



State and Local Government Performance Management in New York: Practices and Prospects

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This paper updates work in progress at the Rockefeller Institute on performance management. On February 9, 2005, the Institute held a Philip Weinberg Forum on the state and local role in performance management in New York State. The transcript from this forum soon will be available on the Institute website.¹ The forum was co-sponsored by the Institute, the New York State Division of the Budget, and the Manhattan Institute. Presentations were made by state officials in the morning session and by local officials and experts in the afternoon. The afternoon session focused on performance management systems in New York City. A number of the presentations and the subjects discussed at this forum are covered in a Rockefeller Institute Press book, *Quicker, Better, Cheaper?: Managing Performance in American Government*, edited by Dall W. Forsythe.²

1 www.rockinst.org/weinberg/index.html

2 See http://www.rockinst.org/publications/ripress_books.html#Books_in_print for information on obtaining a copy.

The State and Local Government Role In Performance Management

February 9, 2005

Welcome: *SUNY Provost, Peter D. Salins*

Session 1: The State and Local Government Role in Performance Management Overview — *Richard P. Nathan*

Session 2: The State Role

- Introduction/Moderator — *Henry Olsen, The Manhattan Institute*
- Statement — *Edward Ingoldsby, Chief Budget Examiner and David Kidera, Principal Budget Examiner, NYS Division of Budget*

Agency Presenters:

- Division of Criminal Justice Services — *Chauncey G. Parker, Director*
- Office of General Services — *Robert Fleury, First Deputy Commissioner*
- Department of Taxation and Finance — *Commissioner Andrew S. Eristoff*

Session 3: The Local Role

- Introduction/Moderator — *Dr. Swati Desai, New York City's Human Resources Administration*
- Performance Management in New York City — *Professor Dennis Smith, Robert F. Wagner Graduate School of Public Service, New York University*
- Performance Management of Child Welfare Systems — *Dr. Fred Wulczyn, Research Fellow at Chaplin Hall Center for Children, University of Chicago*

This report is organized bottom-up, beginning with the local level and then discussing the state and federal levels.

My interest in this subject included concentrated activity in 2003-05 in connection with activities of the Association for Public Policy Analysis and Management (APPAM).³ The twin themes of the work for APPAM and also at the Rockefeller Institute's February 9 forum were (1) to avoid going overboard about what the performance management movement can accomplish and (2) in a manner consistent with work we do at the Institute, to pay special attention to the federalism chal-

3 Richard P. Nathan "Presidential Address: 'Complexifying' Performance Oversight in America's Governments," *Journal of Policy Analysis and Management*, 24, no. 2 (2005): 207-215

lence of performance management. As regards the latter point, I would like to add a third theme that came out at the February 9 forum. First, I need to present background.

Speakers at the forum made me feel good. All six of the speakers presented constructive, upbeat reports on what they are doing or studying. Their statements reflected a positive view of what can be done, and at the same time demonstrated a needed strong dose of realism on how it is to get good performance data that can influence management.

The speakers to a person stressed using performance management systems to monitor and ratchet up performance to achieve clear goals on a timely basis — not annually, but much more regularly (preferable on a monthly basis) — with extensive interaction between agency leaders and the managers of agency programs. The new theme mentioned above came out at the February 9 forum and also comes through increasingly as we drill down in implementation studies at the Rockefeller Institute: *The closer to the ground performance management systems are used, the more real and useful they can be.*

The Local Level

In the Forsythe volume, one of the major chapters on state and local performance management (of which there are several in this volume) is on the Compstat performance management system in New York City for the NYPD. Crime reduction is the main goal. Dennis Smith, who is a co-author with William Bratton of the chapter on Compstat in the Forsythe volume, presented an update of this chapter on February 9, along with an appraisal of how other performance management systems, outgrowths of Compstat, are being implemented in New York City.

Swati Desai moderated this second panel and also presented a chart talk on how the Jobstat system in New York City works to monitor and manage the performance of the City's 26 Job Centers for welfare, employments, and related human services. I have attended Thursday morning meetings on Jobstat where the commissioner and his/her chief aides meet and interact in a constructive and civil way with the heads of two of the City's job centers. I was, and continue to be, impressed by this demonstration of performance management in action — where it matters most, at the *front lines*.

Also at the afternoon session, Fred Wulczyn, a leader nationally on performance management for child welfare programs (foster care, adoptions, family preservation and abuse prevention) described his role in designing and helping to operate New York City's EQUIP system. This performance management system, which relies on techniques developed at the University of Chicago, has had extensive practical application in New York City and nationally. Because it has been field-tested and operates with carefully scrubbed local data, EQUIP is the basis used in New York City for ranking and decision making about the sponsorship and funding of child welfare services.

All three systems — Compstat, Jobstat, and EQUIP — have developed over time and operate in real time. They are success stories where success is most critical and can best be operational — at the local level.

The State Level

The morning session on state-level performance management was organized by the New York State Division of the Budget. The first speaker was Chauncey Parker, Director of New York's Division of Criminal Justice Services. He concentrated on New York City's Compstat system, praising its architect, Jack Maple, and noting that he had attended upwards of 150 Compstat review meetings. Parker stressed what he called "the three Ds" — Defining goals clearly, having timely accurate Data, and holding people accountable in well-organized Deliberation processes. He described the Crimestat system his office has established to partner with 15 major urban counties in New York to create similar performance management systems, focused like Compstat on crime reduction.

The second state-level speaker was Robert Fleury, First Deputy Commissioner of the Office of General Services, assisted by Becky Meyers. An important contribution Fleury made to the day was to emphasize the way the mission of an agency affects its goals and management system. The Office of General Services, he said, is "a decidedly operational organization that builds, fixes, and maintains state facilities." Its performance management system is necessarily inward looking — a tool for agency management.

In the discussion of Fleury's presentation, Edward Ingoldsby, Division of Budget Chief Budget Examiner, highlighted points also brought out by Fleury. Ingoldsby noted that performance management works best "on an agency-by-agency basis where you have strong commissioner level support." He added that it is difficult "to link performance management with the formal budgeting system," a point I would emphasize. Performance management is not well suited as a tool for budgeting. Doing this can undermine its efficacy as a management tool.

A good example of how hard it is to avoid problems in performance management if the budgetary stakes are too tempting was brought out by John Reed, New York State Department of Civil Service, in the morning discussion period. He cited a mis-specified goal for the sanitation system in New York City — the amount of refuse collected. Reed said, "they discovered they were hosing down the truck to increase the weight people were delivering."

The third speaker at the morning session was Andrew Eristoff, Commissioner of the Department of Taxation and Finance. He previously served as both a legislator and agency head at the local level in New York City, so he brought a multi-level perspective to the discussion. We use performance management, he said, "to manage our state-of-the-art taxpayer and collection call centers, to reduce waiting times, allocate resources, adjust hours, and match employee skills to caller issues." This, he said, is "embedded in our culture." Eristoff described the agency's "compliance continuum" and talked about the challenges involved in making such a system work well, which he said absolutely requires that it be "a continuing process." The latter point reflects an important generalization — namely, that performance management has to be *dynamic*, with frequent adjustments of goals and measures to reflect changed conditions and policy preferences.

In the question-and-answer sessions both in the morning and the afternoon, there was discussion about how central executives can pull together, integrate, and showcase performance management systems. The Mayor's Management Report in New York City was discussed — how it has

been slimmed down over time, how it is seen (sometimes as too much of a political document), and reasons why governments generally have to be careful not to “over-integrate” and over simplify performance management conceptually and operationally at the level of chief executives and control agencies.

The Federal Level

Although it was not the subject of the February 9 forum, it is appropriate here to add a discussion of the federal role in performance management. For both the federal and state role, my view is that their role primarily should be a leadership, catalytic, and teaching role, except for agencies where the federal government or the state has operating responsibility. (In the Forsythe volume, the chapter on performance management by the Social Security Administration is a demonstration of this point.)

Unfortunately, there is a strong tendency going back to the mid-1960s, at the national level, for the federal government to design and require the implementation of elaborate and intricate performance management systems that fail because they misunderstand the essential federalism theme of this paper.

Both the 1994 law passed by Congress, the Government Performance and Results Act (GPRA) and the results measurement system adopted by the Bush Administration, focused on what are called Program Assessment Rating Tools (PART), have this problem. This raises a point with which I end these notes.

The administration frequently stresses “results” in budget documents, using PART scores to justify budget changes, which in the current fiscal environment are mostly expenditure reductions. I view this as unfortunate. For one thing, it can cause the kind of gaming and distortions that undermine the whole idea of smarter, stronger, data-driven management to improve program performance. For another, it misses a critical point. The fact that a program is underperforming doesn’t mean its goals are unimportant. Maybe, quite to the contrary, the purposes involved are so important that more money is needed along with better managerial capability to carry them out. Performance management is best suited, as its name indicates, to *managing* performance and is strongest and most useful if carried out at the level of *operational* responsibility.