaper?: Managing Performance in American Government*, edited by Dall Forsythe, Rockefeller Institute Press, Albany, NY: 2001, p.337; Gary Van Ledingham, Martha Wellman, and Matthew Andrews, "Useful, But Not a Panacea: Performance-Based Program Budgeting in Florida," *International Journal of Public Administration*, Vol. 28, 2005, p. 248-250.

<sup>36</sup> United States Government Accountability Office, "Performance Budgeting: States' Experiences Can Inform Federal Efforts," February 2005, p. 4; Gary Van Ledingham, Martha Wellman, and Matthew Andrews, "Useful, But Not a Panacea: Performance-Based Program Budgeting in Florida," *International Journal of Public Administration*, Vol. 28, 2005, p. 242-245.; David Bernstein, *Case Study: City of Portland, Oregon: Pioneering External Accountability*, Governmental Accountability Standards Board, September 2002, p. 21-23.

<sup>37</sup> Gary Van Ledingham, Martha Wellman, and Matthew Andrews, "Useful, But Not a Panacea: Performance-Based Program Budgeting in Florida," *International Journal of Public Administration*, Vol.

- If performance measures are not properly selected and defined, performance-oriented budgeting may motivate agencies to work toward improving measures and not fulfilling their mission. Performance measures must be meaningful and directly aligned with program goals.<sup>38</sup>

These lessons about the implementation and use of performance-based budgeting should be used to help formulate a system that will work for New York City.

### **Recommendation 2: Focus on efficiency**

Efficiency measures provide an excellent point of reference for citizens to gauge how cost-effectively their government is performing. The bar on New York City agencies for reporting these vital measures must also be raised. Developing additional efficiency measure will also help to facilitate the beginning of budgeting for results.

Reporting efficiency metrics in benchmarking consortiums like ICMA allows jurisdictions to compare the relative cost effectiveness of their services. Management can use such information to highlight areas where efficiency can be improved and can take credit for those services that are managed comparatively effectively. It also encourages municipal governments to operate with the view that delivering services effectively and efficiently will help them compete to attract residents and businesses.

Such information can also be valuable in labor negotiations. With demonstrable proof that the price of delivering services is more expensive than that of competitor jurisdictions, management can point to objective evidence in encouraging productivity and efficiency in organized labor contracts. The Department of Sanitation, for example, pays workers based on their productivity, measured by tons of refuse collected per shift. Likewise, labor unions can take credit for delivering services more efficiently than their peers in other municipalities. This information can be a valuable tool in negotiating for more generous compensation and better working conditions.

### **Recommendation 3: Improve outcome measurement and reporting**

The real measure of the success or failure of government programs is the outcomes produced by them. Are the rivers cleaner as a result of environmental protection programs? Are adults more productive citizens as a result of their schooling? Are fewer people dying of tobacco-related diseases as a result of anti-smoking campaigns? These kinds of social changes are examples of what the public would hope to see result from the

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28, 2005, p. 239.; David Bernstein, *Case Study: City of Portland, Oregon: Pioneering External Accountability*, Governmental Accountability Standards Board, September 2002, p. 21-23.; Paul Epstein and Wilson Campbell, *Case Study: Austin, Texas: Use and the Effects of Using Performance Measures for Budgeting, Management, and Reporting*, Governmental Accounting Standards Board, September 2002, p. 27.

<sup>38</sup> David Bernstein, *Case Study: City of Portland, Oregon: Pioneering External Accountability*, Governmental Accountability Standards Board, September 2002, p. 21-23.

various activities governmental officials oversee and agencies manage. All other types of measures are important to management, and may move agencies closer to achieving their goals, but are not as important to the public. For some agencies, particularly ones that provide internal support to other agencies, outcomes are more difficult to measure.

Measuring outcomes is the key to driving agency performance toward the right goals and to permitting flexible and creative management. Some agencies are doing an excellent job of becoming agents of social change; some are not doing as well. City leaders should renew their focus on achieving high-quality measurement and reporting in every agency.

A push should be made to develop true outcome measures for the agencies that currently report none. For some agencies, such as the Department of Cultural Affairs and the Department of Buildings for example, outcomes are hard to measure. For these, customer satisfaction surveys are important. This data can provide meaningful measurement of the service provided.

For the rest, the emphasis on end results should be renewed to enhance measurement and reporting. One of the hallmarks of a service that has shifted its emphasis is a preventative focus to outcome reporting. For example:

- In transportation, safety measures involve the prevention of highway fatalities.
- In the provision of service for homeless individuals and families, tracking trends in the census of homeless individuals provides a measure that captures efforts to intervene before people end up homeless.
- In health services, the share of the population that is HIV positive reflects on the success of efforts to stop the spread of the disease.
- In policing, crime is reduced where the presence of additional police officers discourages it.

It is this shift to a culture of prevention that City leaders should foster in services that are not there yet.

#### **Recommendation 4: Develop and present comparative performance measures**

Comparative benchmarking efforts help local government leaders determine how able their locale is to compete for jobs and residents. As governments endeavor to do these comparisons they invariably encounter comparability challenges. The nature of government services and the function and responsibilities of the agencies that provide them differs from place to place, and makes comparison difficult without strenuous effort to standardize the data.

There are two options available to City leaders to begin a benchmarking initiative. City Government could develop its own measures and/or it could join the ICMA Center for Performance Measurement and comply with standard data collection procedures. Each is described below.

1. New York City leaders could identify a key set of standard measures for a long-run benchmarking initiative. Cities against which to compare New York City could also be selected. Comparative measures would then be collected for the group and reported on a regular basis. The disadvantage of this approach is that agency staff would need to make sure the data collected and the calculation methods employed were standardized. The advantage is that the City would have a wider array of cities and services against which to compare its performance.
2. New York City could join the ICMA and report data for the measures for which ICMA collects comparable data. One disadvantage of this approach is a more limited set of services and cities to collect data from. Another is that it may require some translation from the current budget structure to report costs to the ICMA in comparable form. However, by engaging in this effort, the City may move one step toward better budget linkages to individual measures. The advantage is that the ICMA center helps with the work of collecting and calculating measures in comparable form.

The tacit reason New York City has had for not benchmarking is that everyone assumes it would fare poorly when compared to other places. A non-scientific review of some measures shows that this is not the case.

Although New York City reports very few of the indicators that are included in the ICMA performance measurement compendium, there does exist limited data where New York City's performance can be compared to other large local governments. The comparison shows that, in some instances, New York City manages services more efficiently than other cities. Table 15 below compares New York City's performance in selected service areas compared to other municipalities that participate in ICMA's Center for Performance Measurement. These comparisons should be taken with a grain of salt, given the very small number of indicators and the possibility of differing methodologies in tracking the data.

**Table 15**  
**Comparing New York City Performance Data to Other Large Cities**

Indicator	City	Data	Indicator	City	Data
Fire Workforce per 1000 Population	Austin, TX	2.2	Library Book Circulation Rates per Capita	San Jose, CA	14.5
	<b>New York City</b>	<b>1.9</b>		Salt Lake City, UT	18.0
	Miami-Dade County, FL	0.2		Fairfax County, VA	11.0
Police Workforce per 1000 Population	<b>New York City</b>	<b>6.2</b>	San Francisco, CA	9.0	
	Orlando, FL	5.3	San Diego, CA	6.0	
	Oakland, CA	4.5	Phoenix, AZ	8.0	
	Dayton, OH	3.8	San Antonio, TX	4.0	
	Phoenix, AZ	3.1	Miami-Dade County, FL	3.0	
	Austin, TX	2.8	Austin, TX	5.0	
	San Diego, CA	2.5	Oakland, CA	5.0	
	San Francisco, CA	2.4	<b>New York City</b>	<b>4.8</b>	
	San Antonio, TX	2.1	Oakland, CA	8.67	
	San Jose, CA	2.0	San Francisco, CA	6.31	
Total Fire Incidents per 1000 Population	Phoenix, AZ	14.89	<b>New York City</b>	<b>\$5.54</b>	
	<b>New York City</b>	<b>6.08</b>	San Diego, CA	4.50	
	San Francisco, CA	5.97	San Antonio, TX	3.98	
	Orlando, FL	5.42	Austin, TX	3.89	
	Portland, OR	4.95	Salt Lake City, UT	2.74	
	Miami-Dade County, FL	3.79	Fairfax County, VA	2.73	
	Austin, TX	3.30	Phoenix, AZ	1.99	
	San Antonio, TX	2.31	Average Cost of Municipal Facilities Cleaning per Foot	Oakland, CA	1.75
	Fairfax County, VA	2.14	<b>New York City</b>	<b>\$1.65</b>	
	Total Arson Incidents per 1000 Population	San Jose, CA	1.90	Streets Maintained with a Pavement Rating of Good	Phoenix, AZ
Dayton, OH		18.2	Orlando, FL	96.4%	
Portland, OR		8.8	San Antonio, TX	77.7%	
San Francisco, CA		4.7	<b>New York City</b>	<b>73.0%</b>	
San Antonio, TX		4.1	Austin, TX	72.8%	
Orlando, FL		2.9	Salt Lake City, UT	68.8%	
<b>New York City</b>		<b>2.8</b>	Curbside and containerized recycling diversion rate	San Jose, CA	32.8%
Austin, TX		2.3	Austin, TX	20.1%	
Miami-Dade County, FL		1.4	Fairfax County, VA	20.1%	
Phoenix, AZ		1.2	<b>New York City</b>	<b>16.8%</b>	
<b>New York City</b>	<b>6.2</b>	San Diego, CA	16.6%		
Police Workforce per 1000 Population	Orlando, FL	5.3	Salt Lake City, UT	14.9%	
	Oakland, CA	4.5	Phoenix, AZ	14.9%	
	Dayton, OH	3.8	San Antonio, TX	9.0%	
	Phoenix, AZ	3.1	Dayton, OH	4.5%	
	Austin, TX	2.8	Miami-Dade County, FL	4.3%	
	San Diego, CA	2.5	Orlando, FL	4.1%	
	San Francisco, CA	2.4			
	San Antonio, TX	2.1			
	San Jose, CA	2.0			
	Dayton, OH	130.3			
Total Arrests per 1000 Population	Orlando, FL	101.9			
	Virginia Beach, VA	89.4			
	Miami-Dade County, FL	79.8			
	San Diego, CA	72.0			
	Oakland, CA	61.3			
	Phoenix, AZ	47.8			
	<b>New York City</b>	<b>43.4</b>			
	Fairfax County, VA	32.2			
	San Antonio, TX	26.1			

Sources: International City/County Management Association Center for Performance Measurement, *Comparative Performance Measurement Fiscal Year 2003 Data Report*, December 2004; City of New York, Mayor's Office of Operation, *Fiscal Year 2005 Mayor's Measurement Report*, September 2005.

## Recommendation 5: Expand the use of public perception measures

To enrich its measurement and reporting and also involve citizens in government to a greater extent, New York City should expand the use of public perception measures. These measures have the potential to shift the City's management perspective to one that is more citizen-centric.

The public cares about results, not which agency provides the service. Cities that have shifted to a resident perspective in what they measure and report have acknowledged that

often several agencies contribute to the achievement of one goal. For these cities, a common planning framework has emerged that recognizes agency interdependence and facilitates cooperation. In contrast, New York City's framework is still very much organized by agency rather than goal.

One way cities have advanced a view of services that integrate the perspective of residents is by using satisfaction measures collected by surveys. The City has an extremely large and diverse population; New York City should conduct broad citizen surveys that recognize this and are robust enough to allow for geographic analysis at the sub-City level. Even borough analysis may not be helpful, as there is almost as much diversity within each borough as there is in most other large cities.

Studies have shown that the correlation between satisfaction and service levels is probably strongest at the neighborhood, rather than citywide, level of analysis.<sup>39</sup> Polling at the neighborhood level would also correct for the co-producer problem as residents of the same neighborhood are more likely to have similar attitudes than residents in different corners of the City.

City leaders could use broad polls to set priorities and more localized polls like these to check on neighborhood issues in areas of the City that seem to be experiencing a downturn in conditions as measured by other key indicators. The data collected from neighborhood polls could help to identify root causes and assist policy-makers in pin pointing the right problems with government or civic action.

Citizen perception data should be paired in reporting in the MMR with other measures of government performance both as a validation of measures collected by individual agency and as a source of richer outcome data than is currently available in some agencies. The City's current reporting of "top five" 3-1-1 related indicators is not as useful as some well defined customer satisfaction metrics would be in communicating the government's activities to the public. As described, about half of what 3-1-1 handles right now is requests for information. For some agencies, the City can report no outcome measures at all because the achievement of the agency's goals would be best measured through customer satisfaction levels. True citizen perception data enriches reporting. The City should be reporting the public perception data it gets from satisfaction surveys in the MMR.

One example of an agency for which the data could be greatly enriched from survey information is the Buildings Department. As presented below in Table 16, the New York City Buildings Department currently reports no outcome data. Survey data used in Portland, Oakland, and San Jose, for example, prominently feature citizen and business satisfaction data.

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<sup>39</sup> David Swindell and Janet Kelly, *Performance Measurement Versus City Service Satisfaction: Intra-City Variations in Quality?* Social Science Quarterly, Volume 86, Number 3, September 2005, and Janet Kelly and David Swindell, *Service Quality Variation Across the Urban Space: First Steps Toward a Model of Citizen Satisfaction*, Journal of Urban Affairs, Volume 24, Number 3, 2002, pages 271-288.

**Table 16**  
**Comparing Outcome Indicators:**  
**New York City, ICMA and Other Cities**  
**Agency: Buildings**

<u>New York City</u>	<u>Portland</u>	<u>Oakland</u>	<u>San Jose</u>
Customer Ratings of Plan Review Service	Percent of customers rating the service as meeting expectations	Percent of design professionals surveyed who rate structural review and life-safety process as good or better	
Quality	Percent of customers rating service good or better	Percent of residents rating building and code enforcement as good or better	
Building permit	Percent of customers rating the City inspection fair or better	Percentage of new and existing buildings incorporating Green Building	
Land use review	Percent of residential cases resolved		
Timeliness	Percent of commercial cases resolved		
Land use review			
Business Survey: City Info on Development Ratings			
Building Permits			
BDS			
Plan review			
Env. Services			
Transportation			
Water			
Land Use Review			

Sources: City of New York, Office of Operations, *Fiscal Year 2005 Mayor's Management Report*, September 2005; City of Oakland, *Fiscal Year 2004-2005 Annual Report*, October 2005; City of Portland, Office of the City Auditor, *Service Efforts and Accomplishments: 2003-2004*, December 2004; City of San Jose, Office of the City Manager, *2003-2004 Year End City Service Area Performance Report*, September 2004.

For several of the local governments examined during the course of this research, survey data played a major role in performance reporting documents. The data derived from them significantly enriched performance measures. Analysis of the utility of the data and several detailed examples are provided in Appendix B.

Local governments use survey data in a variety of ways. A survey completed by ICMA in 2000 found that, of the 281 local governments that had completed a citizen survey since 1993, one-third of respondents used survey data to make policy decisions. Table 17 below shows the top-five uses of survey data. The other top-two uses for survey data include decision-making on budgets and changing communication with residents.

**Table 17**  
**ICMA Reported Uses of Local Government Survey Data**

Make Policy Decisions	33%
Make Budget Decisions	27%
Changed Communication with Residents	27%
Made Decisions on Strategic, land-use, or other plan	18%
Updated Community Demographics	6%

Source: International City/County Management Association, *Citizen Surveys How to Do Them, How to Use Them, What They Mean*, 2000, p. 153.

While citizen surveys are a good tool for determining resident priorities and perceptions, the challenge facing local governments is how to use the information they provide to improve management and communication. The results of surveys must be used by

management or they will have no effect upon performance outcomes. To aid local governments in using survey data, ICMA recommends four practices:

- A structure to review survey results must be created. This could take the form of a committee or task force of staff, elected officials, and the public formally charged with reviewing the results and making recommendations for action to top managers.
- Survey results should be communicated to agency staff. Line staff in each surveyed agency should be able to respond to results and engage in proactive discussion about how to improve results.
- Performance standards for customer perception should be set and communicated. Setting goals for improving customer/citizen perception encourages key staff to focus on achieving desired results.
- Survey results should be incorporated into agency performance measurement systems and reporting. Survey results should be paired with other more objective measures to enable a more robust view of service provision.

New York City should take advantage of the experience the ICMA has had studying and helping governments implement surveys as it considers implementing its own.

## APPENDIX A

### Literature Digest

The examples below are drawn from all three levels of US government: federal, state, and local. They are the US federal government, Virginia, Florida, Portland, Oregon and Austin, Texas. The examples highlight the benefits of performance budgeting, as well as several notes of caution for implementation.

***US Federal Government.*** The US federal government has a long history of initiatives that have attempted to better integrate performance information into the budgeting process. One of the most significant pieces of performance management legislation was the Government Performance and Results Act (GPRA) of 1993. GPRA was a wide reaching law that directed all federal agencies to engage in strategic planning, objective setting, and performance measurement. One of GPRA's principal features was that it required agency performance plans to cover all program activities listed in the budget. Program activities, like U/As, are budget categories meant to capture the individual programs and initiatives of government agencies.

Implementation of GPRA has been a spotty process. A 2004 United States Government Accountability Office (GAO) report finds that the federal government has had limited success in meeting all of GPRA's requirements, especially in terms of connecting resources with performance.<sup>40</sup> GAO has faulted a lack of consistent commitment from top leadership and logistical difficulties in collecting useful data as reasons for GPRA's mixed success. However, the GAO argues that GPRA has laid the legislative groundwork for further performance management initiatives. GAO found that most agencies now utilize strategic plans and report quality performance measures.<sup>41</sup>

Several agencies have had successful realignments of their budget structures to better correspond with strategic plans and performance measures.<sup>42</sup> For example, the Nuclear Regulator Commission and Environmental Protection Agency have both revised their budgets' activity structure to align with strategic goals and performance metrics. Similarly, the Internal Revenue Service and the Federal Bureau of Investigation have fully integrated performance plans into their budget requests. Within subdivisions of the Department of Health and Human Services and the Department of Housing and Urban Development, similar funds have been consolidated to better align with strategic objectives and performance plans.<sup>43</sup>

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<sup>40</sup> United States Government Accountability Office, "Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results," March 2004, p. 7.

<sup>41</sup> *Ibid.* p. 10.

<sup>42</sup> J Christopher Mimh, "Implementing GPRA: Progress and Challenges," in *Quicker, Better, Cheaper?: Managing Performance in American Government*, edited by Dall Forsythe, Rockefeller Institute Press, Albany, NY: 2001, p. 108.

<sup>43</sup> *Ibid.* p. 108.

Some have suggested that the federal government would be more successful in incorporating performance information in the budget if it took a more holistic approach to the budgeting process.<sup>44</sup> While GPRA and similar efforts have focused primarily on OMB as the agency of reform, experts in recent years suggest that in order for performance-informed budgeting to be successful, performance information must be available at all levels of the budgeting cycle: budget preparation, budget approval and budget execution.<sup>45</sup> During budget preparation, agencies can justify budget requests with demonstrable performance data and can show how new initiatives further the strategic goals of the administration. In budget approval, Congress can review the executive budget by examining how budget levels correspond to the results of services. In budget execution, agencies can track efficiency measures and other performance indicators on a regular basis to manage allocated resources effectively. Moreover, in audits and evaluation, the monitoring community can evaluate and analyze the relationship between the government's planned spending and performance and its actual results.

The George W. Bush administration has advanced additional initiatives to strengthen the connection of resources and results. In the President's Management Agenda of 2001, the administration announced the budget and performance integration (BPI) program. This initiative includes the restructuring of agency budgets to better align with programs and performance objectives.

In fiscal year 2004, the Office of Management and Budget (OMB) incorporated performance and management evaluations into the resource allocations process for federal programs. The PART (Program Assessment Rating Tool) initiative was intended to provide an impartial decision-making tool for determining which programs deserve funding increases or decreases. However, while PART scores have influenced budget allocations, political support for programs has had a stronger link to funding decisions. A 2006 study further suggests that PART scores significantly impact resource allocations to traditionally Democratic programs but not to the remainder of programs.<sup>46</sup>

In fiscal year 2005, OMB required agencies to submit performance budgets that would integrate their performance reports and budget justifications into one document.<sup>47</sup>

**Virginia.** Recognized by the Government Performance Project as one of the best managed states in the country, Virginia has had a successful history with performance management, and performance budgeting in particular.<sup>48</sup> Virginia's current performance-oriented system dates back to the early 1980s, when state agencies were required to detail goals and measures as part of their budget requests. Virginia implemented its current performance management system in 1995 and connected its performance-oriented

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<sup>44</sup> Philip G. Joyce, "Linking Performance and Budgeting: Opportunities in the Federal Budget Process," IBM Center for the Business of Government, October 2003.

<sup>45</sup> *Ibid.* p. 14.

<sup>46</sup> John Gilmour and David Lewis. "Does Performance Budgeting Work? An Examination of the Office of Management and Budget's PART Scores." *Public Administration Review*. September-October 2006.

<sup>47</sup> United States Governmental Accountability Office, "Performance Budgeting: Efforts to Restructure Budgets to Better Align Resources with Performance," February 2005, p. 3.

<sup>48</sup> <http://results.gpponline.org/>

planning and evaluation structures to the budget process in 1998. With a strong performance structure already in place, implementing performance budgeting techniques in Virginia has not been as difficult as in other jurisdictions.<sup>49</sup>

Herb Hill and Matthew Andrews attribute Virginia's success in results-based budgeting to the integration of its performance budgeting system with other elements of its performance management structure.<sup>50</sup> Virginia's performance management system involves four, related processes: strategic planning, performance measurement, program evaluation, and performance budgeting.

Strategic planning enables agencies to articulate specific policy objectives and then identify performance measures that can be used to track progress in meeting those objectives. All agencies are required to participate biennially in the statewide strategic planning process by submitting performance measurement and strategic planning information in their budget requests. Budget proposals must tie to statewide strategic priorities and describe how resources will affect agency performance in meeting those goals. Elected officials then evaluate all programmatic changes based on how much money they will cost or save and how they will affect performance levels.<sup>51</sup>

The central budgeting agency, the Department of Planning and Budget, collects all performance measures. Using a web-based system, the department collects and reports the performance data, which includes measures of input, output, efficiency, quality and outcome. The 2000-2002 Budget Bill requires that capital projects also report performance measures, including measures that track whether projects remained on schedule and within budget.<sup>52</sup>

The Strategic Planning, Research and Evaluation Section, which was created to drive performance management reform, conducts most of the evaluation work; however, some agencies have in-house evaluation teams and other agencies have delegated evaluation responsibilities to program staff. Prior to 1995, the agency charged with overseeing strategic planning and performance management was separate from the Department of Planning and Budget. These agencies later merged, allowing performance and budget management to both be conducted in-house. Professional staff that tend to straddle gubernatorial administrations are key to maintaining continuity and expertise in Virginia's performance management system.<sup>53</sup>

In the 1998-2000 biennium, Virginia required that new budget requests are accompanied with a performance measure for the agency's anticipated results from the funding. In 2000-2002, Virginia strengthened the performance budgeting process by requiring agencies to submit performance management and strategic planning information with all

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<sup>49</sup> Herb Hill and Matthew Andrews, "Reforming Budget Ritual and Budget Practice: The Case of Performance Management Implementation in Virginia," *International Journal of Public Administration*, 28: 244-272, 2005.

<sup>50</sup> *Ibid.* p. 257.

<sup>51</sup> *Ibid.* p. 257-258.

<sup>52</sup> *Ibid.* p. 258.

<sup>53</sup> *Ibid.* p. 258-259.

budget requests. During the budget process, agencies must justify budget requests within the parameters of the statewide and agency strategic plans and explain how the funding will impact the performance targets. The strengthening of the performance budgeting system also allowed Virginia to more easily prioritize budget decisions.<sup>54</sup>

### Reasons for Success

Hill and Andrews cite several main factors for the success of Virginia's performance management reform: 1) a legislative basis for reform; 2) a core agency to drive reform; 3) a highly-integrated, results-oriented financial management process; 4) high levels of citizen engagement; and 5) tailoring the performance management system to be useful.<sup>55</sup>

Formal orders and legislation in Virginia ensured that performance management reforms gained momentum and performance-oriented values became entrenched in state governance. Legislative actions, which began with the Governor's Executive Order in 1995, also facilitated the practical processes for developing and collecting performance measures. A series of legislation signaled Virginia's intention to successfully implement reform, protected the process from periods of political change and times of budget surplus, and ensured continuity during executive changes. The institutionalized reform has contributed to the system's public acceptance, as well as ensured its longevity.<sup>56</sup>

In order to satisfy legislation that required the central budget agency to develop a focus on results, Virginia created the Strategic Planning, Research and Evaluation Section. This agency analyzes reported program results and evaluates the appropriateness of current policies, programs and management strategies compared to alternatives. The Department of Planning and Budget (DPB) provides practical leadership to agencies while the planning, research and evaluation division creates incentives for agencies to improve performances and progress within the performance-oriented system. A best management practices unit within DPB acts as a consultant to agencies, assisting with performance-based operational improvements.<sup>57</sup>

Another key to Virginia's success is its highly integrated, performance-oriented public management system. The performance focus is apparent throughout the strategic planning phase, outcome tracking, program evaluations, and budgeting. Virginia's reform implementation ensures that all the players in the budget and financial management process, including budgeters and planners, accountants, auditors, and legislative oversight bodies, are able to effectively communicate and interact with each other. The National Partnership for Reinventing Governance emphasizes the effectiveness of Virginia's integrated approach, highlighting that Virginia has been able to "link agency mission, program priorities, anticipated results, strategies for achieving results, and budgeting."<sup>58</sup>

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<sup>54</sup> *Ibid.* p. 259-260.

<sup>55</sup> *Ibid.* p. 260.

<sup>56</sup> *Ibid.* p. 261-262.

<sup>57</sup> *Ibid.* p. 262-263.

<sup>58</sup> *Ibid.* p. 263-264.

Because citizens have an important stake in improved government accountability and transparency, Virginia created a website in the early stages of reform to publicize the intended reforms, generate public interest and amount pressure for reform implementation.<sup>59</sup>

Virginia recognized that the success of performance-based reforms depends on the access and usefulness of performance information. For reforms to be sustainable, performance information cannot compromise the interests of key stakeholders. To address this issue, Virginia developed systems to differentiate between policy users and service delivery users. For service providers, performance information systems should be focused on specific, operational aspects of the service. Such information is thorough, balanced and specific.

For policy users, however, performance information systems need to be more strategic and political, in order to garner support for a specific policy. This type of information allows policy makers to assess performance in the context of important economic, social and environmental problems and to advance ideological agendas. Because some performance information is useful for service delivery improvement while other information is more useful for public relations, the process of user identification is crucial to successful reform. For example, policy makers have an incentive to control negative information, potentially undermining the entire performance management system. If policy users are going to utilize the information, then the system needs to develop a positive strategy for dealing with negative information (e.g. creating scorecards to report improvements). To avoid such issues, decision makers should explicitly identify the purpose of the performance management system and tailor the information accordingly.<sup>60</sup>

Virginia also developed the Performance Management Index (PMI) to gauge the level of performance management in all state agencies. The PMI provides stakeholders with an indication of statewide commitment to performance management and provides reformers with an assessment of reform implementations and ideas for potential improvements.<sup>61</sup>

### Conclusion

Virginia was able to successfully transition to performance budgeting because the state enacted reforms to change both the culture and the practice of budgeting and financial management. The aforementioned strategies ensured that the reforms were effective, relevant and generally accepted, thus motivating legislative and agency staff to support and utilize the new performance-based tools.<sup>62</sup>

**Florida.** Florida's performance-based program budgeting system (PB<sup>2</sup>) began in 1994, as a result of state Government Performance and Accountability Act. PB<sup>2</sup> centers on the assertion that a program's ability to achieve intended results should influence its resource allocation. Each agency was phased into PB<sup>2</sup> over a three year period. In the first year,

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<sup>59</sup> *Ibid.* p. 264-265.

<sup>60</sup> *Ibid.* p. 265-268.

<sup>61</sup> *Ibid.* p. 269-270.

<sup>62</sup> *Ibid.* p. 270.

each agency proposed programs for funding and set performance measures to track progress in the program. In the second year, the agency would use the approved programs and performance indicators in making budget requests. In the final year, agencies became fully integrated into PB<sup>2</sup>, and were held accountable for maintaining performance levels set by the Legislature during the budgeting process.<sup>63</sup>

The Government Performance and Accountability Act also created the Office of Program Policy Analysis and Government Accountability (OPPAGA). Made up of professional policy and budget analysts, OPPAGA provides technical support in performance management and assists the Legislature, agencies, and executive budget office in PB<sup>2</sup>. They also publish the Florida Government Accountability Report, Florida's annual performance report, and various other policy analysis papers analyzing the efficacy and efficiency of state services.<sup>64</sup>

PB<sup>2</sup> has had a demonstrable effect in improving the efficiency of Florida state government. For example, in the early years of PB<sup>2</sup>'s implementation, the Department of Revenue decreased the number of steps involved in tax collection, eliminated duplicative activities in its offices, and cut the number of managerial employees. The Department of Children and Families and the Department of Law Enforcement also restructured their service delivery to focus on results and thus improve effectiveness.<sup>65</sup>

The legislature also used performance-based funding mechanisms to create incentives for high performance. Job training programs in community colleges and universities were funded based on specified performance goals, such as job placement rates. This budgeting system gave programs a powerful incentive to deliver results.<sup>66</sup>

By 1999, the majority of state programs had incorporated performance budgeting into operations. Florida also implemented PB<sup>2</sup> at the state level, integrating budget processes with performance expectations. The reforms ensured that agencies' long-term outcomes coincided with legislature goals and enhanced funding transparency and accountability. As program managers and legislators further incorporated performance measures into service delivery and oversight, public services improved while public expenditures decreased.<sup>67</sup>

### Challenges

Florida's experience with PB<sup>2</sup> also provides insight into some of the challenges that governments may face while implementing performance-oriented structures. A few years into the initiative, studies showed that many agencies had not fully implemented performance measures into all their operations and were only fulfilling the minimum

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<sup>63</sup> Gary Van Landingham, Martha Wellman, and Matthew Andrews, "Useful, But Not a Panacea: Performance-Based Program Budgeting in Florida," *International Journal of Public Administration*, 28:233-253, 2005.

<sup>64</sup> [www.oppaga.state.fl.us](http://www.oppaga.state.fl.us)

<sup>65</sup> Van Landingham, et. al. p. 236.

<sup>66</sup> *Ibid.* p. 236.

<sup>67</sup> *Ibid.* p. 237.

requirements of PB<sup>2</sup>. Therefore, Florida was not realizing all the desired results of the reform.<sup>68</sup>

Several factors have impeded the success of Florida's performance-based program budgeting reform. One major challenge has been a lack of consistent leadership. Without a central agency to oversee implementation, legislative oversight has been fragmented and dependent upon the legislative committees involved. Moreover, transition to a new governor and administration in 1998 shifted the focus of the reform from an outcome-based approach to a process-and-output-based approach. The new approach centered on improving efficiency, outsourcing government services and reducing public spending, rather than focusing on the public benefits corresponding to expenditures.<sup>69</sup>

Due to this lack of consistent leadership, PB<sup>2</sup> has suffered from a lack of agreement about the purpose of the program. Some agencies and OPPAGA staff have focused on outcome performance indicators that use societal conditions as a measure of the government's performance, including high level performance indicators such as unemployment and teenage pregnancy. Others, however, have focused primarily on output indicators, which agencies have greater control over and most directly measure the productivity of a government service. Moreover, agencies have unsuccessfully lobbied for more budget flexibility in exchange for increased accountability.<sup>70</sup>

Another major issue has been the lack of long-term data collection and reliability problems. Florida has not designated an entity to track performance data over time, nor has the state government redesigned the budgeting system to fully capture this information. In addition, some agencies have not published longitudinal data and others have altered their definitions and selections of performance measures over time. Consequently, Florida has experienced difficulty evaluating long-term outcome trends.<sup>71</sup>

Despite efforts to ensure data validity and reliability, Florida has had difficulties collecting accurate performance information. To address this issue, all agencies must describe and justify data measures and collection practices during the budget request process.<sup>72</sup>

Although Florida's reforms intended to increase flexibility at the agency level in how to spend funding, the legislature has been reluctant to alter the appropriation process. Florida also failed to provide clear guidelines to the legislature for how to link funding with outcomes and how to respond to positive and negative performances. Consequently, the budget committees continued to use line-item allocations and thus impeded the reform's momentum.<sup>73</sup>

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<sup>68</sup> *Ibid.* p. 237-238.

<sup>69</sup> *Ibid.* p. 238-239.

<sup>70</sup> *Ibid.* p. 239.

<sup>71</sup> *Ibid.* p. 239-240.

<sup>72</sup> *Ibid.* p. 245.

<sup>73</sup> *Ibid.* p. 240.

In addition to the aforementioned organizational complications, Florida experienced a series of technical and process issues that further limited PB<sup>2</sup>'s impact. First off, some agencies liberally defined their programs in order to maximize their budget flexibility. Such definitions were not always consistent with Florida law. Furthermore, some agencies have not been able to develop performance measures that sufficiently cover all their programs' essential functions. Although Florida mandated that all agencies develop input, output and outcome measures, some performance indicators have proved inadequate or difficult to interpret.<sup>74</sup>

Further complicating an agency's ability to fully measure outcomes, performance measurement practices are difficult and expensive, and agencies have had a hard time tracking reliable numbers. Inconsistent quality and quantity of measures across agencies led Florida to recommend that agencies develop layered measurement systems. The layered system encouraged agencies to collect detailed measurements for internal use but to only report the most important indicators to the executive and legislative branch. Even fewer performance measures are ultimately communicated to the public. The system allows agencies to comprehensively manage and evaluate performance without overwhelming the legislature.<sup>75</sup>

Another impediment in Florida has been the misalignment of program and budget structures. While programs are structured according to outcomes, the budget is still organized traditionally by inputs and expenditure items. Agencies have experienced difficulty developing unit cost information and tracking expenditures by programs. Without cost data, the legislature cannot assess program efficiency and make appropriate funding decisions based on performance measures. To combat this issue, the Florida governor's office implemented an initiative to integrate planning and budgeting and to standardize unit costing. The long-range program plans (LRPP) initiative requires that agencies focus on agency priorities that advance statewide goals and to justify budgets request. LRPPs also necessitate that agencies break down programs into smaller units so that performance and cost information are presently uniformly across agencies. Florida has also begun to restructure its financial management system to bring its accounting procedures in line with its planning and budget processes.<sup>76</sup>

Florida has also not been able to fully implement performance-based incentive schemes because the criteria are not well-defined, leading to disagreements within the legislature. The majority of incentive schemes so far have been limited to the education sector.<sup>77</sup>

In addition, Florida has had to contend with is a shift in responsibilities and balance of power between the executive and legislative branches.<sup>78</sup> In conventional line-item

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<sup>74</sup> *Ibid.* p. 241-242.

<sup>75</sup> *Ibid.* p. 242-245.

<sup>76</sup> *Ibid.* p. 245-247.

<sup>77</sup> *Ibid.* p. 247-248.

<sup>78</sup> Robert B Bradley and Geraldo Flowers, "Getting to Results in Florida," in *Quicker, Better, Cheaper?: Managing Performance in American Government*, edited by Dall Forsythe, Rockefeller Institute Press, Albany, NY: 2001.

budgeting systems, the legislature has significant influence over how resources are allocated at the service delivery level. If units of appropriation (or their equivalent) are narrow enough, the legislature can have significant influence in managing through the budgeting process by allocating different levels of resources to different programs. However, in a performance budgeting system, the focus changes from budgeting for line items to budgeting for outcomes. The legislature must give up some of its discretion over how resources are distributed at a micro-level and instead budget for broader goals and objectives. The executive branch is empowered by a performance budgeting system because agencies generally have more discretion over how they will go about achieving their outcomes. However, if done properly, the legislature's role is enhanced as well, because with the tools of performance measures, they can hold agencies accountable for achieving outcomes. This shift in paradigm has been difficult for Florida, and such difficulties are likely to be expected in all performance budgeting systems.<sup>79</sup>

Lastly, garnering political support for performance-based budget reforms has also proved difficult in part due to legislative term limits and rapid turnover of state representatives. In addition, legislators do not view performance measures as key information in the budget process. Rather, legislators employ such information merely as a supplement. Florida's current conservative leadership also threatens to undermine PB<sup>2</sup>, as representatives seek to limit government spending and shift the focus from program outcomes to program efficiency.<sup>80</sup>

### Conclusion

The Florida experience illustrates that incorporating performance measures into the planning and budget process has significant benefits, even if full integration proves difficult. Although Florida has not drastically altered their allocations process, performance measures do influence legislative budget decisions. Moreover, the effort to track performance provides more information to citizens and other parties concerned with accountability and transparency. In addition, agencies have gained the ability to analyze outputs and outcomes and thus better manage program effectiveness. Such measurements have further helped agencies obtain government contracts and indirectly increased competition for public funding, as well as expanded dialogue around what government programs are intended to achieve.<sup>81</sup>

For all the above reasons, the reform effort in Florida has been a "worthwhile endeavor," despite its inability to fully transform the budget process and introduce more rationality into funding decisions.<sup>82</sup>

**Portland, Oregon.** Portland, Oregon has a long history of evaluation and performance measurement strategies. Mayor Katz has been a strong supporter of performance measures and has driven the reform effort, despite Portland's decentralized form of government. The City government consists of five Commissions, led by five

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<sup>79</sup> *Ibid.* p. 377.

<sup>80</sup> Van Landingham, et. al. p. 248-250.

<sup>81</sup> *Ibid.* p. 250.

<sup>82</sup> *Ibid.* p. 250.

Commissioners, including the Mayor. Due to the diminished role of any one office or person, governmental reforms in Portland must be a collaborative process.<sup>83</sup>

Portland engages in several forms of performance management. As in Florida, Portland's annual budget is oriented around the policy objectives outlined in their strategic plan, the 1991 "Portland Future Focus" (as of September 2002, development of Portland Future Focus II was underway). Agency programs align their individual strategic plans with the community strategic objectives and utilize performance metrics to track the government's progress in meeting its goals. These performance measures are included in all budget requests and select measures are reported in the Approved Budget. In fiscal year 1999-2000, Portland presented these measures graphically with brief trend analysis. All policy changes are clearly described and are tied to budget adjustments and changes in expected performance.<sup>84</sup>

Portland also benchmarks the performance and efficiency of its services against other competitor jurisdictions. Portland participates in "Oregon Benchmarks," a state-sponsored program that tracks and compares various municipalities' performance across 92 indicators. These indicators are included within Portland's annual budget. Portland also participates in the International City/County Management Association's Center for Performance Management (ICMA), a widely respected performance measurement benchmarking clearinghouse for North American local governments.<sup>85</sup>

Since 1991, the Office of the City Auditor also publishes a Services Effort and Accomplishments (SEA) report that tracks spending, staffing, workload and performance results for major city programs. The report compares performance information to other cities as well as to targets and historical trends. The SEA also includes findings from the City Auditor's Citizen Survey, which represents the concerns and needs of the public.<sup>86</sup>

### Challenges

While Portland's efforts are comprehensive, many of the performance measurement tools are not connected to each other or utilized in a substantial way.<sup>87</sup>

Despite Portland's incorporation of performance information in the budget process and intentions to employ performance measures in financial decisions, it is unclear whether the data is utilized rigorously. In interviews conducted by GASB researchers, Portland officials suggested that the inclusion of performance metrics in the budget is simply "window dressing...used to make the budget document look good." However, one member of the legislative staff said that deliberations around performance data comprise roughly 30 percent of the budget discussions in the city council. Moreover, evidence suggests that bureaus utilize the performance information to more effectively manage

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<sup>83</sup> David Bernstein, *Case Study: City of Portland, Oregon: Pioneering External Accountability*, Governmental Accountability Standards Board, September 2002, p. 8-9.

<sup>84</sup> *Ibid.* p. 3-6.

<sup>85</sup> *Ibid.* p. 6.

<sup>86</sup> *Ibid.* p. 6-7.

<sup>87</sup> *Ibid.* p. 7.

resources and improve services, while legislators at least use the information to justify budget decisions. In addition, Portland's efforts enhance its external accountability.<sup>88</sup>

Due to oversight efforts by the Auditor's Office and the Division of Financial Planning and Portland's participation in ICMA, the City does not have major issues with the quality or validity of data. However, government staff and officials receive little training to guide their performance measurement efforts.<sup>89</sup>

The GASB study further notes several major barriers to successful implementation of performance budgeting in Portland: 1) time and cost of collecting data; 2) disconnect between higher level outcome measures and departmental level outcomes; 3) frequent political changes with elections every two years; and 4) decentralized form of government. The study suggests that the following challenges also posed some difficulties: 1) lack of agreement in goal setting; 2) inconsistent effort across bureaus; 3) risk of structuring programs to improve performance measures and not the agency mission; 4) lack of citizen support if results are not used; 5) development of meaningless measures; 6) aversion to accountability methods; 7) convincing staff that data is important; 8) lack of adequate data collection systems; 9) explaining performance measures to public; 10) disagreement on programmatic goals and objectives; and 11) keeping measures simple enough so that results are meaningful and easily accessible.<sup>90</sup>

### Conclusion

The Portland experience shows that while performance information is an important tool in the budgeting process, the simple inclusion of such data does not necessarily mean that budget makers will use those tools in allocating resources. Portland's inability to fully incorporate performance measures into its budget process emphasizes the need to carefully define the purpose of collecting performance information and to plan for a gradual transition to a good performance budgeting system. The GASB study of Portland further highlights the need to ensure the accuracy and credibility of data, as well as the need to limit and simplify the number of collected measures. Implementation efforts should also meet resistance from legislators and agency staff with efforts to achieve consensus, involve as many stakeholders as possible at all stages, increase capacity and resources to implement reforms, and emphasize improvement rather than cutting costs.<sup>91</sup>

**Austin, Texas.** Austin has used performance budgets since 1996. Overseen by the City Manager, Austin's budget is clearly delineated into programs and activities. As of September 2002, Austin was in the midst of implementing a Performance Accountability System, which builds on the gradual development of performance management structures. The four-part system consists of: 1) strategic and annual planning, including organizational performance goals and performance targets for individual managers and staff; 2) performance budgeting, linking funding to the achievement of organizational goals; 3) performance measurement and reporting, including organizational performance

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<sup>88</sup> *Ibid.* p. 12-13.

<sup>89</sup> *Ibid.* p. 20-21.

<sup>90</sup> *Ibid.* p. 21-22.

<sup>91</sup> *Ibid.* p. 22-23.

measures, employee reviews, and measurement-based performance audits; and 4) performance-based decision making by citizens, public officials, managers and staff.<sup>92</sup>

A GASB case study of Austin's performance budgeting system found that performance information is successfully integrated at multiple levels of the City's budget process. Although political concerns have not been fully removed from the budgeting process, Austin officials have reported that performance metrics are used pervasively throughout council deliberations. In addition, department managers use performance measures to justify budget requests and better compete for funding, and council members employ the measures to increase program accountability.<sup>93</sup>

Austin officials have also indicated that performance information is helpful in justifying the reallocation of resources. For example, in public health, a measured increase in the rate of Hepatitis C caused the administration and council to dedicate more resources to fighting the disease.<sup>94</sup>

Community survey information has also facilitated budget reallocations. A survey found that while citizens felt relatively safe during the day in Austin parks, they did not feel as safe during the night. With that information, the Austin parks department shifted 20 percent of their resources spent on park safety during the day and reallocated it to the 6pm to 10pm shift.<sup>95</sup>

### Challenges

Austin's plan to implement a Performance Accountability System will address several issues that have impeded the full integration of performance measures into the budget process. For reasons described below, the use of performance measures has varied greatly by department.<sup>96</sup>

First off, the collection of consistent and comparable data has posed a problem for Austin. To prevent departments from continually changing performance indicators to reflect more positive outcomes and to ensure long-term data collection, Austin requires that departments report indicators for at least three years and provide extensive justification for dropping or replacing an indicator. This requirement prevents managers from easily updating and improving their measures to reflect changing social environments or improved methodologies. Furthermore, the inability to easily remove indicators has led to the collection of too many measures, diminishing the information's meaningfulness.<sup>97</sup>

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<sup>92</sup> Paul Epstein and Wilson Campbell, *Case Study: Austin, Texas: Use and the Effects of Using Performance Measures for Budgeting, Management, and Reporting*, Governmental Accounting Standards Board, September 2002, p. 1-3.

<sup>93</sup> *Ibid.* p. 10.

<sup>94</sup> *Ibid.* p. 11.

<sup>95</sup> *Ibid.* p. 11.

<sup>96</sup> *Ibid.* p. 8.

<sup>97</sup> *Ibid.* p. 21.

The City Budget Office and the City Auditor's Office have also raised concerns about the quality and relevancy of the performance data. Only departments that receive substantial state or federal funds or are highly regulated are subject to external audits. Austin has also had some difficulty capturing hard-to-measure social outcomes that cannot be measured directly.<sup>98</sup>

Lack of trust, fear of repercussions, and anxiety about accountability have also impeded the success of Austin's reform efforts. Austin has had difficulties building departmental trust that performance information will not be used for punishments or to cut programs. Managers and staff have also expressed concerns about being held accountable for outcomes that are partially out of their control, e.g. crime rates and incidence of disease. Over time, this problem has diminished as Austin has built up trust and departments have observed that their fears have not come to fruition.<sup>99</sup>

Some department managers also have had issues convincing their staff that performance management is worthwhile and to take data collection and analysis seriously. Service providers that are more complaint-driven and reactionary have had further difficulties getting staff to look at the larger picture. Managers have also complained that public officials have had unrealistic expectations and have not provided sufficient time for departments to master and implement performance management. At the same time, public officials have been limited in their ability to use performance information due to political motivations and lack of discretionary funding.<sup>100</sup>

Managers also have had problems allocating sufficient time to collect and report data. Adding to the workload burden, most departments do not have adequate information systems in place and rely largely on customer survey data, which can be time-consuming and costly to develop, administer and analyze.<sup>101</sup>

### Conclusion

The Austin experience with performance budgeting suggests several important findings. First, effective performance management systems require time, patience and dedicated leadership from officials and managers. Planning needs to be long-term and performance expectations should be realistic and not induce fear or mistrust from managers and program staff. Austin also highlights the importance of sufficient training, building resource and staff capacity and gaining acceptance and understanding from all stakeholders. Austin's issues concerning data collection and reporting further emphasize the need to be practical, avoid measuring too many outcomes, and tailor the level of information detail for different audiences (program staff versus legislative officials). Lastly, the concerns of managers in Austin note the danger in attaching rewards and punishments to performance budgeting, the need to implement a structured, well-thought

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<sup>98</sup> *Ibid.* p. 22.

<sup>99</sup> *Ibid.* p. 25-26.

<sup>100</sup> *Ibid.* p. 26.

<sup>101</sup> *Ibid.* p. 28.

out plan, and the importance of focusing on relevant measures that are easily understood and motivate performance improvement.<sup>102</sup>

## APPENDIX B

### Survey Data Examples From Other Cities

For several of the local governments examined during the course of this research, survey data played a major role in performance reporting documents. San Jose, for example, reported on 91 survey indicators in its performance documents. (See Table 1 below.) The performance report of Portland, Oregon contained 90 survey indicators, and Austin, Texas documented 45 survey indicators. Phoenix, despite its notable involvement of citizens in planning and progressive solicitation of customer feedback, only reported 12 survey indicators in its performance reports. This information was used roughly a third to one-half of the time to provide information about end-user satisfaction with external services. However, internal services were an important measure as well. San Jose used one-third of its survey metrics to assess internal services and Portland about 15 percent with 15 measures.

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**Table 1**  
**Utility of Survey Data in Providing Outcome Information**  
(Selected Cities)

	<u>Portland</u>	<u>Austin</u>	<u>San Jose</u>
<b>Number of survey-derived outcome indicators in yearly performance report</b>	<b>90</b>	<b>45</b>	<b>91</b>
Satisfaction with external services	29	27	33
Satisfaction with internal services	15	6	27
Perceptions of societal conditions	49	9	25
Knowledge and use of services	5	3	6
<b>Total outcome indicators</b>	<b>130</b>	<b>77</b>	<b>134</b>
<b>Percent</b>	<b>69.2%</b>	<b>58.4%</b>	<b>67.9%</b>

Source: City of Portland, Office of the City Auditor, *Service Efforts and Accomplishments: 2003-2004*, December 2004; City of Austin, *Fiscal Year 2002 Community Scorecard*, October 2002; City of San Jose, Office of the City Manager, *2003-2004 Year-End City Service Area Performance Report*, September 2004.

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San Jose has implemented internal service metrics for its personnel management functions, for example. It surveys its employees to see how well they have been served by other departments and by their own managers. One of the survey-derived metrics is “percent of employees who agree or strongly agree that they receive timely, constructive feedback on performance and they are provided opportunities to make decisions regarding their job.” (See Table 2 below.) San Jose’s leaders have taken a strong view that at the center of their ability to provide for residents is a set of cross-departmental support functions such as human resources that ensure that direct service agencies have the provisions they need to function effectively.

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<sup>102</sup> *Ibid.* p. 28-30.

**Table 2**  
**Survey Oriented Indicator's used in San Jose's Year End City Service Area Performance Report**

Percent customers able to reach desired destinations from the Airport	Percent of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or better
Percent of customers surveyed rating the frequency of air service as good or excellent	Percent of residents rating City efforts at providing programs to help seniors that live on their own, as good or better
Percent of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	Percent of customers rating City efforts at removing graffiti as good or better
Percent of customers rating the Airport amenities as good or excellent, based on availability, quality and cost	Percent of volunteers rating their Litter Hot Spot as a 1 (no litter) or 2 (slightly littered) based on the Keep America Beautiful Index
Percent of customers rating travel time from the Airport entrances to the terminals as good or excellent	Percent of Safe School Campus Initiative School clients rating City efforts at keeping schools safe good or better
Percent of customers rating Airport facilities as good or excellent, based upon availability, condition and cleanliness	Percent of customers rating new or rehabilitated CIP projects as meeting established goals
Percent of tenants rating Airport services as good or excellent, based upon facility condition, cleanliness, safety, efficiency and responsiveness	Percent of residents rating rush hour traffic flow on freeways and expressways as "acceptable" or better
Percent of business passengers rating the Airport services as good or excellent, based upon availability of amenities, quality and costs	Percent of commuters using transit
Percent of business passengers rating the Airport services as good or excellent, based upon service availability, facility condition, and cleanliness	Percent of residents rating traffic flow on City streets as acceptable
Percent of business passengers rating rental car services as good or excellent, based upon availability, quick return of rental cars, courtesy of rental car staff and reasonable rental car rates	Percent of residents rating traffic conditions as safe
Percent of corporate travel planners and travel agents that feel SJC provides adequate domestic air services to the business passengers	Percent of residents rating rush hour traffic flow on freeways or expressways as "acceptable"
Percent of corporate travel planners and travel agents that feel SJC provides adequate international air services to the business passengers	Percent of residents rating access to public transit as "easily or somewhat easily"
Levels of Service	Percent of commuters not driving alone to work
Percent of customers rating the Airport response to noise issues as satisfactory or better	Percent of customers not driving alone to major activity centers
Percent of community organization leaders who rate the Airport as an established and active participant within the community	Percent of customers rating access to major activity centers as "good" or better
Percent of design professionals surveyed who rate structural review and life-safety process as good or better	Percent of businesses rating goods delivery access as "good" or better
Percent of residents rating building and code enforcement as good or better	Percent of residents rating traffic impacts in their neighborhoods as "acceptable"
Percent of residents surveyed who perceive that their neighborhoods is "Very Safe" when walking	Percent of residents rating streetscapes in "good" or better condition
Percent of community residents that feel their neighborhood condition is good or better	Percent of neighborhood streetscapes in "good" or better structural condition
Percent of residents surveyed who are satisfied with the quality of new development in their neighborhood	Percent of residents rating transportation corridors in "good" or better condition
Percent of community residents satisfied with the overall citywide quality of services provided by the City	Percent of transportation corridors rated in "good" or better condition
Percent of residents who feel that people in their neighborhood definitely or probably share a sense of local pride	Percent of residents rating streets in "acceptable" or better condition
Percent of residents and businesses who perceive desirability of physical environment as good or better based on:	Percent of pavement surfaces rated in "acceptable" or better condition
Attractiveness of Resid. property	Percent of traffic control device assets in "good" or better condition
Attractiveness of Comm. Property	Percent of customers rating new or rehabilitated CIP projects as meeting established goals
Physical condition of neighborhoods	Percent of residents who rate the condition of existing facilities as "good" or "excellent" based on cleanliness, safety, and functionality

Access to public amenities	Percent of customers who rate facility services as very good or excellent based on timeliness of response and quality of work
Percent of clients surveyed who perceive that the development review process is "seamless"	Percent of customers rating fleet services as very good or excellent based on:
Percent of customers rating new or rehabilitated CIP projects as meeting established goals	Timeliness
Percentage of customers rating new or rehabilitated CIP projects as meeting established goals	Convenience
Percentage of customers rating service as good, based on reliability, ease of system use and lack of disruption	Courtesy
Percentage of residents rating collection services as good or excellent	Percent of hiring managers rating employment services as good or excellent based on quality of services
Percentage of residents cutting back on water use as much as they can	Percent employees who agree or strongly agree they clearly understand the performance expectations of their job
Percentage of residents who are in favor of using recycled water	Percent employees who agree or strongly agree they receive timely, constructive feedback on performance and they are provided opportunities to make decisions regarding their job
Percentage of customers rating new or rehabilitated CIP projects as meeting established goals	Percent employees whose overall performance is rated above standard or exceptional on his/her performance appraisal form
Percentage of parks and facilities with a staff conducted condition assessment rating of "good" or better	Percent employees who agree or strongly agree they have the skills and knowledge they need to do jobs or there is a plan to obtain them
Percentage of customers rating performance of staff in the provision of park maintenance activities as "good" or better	Percent of the public having contract with City employees who are satisfied or very satisfied with the customer service based on courtesy, timeliness, and competence
Percentage of residents that rate the physical condition of parks and facilities as "good" or better	Percent employees who agree or strongly agree they understand the City's vision and how their work contributes to a core service
Percentage of customers rating new or rehabilitated CIP projects as meeting established goals	Percent employees who are satisfied or very satisfied with their job
Percent of residents rating City efforts at enhancing public spaces with public art as good or better	Percent employee who agree or strongly agree the City is a good employer
Percent of customers rating leisure and educational programs as very good or better based on quality, content and responsiveness	Percent customers who rate Employee Services as knowledges, helpful and courteous
Percent of customers reporting that services made a positive difference in their lives	Percent of employees who agree that the department makes workplace safety a priority
Percent of customers and residents rating library services as good or better	Percent of managers who say employees have the technology tools they need to support their service delivery functions
Percent of customers and residents rating City efforts at providing recreational opportunities and programs at parks and recreation centers as good or better	Percent of employees who say they have the technology tools they need to support their service delivery functions
Percent of program participants reporting that services made a positive difference in their lives	Percent of customers rating new or rehabilitated CIP projects as meeting established goals
Percent of residents rating City efforts at supporting high quality arts and cultural events as good or better	Percent of internal customers rating Finance and Technology services as good or better, based on accuracy, timeliness and customer friendly processes
	Percent of external customers rating Finance and Technology services as good or better, based on accuracy, timeliness and customer friendly processes
	Percent of internal customers who say they have the financial information they need to make informed decisions
	Percent of external customers who say they have the financial information they need to make informed decisions

Source: City of San Jose, Office of the City Manager, 2003-2004 Year End City Service Area Performance Report , September 2004.

Portland has instituted a business survey to capture the views of its important business constituency. (See Table 3 below.) Many of the metrics included in the business survey are mainly related to transportation and maintenance of roadways. Keeping employers linked with employees through various modes of transportation is an important component of local economic development policy.

**Table 3**  
**Survey Oriented Indicators used in Portland's Service Efforts and Accomplishments Report**

Citizens: Overall Police Services	Citizen: Overall Sewer
Citizens: Safety in Neighborhood During Day	Citizen: Ratings of Sewer and Drainage Services to Home
Citizens: Safety in Neighborhood at Night	Citizens: Overall Storm Drainage
Citizens: Willing to Help Police	Citizens: How Well Sewers and Drainage Protect Rivers and Streams
Citizens: Know Neighborhood Officer	Citizens: Overall Water Service
Citizens: Overall Fire Service	Citizens: Tap Water Quality
Businesses: Overall Fire Service	Citizens: Tap Water Cost
Citizens: Type of Service Used	Citizens: Neighborhood Housing Affordability
Citizen Users: Rating of Service Received	Citizens: Rating of Neighborhood Housing Affordability
Citizens: Emergency Preparedness	Customer Ratings of Plan Review Service
Citizens: Trained in CPR/1st Aid	Quality
Citizens: Overall 9-1-1 Service	Building permit
Citizens: Overall Parks	Land use review
Citizens: Overall Recreation	Timeliness
Citizens: Safety in Neighborhood Park During Day	Building permit
Citizens: Park Grounds Maintenance	Land use review
Citizens: Maintenance Ratings	Business Survey: City Info on Development Ratings
Citizens: Park Landscaping Beauty	Customer Satisfaction
Citizen: Satisfaction with Recreation	Building Permits
Citizens: Visits to Parks	BDS
Citizens: Overall Street Maintenance	Over-the-counter
Businesses: Overall Street Maintenance	Plan review
Citizens: Overall Street Lighting	Env. Services
Citizens: Overall Traffic Management - Safety	Transportation
Citizens:	Water
Off-Peak Congestion: Neighborhood Streets	Land Use Review
Off-Peak Congestion: Major Streets	Overall Ratings of Recycling
Neighborhood Street Cleanliness	Citizen Ratings of Quality of Recycling Service
Overall Street Lighting Service	Citizen Ratings of Garbage/Recycling Costs
Peak Congestion: Neighborhood Streets	Business Ratings of City Info on Pollution Reduction
Neighborhood Street Smoothness	Citizens: Overall City Livability
Neighborhood Pedestrian Safety	Citizens: Overall Housing Development
Neighborhood Bike Safety	Citizens: Overall Land Use Planning
Neighborhood Traffic Speed	Citizens: Neighborhood Livability
Overall Traffic Management Services: Safety	Citizens: Access to Services
Overall Traffic management Services: Congestion	Citizens: Visits to Willamette River
Peak Congestion: Major Streets	Citizens Ratings of Improvement From New Commercial Development
Citizens: Rates of Congestion on Major Streets	Citizens Ratings of New Commercial Developments
Citizens: Neighborhood Street Cleanliness	Business Ratings of New Commercial Developments
Citizens: Neighborhood Street Smoothness	
Citizens: Safety on Neighborhood Streets	
Businesses: On-Street Parking	
Business Survey Ratings:	
Pedestrian Access	
Overall Street Lighting	
Neighborhood Street Cleanliness	
Neighborhood Street Maintenance	
Overall Street Maintenance	
Neighborhood Traffic Congestion	
Neighborhood Traffic Speed	
Overall Traffic Management	
On-Street Parking	
Major Streets Traffic Congestion	

Source: City of Portland, Office of the City Auditor, 2003-2004 Service Efforts and Accomplishments, December 2004.

## APPENDIX C

### New York City's Experience With Public Surveys

In 2000 and 2001 The New York City Council commissioned two citizen surveys from the Survey Research Unit at Baruch College.<sup>103</sup> The survey was conducted via telephone interviews with 2,020 adults, sampled to provide statistically meaningful demographic and geographic results. Questions used in the survey were designed to determine New Yorkers' use patterns and satisfaction with a broad range of City services, as well as their views on the overall quality of life in the City and their confidence in City government

After the survey results were tabulated, some interesting views on services and New York City government emerged. Education was the most important priority in the minds of New Yorkers; fully 43 percent rated that as a top concern with the quality of services. Crime followed a more distant second with 23 percent of respondents identifying it as their top issue. After that housing and the economy were close finishers at 18 and 16 percent, respectively.<sup>104</sup>

Related to the quality of service they were receiving New Yorkers were dissatisfied with some services and satisfied with others. Some of the broad findings are highlighted in the bullets below.

- In education class size and school safety were causes of dissatisfaction with the school system.
- Ratings for police and fire services were positive with most reporting that they felt safe.
- The high cost of housing was a major issue with 33 percent New Yorkers reporting they were paying more rent than they could afford.
- Transportation and mass transit services fared poorly in public opinion; street conditions were rated fair to poor by 73 percent of respondents and subway service was rated fair to poor by 38 percent of respondents.
- Street cleanliness was also a problem area with overflowing trash baskets reported as bothering 40 percent of respondents.
- City parks and recreation facilities were deemed good or excellent by 70 percent of respondents.
- About 60 percent of respondents said their contact with City employees to lodge a complaint or request service or information had been unsatisfactory.

More detailed information was gathered by the survey on specific complaints or concerns with each City service. For example, in transportation road surface condition was a major complaint among 80 percent of daily drivers. Dangerous traffic often or occasionally bothered 60 percent of those contacted.

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<sup>103</sup> Muzzio, Douglas and Gregg Van Ryzin, *Satisfaction with New York City Services: 2001, Final Report, November 2001*. Baruch School of Public Affairs, Survey Research Unit, The City University of New York.

<sup>104</sup> *Ibid*, p. iv.