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# Giving Taxpayers More Bang for the Buck: Managing for Results in New York City Government



## 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 these leaders can apply the same standard by which they are judged all the way down the chain of command to the staff that provides direct 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 decades and its practices are, in many ways, quite good. However, even with these good practices New York City should renew its efforts to be a leader among cities by pursuing new policies and advancing innovations. New York City is a \$54 billion dollar enterprise and one 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 *Managing for Results in New York City Government: A Review of Current Practices*, an evaluation of the City's performance management practices and what is reported to the public about service quality. The review, available on the web at [www.cbcny.org](http://www.cbcny.org), found that to answer the question the City needs to address two fundamentally weak areas in its practices. First, it needs to account for its results in the context of the money it spends to achieve them. Second, it needs to focus on achieving results in every service area by improving the caliber of its performance measures. To make these changes the CBC calls on City leaders to implement five specific recommendations. These are:

1. **Connect money and performance in the budget.** The budget should be reorganized to better align with programs and program performance.
2. **Focus on efficiency.** 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 measures 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 resident perception measures.** Public perception of City services should not be measured just by complaints, but also by satisfaction survey measures.

Founded in 1932, the Citizens Budget Commission (CBC) is a nonpartisan, nonprofit civic organization committed to influencing constructive change in the finances and services of New York State and New York City governments.

This document is a summary of a report, *Managing for Results in New York City Government: A Review of Current Practices*. The report was prepared under the auspices of the CBC's Quality and Efficiency in Public Services Committee, co-chaired by Cheryl Cohen Efron and Alan M. Klein. The full report and this summary of it were prepared by Elizabeth Lynam, the Commission's Deputy Research Director, and Oliver Wise, Research Assistant. For details on source information and research credits, see the full report available on the web at [www.cbcny.org](http://www.cbcny.org).

## WEAKNESSES IN NEW YORK CITY'S MANAGEMENT FRAMEWORK

New York City's management accountability framework has two major weaknesses. First, money and performance are not connected in the budget. The budget can be a powerful performance tool, yet the City is not using it for this purpose. Second, the City is not focused on achieving the results the public desires for every service. Some agencies do an excellent job reporting results while others do not. The City's weaknesses in these areas are manifested in five specific issues.

- ▶ **Issue 1:** The budget does not align with program performance.
- ▶ **Issue 2:** Efficiency measures are not a major focus of service performance.
- ▶ **Issue 3:** Outcome measures need more attention in some service areas.
- ▶ **Issue 4:** New Yorkers cannot compare the caliber of their services to other cities.
- ▶ **Issue 5:** Public perception of the quality of services is not adequately measured.

City leaders should address these issues to improve their accountability to the public. The City has made many significant advances in performance management, including Compstat in the Police Department and an impressive 3-1-1 system, but should not rest on its laurels. Instead it should renew its efforts to be a leader among cities by pursuing new policies and advancing innovations. The remainder of this document explains the issues more fully and presents recommendations for improvement.

**New York City is a \$54 billion dollar enterprise: Is the public really getting all it deserves from government for the price tag?**

ISSUE 1

**THE BUDGET DOES NOT ALIGN WITH PROGRAM PERFORMANCE**

**Table 1**  
**Performance Measures**  
**in the Budgets of Major U.S. Cities**  
**Ranked by Size**

| City               | Performance Measures in Budget |
|--------------------|--------------------------------|
| 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                            |

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. Updated by CBC staff in November 2006.

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 governments. Performance budgeting has the potential to help lawmakers and the public:

- ▶ Assess the cost-effectiveness of existing programs;
- ▶ Compare the costs and benefits of different types of programs designed to achieve similar objectives and select the ones that achieve the greatest benefit for the lowest cost;
- ▶ Identify wasteful spending and duplicative programs;
- ▶ Account for, debate, and justify budget decisions based on results rather than rhetoric.

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. In local government, 24 of the 30 largest U.S. cities publish performance metrics in their budgets. Table 1 to the left shows the cities that have adopted this practice. New York City is one that does not.

In the wake of the 1970s fiscal crisis New York City’s leaders intended to create a structure for New York City government that linked budget decisions to performance. The New York City Charter was changed to require it. Despite the legal mandate and the reforms put in place at that time, a solid connection between program goals and performance and spending has not been established in New York City.

The framers of the City Charter mandated a structured budget process linked to the Mayor’s Management Report (MMR) by a requirement that the City specify the relationship between programs, goals, and spending. 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.”

The budget was also required to be organized by program at the “unit of appropriation” level. The units of appropriation are voted on by the City Council and are required by the Charter to reflect the main programmatic activities and goals of each agency. Section 100.c reads, “Each proposed unit of appropriation shall represent the amount requested... for a particular program, purpose, activity or institution.”

New York City monitors and reports the performance of government agencies in a document called the Mayor’s Management Report (MMR). 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 July through June fiscal year and includes more than 1,000 statistics on performance.

Over time and in practice, however, the MMR and the budget have evolved separately. While the MMR has maintained and even strengthened its structure around key agency goals and programs and performance, the appendix relating these program goals to spending has not been produced. As the budget has changed, the units of appropriation have become in many instances less related to distinct agency programs and goals. The budget structure for the Department of Homeless Services is shown in the box below. It has only two units of appropriation, one for “personal services” and the other for “other than personal services.” This means that every program the agency runs is funded below the unit of appropriation level.

The preliminary management report shall contain for each city agency an appendix indicating the relationship between the program performance goals included in the management report and the corresponding expenditures made pursuant to the adopted budget for the previous fiscal year.

*New York City Charter*

Under units of appropriation, agency budgets are further subdivided into budget codes. 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 enterprise. In Homeless Services there is a budget code for each shelter the agency runs. Agency budget codes could also be organized to correspond to programs and program goals but in most cases are not.

At this point in time it is nearly impossible for New Yorkers and their elected leaders to connect government programs, the goals they were developed to meet, and the amount of money being spent on them. The examples on this page show that the Key Public Service Areas identified for the Department of Homeless Services do not match the units of appropriation in the agency budget.

Excerpt from the New York City Mayor’s Management Report, 2005

**Key Public Service Areas**

- ✓ Prevent homelessness.
- ✓ Conduct outreach to street homeless individuals.
- ✓ Provide temporary emergency shelter for eligible homeless people.
- ✓ Work with homeless individuals and families to develop and implement independent living plans.

Goals identified by the Department of Homeless Services

The units of appropriation in the Department of Homeless Services budget

**Excerpt from the New York City Comptroller’s Annual Financial Report, Fiscal Year 2005**

|   | BUDGET       |              | ACTUAL EXPENDITURES AND TRANSFERS | BETTER (WORSE) THAN MODIFIED BUDGET |
|---|--------------|--------------|-----------------------------------|-------------------------------------|
|   | ADOPTED      | MODIFIED     |                                   |                                     |
| 071 DEPARTMENT OF HOMELESS SERVICES                 |              |              |                                   |                                     |
| 100 Personal Services . . . . .                     | 106,793,288  | 112,786,034  | 112,785,273                       | 761                                 |
| 200 Other Than Personal Services . . . . .          | 601,003,102  | 612,188,712  | 609,854,368                       | 2,334,344                           |
| .....   | 707,796,390  | 724,974,746  | 722,639,641                       | 2,335,105                           |
| Intracity Sales . . . . .                           | (31,071,737) | (31,121,017) | (22,121,017)                      | (9,000,000)                         |
| Total Department of Homeless Services               | 676,724,653  | 693,853,729  | 700,518,624                       | (6,664,895)                         |
| Net Change in Estimate of Prior Payables . . . . .  | —            | —            | (6,586,281)                       | 6,586,281                           |
| Net Total Department of Homeless Services . . . . . | 676,724,653  | 693,853,729  | 693,932,343                       | (78,614)                            |

## ISSUE 2

**EFFICIENCY MEASURES ARE NOT  
A MAJOR FOCUS OF SERVICE PERFORMANCE**

Efficiency, or unit-cost, measures describe relationships between outputs (or outcomes when possible) and the resources, or inputs, that an agency dedicates to achieve those results. Examples of efficiency measures include “cost per road mile paved,” “tons of refuse collected per truck-shift,” and “buildings investigated per investigator.” Measuring efficiency enables agency managers to allocate resources more effectively. Reporting efficiency measures allows oversight entities and the public to hold elected officials accountable for delivering the most efficient services possible.

The best way to gauge efficiency is to base the measure on outcomes. Although preferable, these measures can be hard to develop. An example of a unit-cost measure based on a true outcome for a probation program, for example, is “cost per re-incarceration prevented.” Efficiency gains at the expense of the preferred outcome of the service may not be advantageous or desirable.

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. By establishing and tracking meaningful metrics for efficiency, elected officials are equipped with a tool for holding agencies accountable for providing the most cost-effective services possible.

Reporting the unit cost of its services is not a major focus in what the City tells the public. Many agencies report no unit cost information at all. Although lowering the cost of services may not always be the goal, particularly if service quality suffers as a result, the public should be informed enough to raise the right questions.

Fully half of the agencies included in the Mayor’s Management Report do not report any efficiency indicators. Another 14 provide just one or two efficiency measures. This means that, out of 40 City agencies, just six report three or more unit-cost measures. Table 2 on the right shows the distribution.

Some agencies do a good job reporting efficiency measures. One example is the Department of Sanitation. The six indicators reported by the Department of Sanitation are shown on the right in Table 3.

**Table 2**  
**Agency Reporting of Efficiency Measures**

| NO EFFICIENCY INDICATORS                      | 1-2 EFFICIENCY INDICATORS            | 3-4 EFFICIENCY INDICATORS | 5 OR MORE EFFICIENCY INDICATORS |
|---|--------------------------------------|---------------------------|---------------------------------|
| 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                   |                                      |                           |                                 |

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

**Table 3**  
**Performance Trends for Efficiency Measures in the Department of Sanitation**

The Department of Sanitation reports six efficiency measures

| Indicator                             | 2002  | 2003  | 2004  | 2005  | 2006 |
|---------------------------------------|-------|-------|-------|-------|------|
| 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.*  
 \* Data not provided in 2006 MMR

ISSUE 3

**OUTCOME MEASURES NEED MORE ATTENTION IN SOME SERVICE AREAS**

To implement performance management, government leaders must design measurement systems to assess and report results. Metrics that can be used range from somewhat easy to gather – input measures – to increasingly difficult – true outcome measures.

**Inputs** express the resources committed to a program. Examples include funds, staff, facilities, and equipment and supplies.

**Outputs** 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** express outcomes that are expected to lead to the desired end but are not the ends in themselves. Examples include waste water clean-up expected to lead to clean rivers and reduced smoking expected to lead to fewer illnesses.

**Outcomes** express the end results that society seeks. Examples include clean streets, reduced crime, and improved health. Customer satisfaction is also considered an outcome.

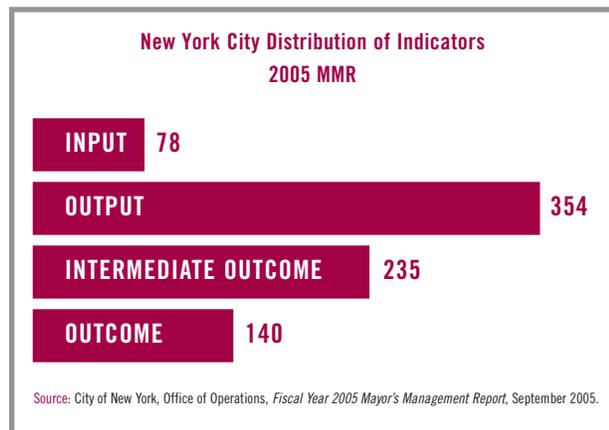
The real measure of the success or failure of government programs is the outcome. Are the rivers cleaner as a result of environmental protection programs? Are adults more productive citizens as a result of their schooling? Are fewer people dying of tobacco-related diseases as a result of anti-smoking campaigns? These kinds of changes are examples of what the public wants from the various activities governmental officials oversee and agencies manage. 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, such as cultural affairs, outcomes are especially difficult to measure. For these, customer satisfaction surveys typically are necessary.

Although the City improved the Mayor’s Management Report in 2002, some agencies are still not using outcome measures to gauge and report to the public on their performance. Others do a very good job. Out of 40 agencies covered by the Mayor’s Management Report, 13 report no true outcome measures. Table 4 on the right shows the list of agencies in this category. At the other end of the spectrum are seven agencies that report a significant number of outcomes. Among these agencies the number reported ranges from seven to 22.

One example of an agency that does a good job is the Department of Health and Mental Hygiene. This agency reports 17 outcome measures annually. These measures are shown to the right in Table 5.

New York City agencies rely heavily on output measures to report performance



**Table 4**  
**Outcome Indicator Reporting in the Mayor's Management Report by Agency**

| NO OUTCOME INDICATORS            | 1-2 OUTCOME INDICATORS                        | 3-4 OUTCOME INDICATORS               | 5-6 OUTCOME INDICATORS           | 7 OR MORE OUTCOME INDICATORS   |
|----------------------------------|---|--------------------------------------|----------------------------------|--------------------------------|
| 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    |   |                                      |                                  |                                |

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 an indicator is truly an outcome measure is a matter of judgement and the above table reflects the judgement of the authors of this paper.

**Table 5**  
**Performance Trends for Outcome Indicators in the Department of Health and Mental Hygiene**

| INDICATOR   | 2002   | 2003   | 2004   | 2005   | 2006   |
|---|--------|--------|--------|--------|--------|
| Adults who smoke  | NA     | 21.5%  | 19.2%  | 18.4%  | 18.9%  |
| Adults, aged 50+, who received a colonoscopy in the past ten years  | NA     | NA     | 42.0%  | 52.2%  | 55.0%  |
| Seniors, aged 65+, who received a flu shot in the last 12 months  | NA     | 63.0%  | 62.6%  | 64.0%  | 54.0%  |
| Hospitalization rate for asthma among children ages 0-14 (per 1,000 children)   | 6.2    | 6.1    | 7.3    | 6.5    | 5.4    |
| Infant mortality rate (per 1,000 live births)   | 6.1    | 6.0    | 6.5    | 6.1    | 6.0    |
| Children in the public schools who have completed required immunizations  | 94.3%  | 96.0%  | 96.4%  | 97.4%  | 97.6%  |
| New adult AIDS cases diagnosed  | 5,149  | 4,164  | 4,941  | 4,324  | 4,132  |
| New pediatric AIDS cases diagnosed  | 14     | 6      | 6      | 6      | 8      |
| Persons diagnosed, living and reported with HIV/AIDS  | 78,880 | 82,810 | 88,479 | 94,495 | 98,279 |
| Syphilis cases  | 353    | 456    | 599    | 646    | 586    |
| Patients who complete treatment for active tuberculosis   | 91.3%  | 91.0%  | 91.1%  | 91.0%  | 92.1%  |
| West Nile virus cases reported  | 7      | 29     | 31     | 5      | 14     |
| Children with Early Intervention Program service plans (in thousands)   | 14.5   | 18.3   | 19.4   | 17.6   | 18.2   |
| Deaths due to drug abuse  | 909    | 905    | 960    | 849    | 889    |
| New cases among children less than 18 years identified with blood lead levels greater than or equal to 10 micrograms per deciliter      | 5,430  | 4,632  | 4,071  | 3,582  | 3,050  |
| 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 | 4,459  | 3,742  | 3,318  | 2,993  | 2,573  |
| Food service establishments that fail initial inspection  | 14.1%  | 20.7%  | 20.9%  | 16.6%  | 19.9%  |

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

ISSUE 4

**NEW YORKERS CANNOT COMPARE THE CALIBER OF THEIR SERVICES**

**Table 7  
Use of Benchmarks  
in Major U.S. Cities**

| City               | Benchmarks to Other Cities |
|--------------------|----------------------------|
| 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                         |

Source: CBC Staff Analysis

Governments increasingly compare their performance to that of others. These efforts help local leaders judge how competitive their locale is for jobs and residents.

As officials do these comparisons they encounter comparability challenges. The nature of government services, and the function and responsibilities of the agencies that provide them, differ from place to place and make comparisons difficult without efforts to standardize the data. Many governments overcome these challenges by participating in the International City/County Managers Association (ICMA) Center for Performance Measurement. About 150 cities/counties currently participate.

Local governments of all sizes participate in the program, from Miami-Dade, Florida (population 2.3 million) to Teton County, Wyoming (population 18,251). Although New York's size might suggest difficulties in terms of comparability, there are many large municipalities in the project. Table 6 below shows the counties and cities with populations above 500,000 that participate in the Center for Performance Measurement.

A neighboring jurisdiction, Nassau County, recently joined the ICMA project. In response to its 2000 fiscal crisis Nassau County has moved toward implementing a more transparent and accountable budget process. Comparative benchmarking is part of that effort.

**Table 6  
Large Municipalities Participating in ICMA  
Center for Performance Measurement**

| MUNICIPALITY          | POPULATION |
|-----------------------|------------|
| Miami-Dade County, FL | 2,253,362  |
| Bexar County, TX      | 1,392,931  |
| Phoenix, AZ           | 1,373,947  |
| Nassau County, NY     | 1,339,463  |
| San Antonio, TX       | 1,241,100  |
| San Diego, CA         | 1,223,400  |
| Dallas, TX            | 1,206,667  |
| Fairfax County, VA    | 998,153    |
| Pinellas County, FL   | 939,864    |
| San Jose, CA          | 918,000    |
| Hamilton County, OH   | 845,503    |
| Austin, TX            | 667,705    |
| Montgomery County, OH | 559,062    |
| Portland, OR          | 529,121    |
| Las Vegas, NV         | 520,936    |
| Oklahoma City, OK     | 510,800    |
| Tucson, AZ            | 507,085    |

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

Among major U.S. cities comparative measurement is becoming more common. Nearly one-third of the 30 largest U.S. cities report comparative benchmarks in their performance documents. Table 7 to the left shows the cities.

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

Although it does not track its performance relative to that of other jurisdictions, New York City's MMR does provide trend data over time. Readers can track the performance statistics provided by the City over many years. Five-year trend data is published in the MMR. A sample of that data is shown below 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.

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

**Performance Report**

Key Goal

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

5-year  
Trend Data

Targets  
Identified

Outcome  
Measures

| Performance Statistics  | A c t u a l   |               |              |               |              | T a r g e t      |              |        |
|---|---------------|---------------|--------------|---------------|--------------|------------------|--------------|--------|
|   | FY02          | FY03          | FY04         | FY05          | FY06         | FY06 Preliminary | FY07 Updated | FY07   |
| 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**

**Table 8  
Use of Community Surveys  
in Major U.S. Cities**

| City               | Uses Community Surveys |
|--------------------|------------------------|
| 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                    |

Source: CBC Staff Analysis

Measuring public perception with resident satisfaction surveys is important for two reasons. First, surveys improve outcome measurement. Second, surveys can help change the focus of government leaders from an agency management perspective to an end-user or resident perspective.

Surveys can improve the quality of outcome measures. High satisfaction ratings for a service provide a strong indication that the agency or agencies in question are performing well. Survey measures are particularly helpful for internal support functions – human resources management or purchasing, for example – that affect service quality for end-users but are hard to otherwise assess.

Survey measures typically have the advantage of being more representative of the general public’s priorities and view of services than complaint data. Complaint hotlines register the views of those who are strongly motivated to call because they are unhappy. Measuring the perception of a broader, randomly selected group provides a more even-handed performance review.

Among the 30 largest U.S. cities, 15 use resident satisfaction survey measures in their performance reporting. Table 8, to the left, shows the cities.

About six New York City agencies conduct customer satisfaction surveys but they do not integrate the results with other measures of performance in the Mayor’s Management Report.

Some of the agencies that survey customer satisfaction are identified below:

- ▶ Department of Buildings – Surveys customers at its walk-in centers.
- ▶ Department of Finance – Surveys customers in person and by mail.
- ▶ Parks Department – Surveys users at recreational facilities and parks.
- ▶ Health and Hospitals Corporation – Conducts “Patients’ Perception of Care” survey twice per year.
- ▶ Human Resources Administration – Surveys clients at walk-in centers.
- ▶ New York City Housing Authority – Conducts follow-up surveys after maintenance work appointments.

The City runs a first-rate, state-of-the-art 3-1-1 call center that provides information and takes complaints. Data from the 3-1-1 system is reported in the Mayor’s Management Report and provides an important measure of dissatisfaction with City government.

In fiscal year 2006, 3-1-1 handled 13.2 million calls. About half of these, or 47 percent, were calls for information. The top five reasons people call 3-1-1 are: (1) carbon fluorochloride 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 is required to do under Local Law 47.

New York City does not at this time conduct broad resident surveys. It also does not regularly report the results of agency customer satisfaction surveys in the MMR.

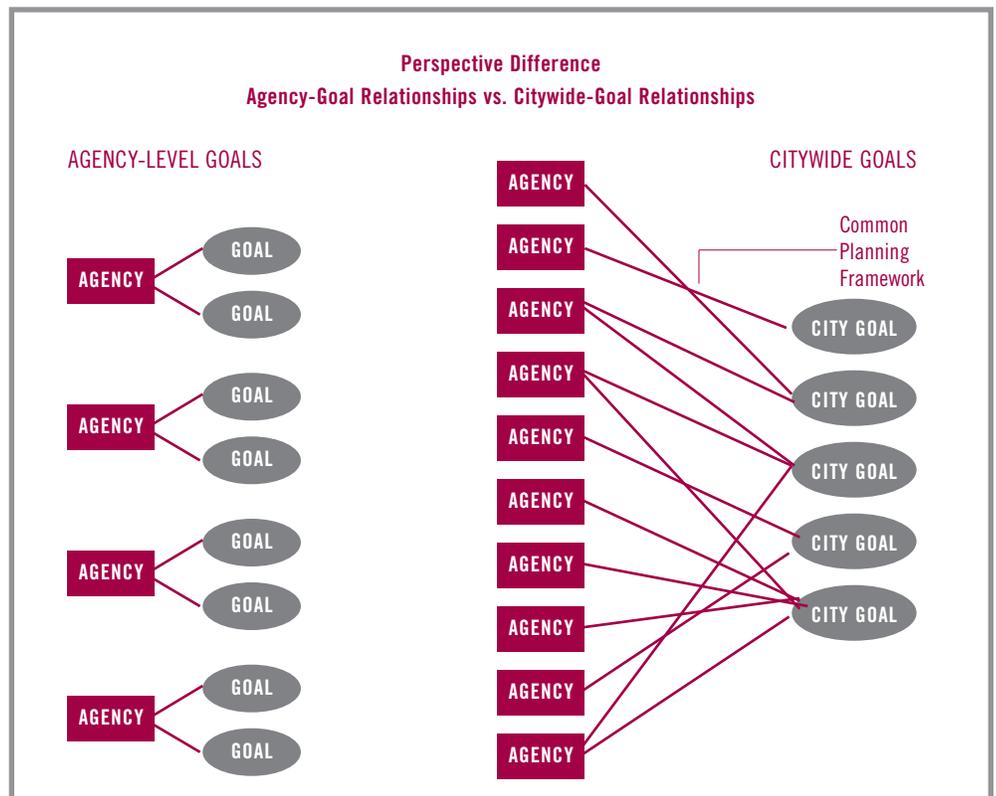
**The 3-1-1 Call Center was launched in March 2003 for government information and non-emergency service requests**

**Open 24 hours a day, 7 days a week**

**Services available in 170 languages**

**Handles 45,000 calls per day with an average wait of 14 seconds**

The public cares about results, not which agency provides which service. In cities that have started thinking less about agency heads and more about residents, planning and reporting documents are often 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. In the figure to the right, 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 within their purview, even though the actions of multiple agencies may affect achievement of the goal. On the right, agencies are contributing to common goals. Despite a successful 3-1-1 system, New York City’s management perspective is still characterized by the agency-level goal orientation shown on the left-hand side of the figure.



## RECOMMENDATIONS FOR STRENGTHENING NEW YORK CITY'S MANAGEMENT FRAMEWORK

City leaders should make some improvements to strengthen City management. Five changes are recommended.

1. **Connect money and performance in the budget.** The budget should be reorganized to better align with programs and program performance.
2. **Focus on efficiency.** Unit-cost measures should be a high priority in every service area.
3. **Improve outcome measurement and reporting.** A push to develop and track the desired end result measures in every service area should be made.
4. **Develop and present comparative performance measures.** The public and those they elect to represent them should be able to understand how services here compare to those delivered by cities with whom New York competes for jobs and people.
5. **Expand the use of resident perception measures.** Public perception of City services should not be measured just by complaints, but also by satisfaction survey measures.

RECOMMENDATION 1

**CONNECT MONEY AND PERFORMANCE  
IN THE BUDGET**

At the heart of performance budgeting is a connection between programs and the funds allocated to them. In New York City the “Unit of Appropriation” was originally designed to match funds with agency programs. Today the units of appropriation in many agencies bear little resemblance to the programs they operate. Below the unit of appropriation level, the budget codes should be better organized to align with programs and program goals. Many agencies with geographic or functional budget codes should reorganize their budgets to track program spending and align with program goals.

In agencies where there is a strong focus on outcome-level goals, and the outcomes they measure match agency programs, the new units of appropriation could be modeled on the Key Public Service Areas reflected in the Mayor’s Management Report. For agencies where goals, programs, and outcome measures do not align well, more work will be needed to set up the basic structure.

Restructuring the budget requires action by the Mayor and the City Council. The Mayor will need to work with the Office of Management and Budget and the Office of Operations, as well as agency commissioners, to get all on board with the changes. The Council may need to use its budget powers to improve the unit of appropriation structure. It should hold hearings on the MMR to press for a better link to the budget.

The budget should be reorganized to better track programs and program performance. Drawing on the lessons learned by others further along in their efforts, New York City leaders should better implement performance-based budgeting.

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.

**LESSONS LEARNED BY OTHER GOVERNMENTS**

- ▶ The performance budgeting process and the outcome measurements used should be transparent and broadly supported by the legislature, the executive branch, residents and community leaders.
- ▶ Performance budgeting structures need to be entrenched in legislative actions in order to signal intent and protect reforms against changing political climates and leadership.
- ▶ 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 if performance is negative? How should societal factors that influence performance be incorporated?).
- ▶ Programs, criteria and unit costs need to be well described.
- ▶ Performance information can be integrated in all phases of the budget process: budget preparation, approval, execution and audit. This 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.

Note: For a list of sources, see full report at <http://www.cbcny.org>

## RECOMMENDATION 2 FOCUS ON EFFICIENCY

Linking performance information to the budget encourages accountability in the efficient and effective management of the public's scarce resources.

Measuring and reporting unit costs in every service area should be a high priority. Efficiency measures provide a way to examine the cost-effectiveness of government programs, if the measures are based on outcomes. More efficient and effective services can be provided if efficiency is a key goal of government leaders.

The effort to develop additional efficiency measures should begin in the 20 agencies that currently have none reported in the Mayor's Management Report. For agencies that already report some efficiency measures, the City should begin to enhance the number and quality of the measures used.

Efficiency measures can play a valuable part in labor negotiations. The Department of Sanitation, for example, pays workers based on their productivity, measured by tons of refuse collected per shift. For management and sanitation workers the measures focused collective bargaining on better pay for better performance.

Once additional measures are developed, the City should begin to integrate unit-cost reporting within the budget. Cities that have done this include Austin, Texas. On the left is an example of one program area in the Austin Fire Department budget. It shows the efficiency measures embedded in the appropriation, and the actual spending for the previous year.

**Excerpt from City Budget for Austin, Texas**

**Fire – 2005-06**

**Activity:** Investigations

**Activity Code:** 4ARS

**Program Name:** EMERGENCY PREVENTION ————— Program Area

**Activity Objective:** The purpose of the Fire and Arson Investigations activity is to provide fire cause determination to AFD members, the judicial system and people in the Austin service area in order to prevent fire occurrences.

| Requirements and FTEs from all funding sources | 2003-04 Actual | 2004 -05 Amended | 2004 -05 Estimate | 2005-06 Proposed |
|--|----------------|------------------|-------------------|------------------|
| <b>Total Requirements</b>                      | \$1,165,923    | \$1,442,546      | \$1,356,596       | \$1,514,556      |
| Civilian                                       | 1.00           | 1.00             | 1.00              | 2.00             |
| Sworn  | 13.25          | 13.25            | 13.25             | 13.25            |
| <b>Full-Time Equivalents</b>                   | 14.25          | 14.25            | 14.25             | 15.25            |

Measures targeted with budget appropriation for this program

| Activity Performance Measures:                 |            | 2003-04 Actual | 2004 -05 Amended | 2004 -05 Estimate | 2005-06 Proposed |
|--|------------|----------------|------------------|-------------------|------------------|
| Performance Measures:                          | Type       |                |                  |                   |                  |
| Cost per case investigated                     | Efficiency | 3,303          | 3,606            | 3,496             | 3,903            |
| Total number of fires formally investigated    | Output     | 353            | 400              | 388               | 388              |
| Percent of arson cases cleared by arrest       | Result     | 32             | 25               | 30                | 30               |
| Percent of fires where the cause is identified | Result     | 91             | 80               | 86                | 86               |

### RECOMMENDATION 3

## IMPROVE OUTCOME MEASUREMENT AND REPORTING

Measuring outcomes is the key to driving agency performance toward the right goals and to permitting flexible and creative management. Some agencies do an excellent job of measuring outcomes; some are not doing as well. City leaders should renew their efforts to achieve high-quality measurement and reporting in every service area.

A push should be made to develop outcome measures for the agencies that currently report none. For some of these, survey measures may need to be developed and reported to capture true outcomes.

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

- ▶ In transportation, safety measures involve the prevention of highway fatalities.
- ▶ In the provision of services for homeless individuals and families, 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, the crime rate is reduced where the presence of additional police officers discourages it.

City leaders should foster this shift to a culture of prevention by emphasizing outcome measures.

RECOMMENDATION 4

**DEVELOP AND PRESENT  
COMPARATIVE PERFORMANCE MEASURES**

**New York City should compare its performance to competitor jurisdictions. To do this it should do two things:**

**1. Join the ICMA Center for Performance Measurement and use the service to report comparative measures.**

**2. Develop its own system for comparing performance information to other relevant cities by developing, preparing, and reporting a set of standard measures each year in the MMR.**

The public and those they elect should be able to understand how their services compare to those delivered by cities with whom New York competes for jobs and people. Increasingly, city governments benchmark their performance against that of others. Among the 30 largest U.S. cities, nine report comparative performance information. These efforts help local government leaders determine how able their locale is to compete for jobs and residents.

These comparisons require comparable data. The ICMA Center for Performance Measurement helps local government develop comparable performance statistics. Table 9 below shows how New York City might fare on some select measures from the ICMA program.

Currently, the ICMA project covers 15 core service areas. These would not fully capture the breadth of New York City’s public services. Thus, another option for New York is to develop its own benchmark comparisons and complete the analysis required to present the information. This would allow City leaders to compare a broader range of services.

New York City should compare its performance to competitor jurisdictions. To do this it should do two things:

1. **Join the ICMA Center for Performance Measurement** and use the service to report comparative measures.
2. **Develop its own system for comparing performance information** to other relevant cities by developing, preparing, and reporting a set of standard measures each year in the MMR.

**Table 9  
What It Might Look Like if New York City Joined ICMA**

|   |                       |       |   |                    |       |   |                    |        |
|---|-----------------------|-------|---|--------------------|-------|---|--------------------|--------|
| <b>Total Fire Incidents per 1000 Population</b> | Phoenix, AZ           | 14.89 | <b>Curbside and Computerized Recycling Diversion Rate</b> | San Jose, CA       | 32.8% | <b>Library Expenditures per Item Circulated</b> | Oakland, CA        | \$8.67 |
|   | New York City         | 6.08  |   | Austin, TX         | 20.1% |   | San Francisco, CA  | 6.31   |
|   | San Francisco, CA     | 5.97  |   | Fairfax County, VA | 20.1% |   | New York City      | 5.54   |
|   | Orlando, FL           | 5.42  |   | New York City      | 16.8% |   | San Diego, CA      | 4.50   |
|   | Portland, OR          | 4.95  |   | San Diego, CA      | 16.6% |   | San Antonio, TX    | 3.98   |
|   | Miami-Dade County, FL | 3.79  |   | Salt Lake City, UT | 14.9% |   | Austin, TX         | 3.89   |
|   | Austin, TX            | 3.30  |   | Phoenix, AZ        | 14.9% |   | Salt Lake City, UT | 2.74   |

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 RESIDENT PERCEPTION MEASURES**

Public perception of City services should not be measured just by complaints, but also by satisfaction surveys. The collection of survey data in various forms is becoming standard practice in other large cities. New York City’s leaders should expand the use of resident perception measures by conducting periodic broad satisfaction surveys. The results derived from these surveys should be reported to the public, either in the MMR or in a separate document.

Survey data provide a good complement to other “hard” measures of performance; they should not replace them. In a study of over 200 local governments that use surveys, a third report that the results are used to make policy decisions. Table 10 to the right shows the top five reported uses of survey data.

The City has an extremely large and diverse population. Survey methods employed here should recognize this and be robust enough to allow for analysis at the sub-City level. Even borough analysis is probably not as helpful as there is almost as much diversity within each borough as there is in most other large cities. Analysis at the neighborhood level here would be helpful.

New York City leaders should also move toward a framework that more explicitly realizes joint or common citywide goals in which multiple agencies play a role. Moving in this direction would encourage agency cooperation and help managers stay focused on the end users of services: New Yorkers.

While 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 service outcomes. To get the best use out of survey efforts New York City should consider the practices recommended by the ICMA, which has studied and helped many governments that use them.

**Table 10**  
**Top Five Reported Uses of Local Government Survey Data**

|   |     |
|---|-----|
| Make Policy Decisions                               | 33% |
| Make Budget Decisions                               | 27% |
| Change Communication with Residents                 | 27% |
| Make Decisions on strategic, land-use or other plan | 18% |
| Update 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.

**ICMA-RECOMMENDED 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 members of the public.
- ▶ Survey results should be communicated to agency staff. Line staff in each surveyed agency should be able to respond to results and engage in 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.

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

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