

Governing New York City: Management Innovation, Liberal Government and the Tasks of Public Administration

**By Steven Cohen
Director, Executive Master of Public Administration
Program**

**Columbia University
School of International and Public Affairs**

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I. Introduction

The national movement to reinvent government was begun in 1993 by the Clinton-Gore Administration with the assistance of David Osborne, the co-author of the book Reinventing Government. This was an effort to demonstrate that liberal activist government need not be synonymous with big, inefficient bureaucracy. According to reinvention advocates, the public sector could be managed as efficiently as the private sector and the anti-government rhetoric of the Reagan era could best be countered by demonstrating that government could “get the job done”.

The conservative attack on activist government usually focused on government processes, rules and waste—rarely on the goals of liberal government. Welfare was attacked for its waste and its tendency toward dependency—never for the fact that it ensured that children did not starve. Few critics of environmental regulation have ever argued that pollution should be increased, they argued that government was not capable of providing effective regulation. Reinvention sought to respond to the management dimension of the conservative attack, while retaining the core concept of liberal ideology—that society is responsible for protecting and aiding its most vulnerable members. While attacks on the goals of government programs are often masked in a critique of wasteful or illogical program elements, it is worth noting how reluctant critics are to attack many liberal goals. Many goals of government programs represent a

deep social consensus that conservatives have found difficult to confront directly. Reinvention takes advantage of the simultaneous support for public goals that often coincide with opposition to government programs to achieve those goals.

Reinvention focused those interested in activist government on the need to tie worthy goals to well managed means. The need for effective management of public programs became a part of the political dialogue. Good intentions no longer suffice. We now expect cost-effectiveness, efficiency and demonstrated results.

Government workers and some political analysts have seen some management innovation techniques such as privatization and reengineering as conservative, anti-government initiatives. While these techniques can be used to implement an anti-government initiative, they can also be used to reinvent and reinvigorate an activist government. In practice, New York City provides ample evidence that these and other management innovation techniques can be pursued while maintaining an activist, aggressive local government. New York City has experimented with a variety of programmatic and management innovations, while maintaining an active, comprehensive, liberal government.

This paper makes a simple point. *Assessed from the viewpoint of public administration: The programs that government spends money on and the outputs produced by those programs in New York City have not changed dramatically over the past two decades.* An analysis of the city's budget demonstrates this continuity (See Exhibit 1.¹) Yes, welfare roles were reduced during the Giuliani administration, but spending in social services in constant dollars grew

during his time in office. Yes, crime went down during the Guilianni administration, but substantial increases in spending on police began to grow during the second half of the Koch Administration and accelerated with Mayor Dinkins' "Safe Streets Safe City" initiative. In fact, the most dramatic increases in spending on police took place during the 1950's and 1960's. It took two decades of increased spending on police in the 1980's and 1990's to regain the losses forced on the city by the fiscal crisis. The crime reduction that is seen by pundits as a signature accomplishment of the Guilianni Administration actually began during the Dinkins administration.

Moreover there have been a substantial number of management innovations designed and implemented by each of these administrations. The Beame Administration introduced performance measurement to New York City government. The Koch administration developed a program to deal with an explosion of homeless individuals and families that included substantial contracting with nonprofit organizations. The Dinkins administration applied Total Quality Management in the Department of Parks and Recreation, and the Giuliani administration used management information systems and strategic planning to dramatically improve police deployment and reduce crime.

The city's economy influenced public administration in significant ways. The Koch era saw a national economic boom that largely passed New York by and Dinkins governed during a

¹ See Appendix I for a breakdown of the total budgets in Exhibit 1, by function.

EXHIBIT 1: NYC EXPENSE BUDGET: 1950-2000²

Year	Total Budget	Rate of Change
1950	\$ 8,861,944,231	
1960	\$ 12,820,739,957	+45%
1970	\$ 30,976,774,109	+142%
1980	\$ 29,421,724,395	-5%
1990	\$ 35,319,002,131	+20%
2000	\$ 35,175,374,280	0%

significant national recession. Guilianni presided as Mayor during the greatest economic expansion in American history. These factors and differences in governing styles made life in New York appears to be different during mayoral administrations, and due to the changing economic fortunes of the city, life actually was different during these times. But this paper makes the argument that during these times of change the city’s government was remarkably consistent in what it spent and accomplished. It is of course too soon to assess the long-term impact of the effect ton government of the great tragedy of the destruction of the World Trade Center on September 11, 2001. My expectation however is that the fundamental trends reported in this analysis will reassert themselves in the long –run.

The last quarter of the twentieth century saw substantial changes in New York City government’s management practices, pay scales, technology and contracting, but these were evolutionary changes. Over time, New York City’s government like governments throughout the United States has slowly modified the bureaucratic administrative practices first developed during the growth of activist government initiated in the wake of the Great Depression of the

² Budget figures are adjusted for inflation and presented in 2000 dollars. Sources: Years 1950 - 1990: Edward D. Durand: *The Finances of New York City* (New York: Macmillian, 1989) as cited in Jackson, Kenneth, J., *The Encyclopedia of New York City*. New York Historical Society, New York, 1995. Year 2000: New York City Office of Management and Budget, *2000 Adopted Expense and Revenue Budget*.

1930's. They have used computers to help measure performance and track spending. They have outsourced functions that could be performed better by private for profit and nonprofit organizations. There have even been attempts at team management and a variety of other innovation management techniques that I will describe below.

I am not arguing that symbols and political environment are unimportant or without consequence. Koch's tough management style coupled with humor and ability to deal forthrightly with corruption, symbolized New York to the world and built confidence in the city at a time when it was recovering from the psychological shock of near bankruptcy. Dinkins' humanity, dignity and vision of the gorgeous mosaic set forth an image of a city that drew strength, character and distinction from its diversity. Prior to 9-11 Gulianni was a more confrontational and divisive figure, often belittling his opponents' motives and intelligence. After 9-11, he became a national icon and seemed beyond analysis. However, even before the tragedy of the destruction of the Worlds Trade Center, his opponents acknowledged the accomplishments of the city during his stewardship. Mayors and political leadership affect the mood and tone of the city and influences New York's self-image. However, in my view, the impact of national economic trends and the effects of the day-to-day work of over 200,000 civil servants, far exceed the influence of elected political leaders.

This paper provides data that demonstrates the stability and continuity of New York's liberal experiment in the second half of the twentieth century. It also provides examples of management innovation and advances in public administration by New York City government

since the fiscal crisis of 1974. From the perspective of public administration New York City's government presents the following images:

- A large, active local government managing a total budget of over 35 billion dollars per year: the largest local government in the United States.
- Directly, and through a network of public authorities a government that delivers a comprehensive set of education, welfare, health, police, sanitation, fire, and transportation services to over seven million people.
- A government that in 30 years has reduced its budget percentage for debt service from 10% to 3%.
- A highly unionized, overly hierarchical civil service bureaucracy struggling to modernize its mode of doing business.
- In contrast, pockets of world-class management innovation in virtually every agency of city government.

The next portion of this paper is devoted to a presentation of budget and staffing data that reinforces the macro-level picture of government continuity. I then turn to a discussion of examples of cutting-edge management across four mayors and a quarter century of city government.

II- The Stability of New York City's Liberal Experiment

New York City's government grew dramatically from 1950 to 1970. In constant dollars the city's expense budget grew from \$8.6 billion in 1950 to \$12.9 billion in 1960 to approximately \$31 billion in 1970 (See Exhibit 1). The budget drops after the fiscal crisis, but

recovers in the early 1980's and has stabilized at about \$35 billion in constant dollars since 1990. While the budget has remained constant, the number of city employees has fluctuated over the past half century. As Exhibit 2 indicates, the number of city employees grew from about 167,000 in 1950 to a peak at the time of the fiscal crisis in the early 1970's of about 300,000. By 1981 the number had declined to little over 192,000, rising to over 240,000 during the Dinkins' Administration. Staff shrank in the early Guilianni days below 230,000 but grew back to approximately 240,000 at the turn of the century.

EXHIBIT 2: NYC GOVERNMENT EMPLOYEES³

Year	Total Full-time City Employees	Rate of Change
1950	167,348	
1960	199,539	+19%
1970	291,881	+46%
1981	192,369	-34%
1990	241,182	+25%
1995	228,037	-5%
1998	238,969	+5%

Exhibit 3 provides inflation-adjusted data for New York City's capital budget. This budget starts the 1950's at about \$2 billion per year in constant dollars, grows to 3.6 billion in the early 1960's, remains in the \$2.5 – \$3 billion range in the 1970's, growing dramatically after the

³ Sources: *Official Directory, City of New York, 1950, 1960, 1970, 1981, 1990, 1995, 1998.*

fiscal crisis to nearly \$10 billion in 1990. In Giuliani’s first term we continued to see capital spending at about \$9 billion per year, declining to \$6 billion in the FY 2000 budget.

The data on expenditures, staffing and capital spending reinforce the image of an active, muscular local government. The data reflects trends toward contracting out, and the growth of non-city authorities such as the Water Board, The School Construction Authority, the Metropolitan Transportation Authority and the Environmental Facilities Corporation. It is difficult to compare staffing levels and capital budgets across the

EXHIBIT 3: NYC CAPITAL BUDGET⁴

Year	Capital Budget	Rate of Change
1950	\$ 2,271,739,628	
1961	\$ 3,599,467,412	+58%
1970	\$ 2,932,636,528	-19%
1980	\$ 2,667,599,386	-9%
1990	\$ 9,911,216,327	+272%
2000	\$ 6,106,530,793	-38%

decades because many functions may appear in one city budget, and disappear in the next as nonprofit social service contractors and quasi- governmental organizations assume functions. There are also substantial swings in federal and state funding into the city’s budget (See Appendix II). While one could argue that needs and demands have changed and the level of funding has declined as a percentage of the city’s needs, it is impossible to argue that era of activist government has ended in New York City: Quite the contrary.

⁴ Capital budget figures are adjusted for inflation and presented in 2000 dollars. Sources: New York City Office of Management and Budget, *Adopted Capital Budget, 1950, 1961, 1970, 1980, 1990, 2000*.

However the data is interpreted, it does not tell a story of retreat and contraction. New York's Mayors have been pragmatists first and ideologues later. When crime increased, David Dinkins initiated a dramatic increase in police staffing. Rudolph Giuliani increased city spending on social service from \$7.3 billion in 1990 to \$7.7 billion in 2000. Moreover, all of New York's Mayors have been management innovators.

III. Management Innovation in the Routine Administration of City Government

Beneath a thin layer of political veneer, New York City's Mayors in the second half of the twentieth century have shared a general consensus on the work of the nation's largest local government. The streets must be cleaned, water provided, sewage and garbage disposed, and traffic moved to the degree possible. The city's breadth of vision was unusual for local governments in the United States; it extended to a public housing system which housed more people (600,000) than the population of most large American cities. This shared vision included a city hospital system and a large public university. New York has attempted to educate its million plus student population, house its homeless and feed its hungry. The city has funded culture, public safety and the nation's largest municipal park system.

The City's reach sometimes exceeded its grasp and it lost control of mass transportation and higher education during its fiscal crisis in the 1970's. Moreover, its civil service and unionized workforce have often prevented management modernization and innovation. Nevertheless, despite these constraints, each of the city's mayors during the era of liberal

government from the 1950's to the present have attempted large-scale management innovations. The remainder of this paper will provide examples of these efforts at innovation.

The cases I will present here are representative of similar changes taking place in other parts of city government but their inclusion does not signify that these changes were more important than others that could be cited. Case studies can present a biased picture of reality. One could argue that these cases were simply isolated incidences of innovative programs in an otherwise bleak picture of bureaucratic inertia. One could certainly find cases to illustrate poor management practices in New York City's government. However, one purpose of this paper is to counter the tendency of analysts to present bad news rather than good. The city's 200,000 government workers are for the most part dedicated and hard working. They, not their academic or media critics are on the front lines trying to serve the citizens of this complicated, dynamic and diverse locality. While politicians fight their symbolic battles in the city's local media, these public administrators are responsible for turning the liberal dream into reality.

In general, government management in New York City, like most government management in the twentieth century has improved. It has become less rigid, less rule and process-driven and more customer oriented. Information technology, telecommunications, improved production technology, advances in group processes and other organizational innovations have improved the functioning of organizations in both the private and the public sectors. It is beyond the scope of this paper to present scientific evidence of this conclusion, and indeed I know of no study which analyzes this issue government-wide.

However, there is considerable evidence of improved government performance in New York City. Many government performance indicators show improvement over the past half century. Fires and ambulances respond more quickly than they used to. Sanitation functions are performed with fewer laborers. Driver's licenses are issued more rapidly. Still, my argument that government management has improved remains an *impression* based on twenty years of observing and teaching public administration in New York City. As I review the *overall* management of New York City's government I see consistency, stability and gradual improvement. The remainder of this paper presents some of New York City government's more creative efforts to improve management and operations.

A. The Beame Administration

Integrated Financial Management System

After the New York fiscal crisis of 1975, city managers struggled to improve government management systems. With the help of State and City comptrollers, a new budgeting and accounting system, the Integrated Financial Management System (IFMS) was introduced. The IFMS was the City's first revenue budget and accounting system. It united budgeting and accounting systems for the first time, linking expenditures to revenues and tracking actual spending. According to the 1977 Mayor's Management Report: "Budget conversion... provides a system of budgeting based on each agency's organizational structure assuring each City manager timely and complete knowledge of the expense budget for his or her operation, and assigning the revenue contribution (if any)...his or her operation is expected to produce. This

budgeting method assures that the public and the Mayor can affix responsibility precisely...”⁵ A centralized data processing facility, the Financial Information Services Agency, was designed to manage the system support and data base administration.⁶ This seemingly rudimentary first step was necessary if New York City was to return to fiscal health. In its time, it was a major step forward for government managers.

Mayor's Management Advisory Board

The Mayor’s Management Advisory Board was created by the Beame Administration in fall, 1975, It provided a point of focus for management modernization in New York City government. According to the Mayor’s Management Report: “One of the Board’s first recommendations was that the City install a modern management system built around Management by Objectives. The initial success of the pilot program in the Fire and Highways Departments provided a basis for a full-scale Management Plan and Report System in all mayoral agencies, starting on July 1, 1977. This system provided a process for monitoring performance and for identifying specific managerial problems and opportunities for improvements.”⁷ Initially the City’s OMB established an Office of Special Projects to manage this new performance reporting and management system.⁸ Under the Koch Administration the Mayor’s Office of Operations was established to operate the city’s performance measurement system.

⁵ Mayor’s Management Report, February 1977, p. 4.

⁶ Ibid.

⁷ Mayor’s Management Report, February 1977, p. 2.

⁸ Ibid.

Mayor's Management Report

In 1977, Mayor Beame prepared the first Mayor's Management Report (MMR). In Mayor Beame's letter to the Board of Estimate and City Council accompanying the first report he noted that the MMR: "...is a report to the people of the city on the performance of their government". This report has been published through four Mayoral Administrations and continues to be published today. The function of the Mayor's Management Report in the first decade of the 21st century is identical to that set forth by Mayor Beame in 1977: "Through these reports, citizens are able to see not only how their government is planning to spend its financial resources, but also what quantity and quality of service can be provided with those funds." While the Mayor's Management Report has evolved and is considered by some analysts to be overly selective in the management indicators it decides to report, even under these circumstances it sheds light on critical management problems. It was developed and implemented in the 1970's in response to what was popularly believed to be "management-by-crisis." The Mayor's Management Report was an effort to encourage city managers to become more performance oriented.⁹ It's use of quantitative performance indicators provided public managers with a surrogate bottom line—a substitute for the profit and loss statement that helps to guide the actions of private managers.

These fundamental management reforms in financial and performance management may seem fairly mundane in the first decade of the 21st century, but they were at the cutting edge of government management reform in the mid 1970's. They were a rational response to the trauma of the city's fiscal crisis. That crisis temporarily gave management and fiscal experts the upper

⁹ Ibid.

hand with the politicians that had run the city and it was used by management experts to institutionalize important reforms in New York City's management systems.¹⁰

B. The Koch Administration

Productivity Program

The Productivity Program was initiated in 1980 “as a means of delivering public services as efficiently and cost-effectively as possible during the fiscal crisis.”¹¹ Many of the Koch-era reforms included increased use of computers and telecommunications. Examples of innovations included:

- Electronic transfer of welfare and food stamp authorization to banks and check cashing store fronts.
- Implementation of a computerized attendance reporting system in 18 high schools that compared homeroom class attendance to the roll taken in subject classes. Through this reform, the Board of Education obtained \$1.1 million in extra State aid in fiscal 1988
- The Human Resources Administrations' Office of Child Support Enforcement automated the income execution order process to collect \$974,000 from parents who were responsible for child support payments.
- The Department of Parks and Recreation saved \$83,000 by using high school students holding summer jobs to perform general maintenance tasks in recreation centers and comfort stations at pools and beaches. This enabled the Department to assign higher

¹⁰ Ibid.

¹¹ Mayor's Management Report, September 1988, NYC Productivity Program, p.3.

paid and more skilled regular parks employees to more difficult maintenance and repair tasks.¹²

Emergency Medical Service

In 1981, Mayor Koch directed the New York City Health and Hospital Corporation to develop a state-of-the-art Emergency Medical Service system for the city. Over the following seven years, the city expanded the number and the training of EMS personnel, reduced average emergency response time to approximately 10 minutes, instituted a system of emergency hospitals, developed a medically supervised helicopter program and formalized a mutual-aid relationship with volunteer ambulances throughout the city. These efforts saved hundreds of lives each year as EMS improved its response time and overall performance.¹³

Two-worker Sanitation Collection Truckers

In 1982, the City first shifted selected sanitation districts from three-worker collection trucks to two-worker trucks. This breakthrough in worker deployment was accompanied by a breakthrough in labor-management cooperation. The program was eventually expanded to all 59 districts, and labor management committees were set up in each district to ensure that the new routes, equipment, and work processes were effective. As new collection trucks were purchased, sanitation workers participated in the design requirements for new trucks. This helped the Department buy trucks that could survive the streets of New York.¹⁴ Refuse collection productivity increased on the Productivity Analysis Reporting (PAR) index from 63.2 in 1980 to

¹² Mayor's Management Report, September 1988. The New York City Productivity Program

¹³ Alexander E. Kuehl, "Improving New York City's Ambulance Service." *New York Times* 11/5/87.

¹⁴ Mayor's Management Report, September 1985, p. 97.

97.3 in 1987.¹⁵ Since fiscal 1986, all garbage in New York City has been collected by two person rather than three person crews. In response to a State comptroller's audit report, the Department computed \$35.5 million in personnel cost savings in calendar 1986 generated by the two-worker truck program.¹⁶

1984 Management Report: Performance Measurement Evolves in New York City

By 1984, “more than 3,000 measures of resources, effectiveness, and productivity” were presented in the 1984 Mayor's Management Report.¹⁷ The measures had become a routine part of the operation of city government.¹⁸ Productivity enhancements and dollar savings were detailed throughout the report, and an Executive Summary provided highlights that were typically trumpeted at a mayoral press event. The Office of Operations was developing into a full-blown citywide performance measurement unit. It's Project SCORECARD inspectors worked to improve speed, accuracy, and efficiency of the street cleanliness rating system. Ratings of street cleanliness became a regular measure included in the Mayor's Management Report.

Parking Violations Board

According to the *New York Times*, Director Joseph Bruno, under Mayor Koch, turned the PVB around from its scandalous past to an “honest enforcement agency unusually responsive to the public's needs.” This was the very agency that was the heart of Mayor Koch's worst political crisis—one which ultimately led to the suicide of Queens Borough President, Koch ally and city

¹⁵ Ibid. p. 101

¹⁶ Mayor's Management Report, September 1987.

¹⁷ Mayor's Management Report, September 1984 page 1 of the letter from the Mayor to the Board of Estimate and City Council.

power broker Donald Manes. In the aftermath of the crisis Mayor Koch ordered and achieved the clean up of the PVB.

Bruno reformed the process of awarding contracts for collecting fines. He established a monitoring system to keep track of the collection companies retained by the agency. Bruno ordered that overdue parking fines be initially handled in-house and only turned over to collection firms when their delinquency grew to the point that collection became less likely. This change in procedure saved the city millions of dollars. In addition, private collection agencies were no longer permitted to process fines-- payments went directly to the PVB. The bureau's new computer system was programmed to reduce demands for payment of fines already collected. Long lines and a complicated hearing process were eliminated.¹⁹

Case Management for At Risk Children in Detention

The City's Department of Juvenile Justice won a Ford Foundation-Harvard University, John F. Kennedy School Innovation in American Government Award for its program for at-risk children in detention. The Department established a case management system and an after care program to follow up with children when they returned home from detention. The effort to coordinate cutting edge social work practice with standard production management techniques resulted in modest improvements in performance in a difficult program area and received national recognition.²⁰

¹⁸ Mayor's Management Report, September 1984, Summary.

¹⁹ *Unsigned editorial*, "The Worm and the Apple: Curbside Improvements; Parking Turnaround." *New York Times* 1/15/87

²⁰ Innovations in American Government Program, <http://www.ksg.harvard.edu/innovations/winners/cmny86.htm>

Nova Ancora

In 1987, the City of New York received an award from the Ford-Harvard Innovations in American Government Program for Nova Ancora. Nova Ancora is a private, nonprofit corporation that was developed by the Department of Probation. Nova Ancora found jobs for people on probation with small manufacturing and service businesses. Businesses that hire people on probation received tax credits, on-the-job training allowances, low interest business loans, information about low cost commercial space for expansion, and market research data. According to the Innovation in Government Web site: “The positive effects of the program... [were] reflected in a re-arrest rate of only three percent for 1985 and 1986. Thirty one percent of the probationers received promotions, returned to school, or obtained higher paying jobs.”²¹

Recycling

Mayor Koch was behind the move to begin recycling New York City's garbage. The legislation was signed in 1989, and provided for recycling 25% of the city's trash over a five-year period.²² Today, most New Yorkers sort their garbage and the Sanitation Department has learned to pick up different types of household wastes. When recycling began, it was not unusual to hear naysayers in and out of government doubt that the Sanitation Department could manage multiple pick-up routines. There was widespread skepticism about the ability or willingness of the average New Yorker to sort their garbage. Today, the Department and average New Yorker participate in one of the largest recycling programs in the world. In 1999, New York City generated an average of 42,004 tons per day of garbage. Of that, nearly half, or 19,289 tons

²¹ Innovations in American Government Program, <http://www.ksg.harvard.edu/innovations/winners/nany87.htm>

²² Dan Andrews, "Law Forces New York to Recycle 25% of Trash," *New York Times*, 4/14/89

per day is waste that is separated for recycling, and about 18% of the total waste stream is actually recycled.²³

C. The Dinkins Administration

Department of Parks and Recreation

In 1992 the Department of Parks and Recreation undertook a Total Quality Management Program to improve the quality of parks services while reducing costs. The program included 24 Quality Management Teams in 1993 and was expanded later in that year. TQM pilot projects ranged from rerouting trash collection to the department's vehicle preventive maintenance program. A team at Coney Island changed the parking patterns at their garage to allow vehicles used earlier in the day to exit easily, reducing the need to move other vehicles out of the way.²⁴

As William Eimicke and I observed in our 1994 article in *Public Administration Review*:
“During the first stage of TQM implementation in the parks department, Columbia faculty trained 25 people in TQM and quality improvement project management. During the second stage, over 120 employees learned TQM by working on the department's first 24 quality improvement projects. In a third phase, an additional 50 managers were trained and an additional 250 employees learned TQM by working on the department's second round of 50 projects.”²⁵

²³ <http://www.ci.nyc.ny.us/html/dos/html/recydivr.html>

²⁴ The Mayor's Management Report, 2/11/93, pp. 211-212.

²⁵ S. Cohen and W. Eimicke, “Project-Focused Total Quality Management in the New York City Department of Parks and Recreation”, *Public Administration Review*, September/October 1994, Vol. 54, No. 5., p. 452.

Total Quality Management along with Commissioner Betsy Gotbaum's efforts at private fund raising helped the Parks Department deal with budget and staff reductions during the Dinkins administration. Even during the early, experimental pilot project phase of 24 quality improvement projects, TQM generated annual savings of approximately \$1.7 million.²⁶

Field of Dreams

In 1992, the Department of Parks and Recreation began the "Fields of Dreams" project, a cooperative effort with the Department of Sanitation and other City Agencies, to turn vacant lots into playing fields for baseball, soccer and basketball. The Department of Sanitation began by removing abandoned cars and debris from sites. The Department of Parks and Recreation improved sites by establishing boundary lines and constructing backstops and goals. The "Field of Dreams" initiative was an outgrowth of a program that worked with the private sector to identify and clean vacant City-owned lots and yards, especially those adjacent to schools.²⁷

Homeless Services

In 1992, the Mayor's Office of Homeless Facilities and Service Development worked with the Human Resources Administration to restructure the family shelter system. The goal of the system redesign was to place a greater emphasis on the prevention of homelessness and the assessment of social service needs. The city's effort to expand homeless service began during the Koch Administration and continued into the Dinkins Administration. Both Mayors developed

²⁶ Tools for Innovators: Creative Strategies for Managing Public Sector Organizations, Steven Cohen and William Eimicke, San Francisco California: Jossey Bass Publishers, 1998, p. 129.

²⁷ New York City Mayor's Office "Maximizing Resources: Managing in a Time of Retrenchment," 1990-1993

active programs to contract with nonprofit organizations to provide homeless services.²⁸ Today, nonprofit contractors deliver most of New York City's homeless services.

Communi-care

One of the more innovative approaches to community health care was the Dinkins' administration Communi-care program. For many poor people the emergency rooms of public hospitals were their only point of access to health care. Emergency rooms were inappropriate and expensive substitutes for family doctors. The first phase of the program, Communi-care I, provided 20 new or reorganized City-run community-based family health clinics in 13 medically under-served neighborhoods. The Department of Health (DOH) and the Health and Hospitals Corporation (HHC) managed this program. The clinics, seven overseen by DOH and thirteen by HHC, provided 24-hour, preventive and primary health care.

In phase II of Communi-care an additional 30 new or expanded primary care centers were developed by both public and private, nonprofit organizations. The program had the capacity to care for over 300,000 New Yorkers.²⁹ Communi-care was a creative approach to a critical health care delivery issue. It reduced unnecessary use of expensive emergency room facilities and replaced it with more appropriate primary health care services.

Fleet Improvement R&D Network

In 1992, the City of New York Capital and Environmental Services was also recognized by the Ford-Harvard Innovations in American Government Program for the Fleet Improvement

²⁸ The Mayor's Management Report, 2/11/93, pp. 329-330.

²⁹ New York City Mayor's Office, "Maximizing Resources: Managing in a Time of Retrenchment," 1990-1993.

R&D Network. According to the Innovations in Government Website: “ New York’s Fleet Maintenance R&D Network provides low cost, quality maintenance for 6,000 sanitation vehicles by tapping the creativity of front line mechanics... At the [New York City Department of Sanitation’s Bureau of Motor Equipment](BME) Fleet Maintenance R&D Network, managers encourage front line mechanics who work on vehicle repairs to form work site committees and find solutions to recurring problems. The committees, the core of this innovation, develop better ways to make repairs, invent improvements that eliminate the need for repairs, and even redesign the equipment...The successful ideas become part of the specifications for new vehicles, and private sector suppliers consult with the BME mechanics to build the vehicles right...Over the last decade, as the vehicles shortfall dropped from 25% to zero, overtime costs, common under the shortfall situation, were also dramatically reduced.”³⁰

New York City’s routine process of public administration permitted this notable experiment in worker-management communication and worker participation. While this particular experiment received national recognition, other efforts at team management and worker participation were also taking place in the Parks Department, The Department of General Services and in small ways in a great many city agencies. Through these quiet, and routine efforts at management innovation, city agencies were routinely improving productivity and customer service.

Central Park East Secondary School

In 1993, the Ford-Harvard Innovations in American Government Program once again recognized a program in New York City. This award was for work at Central Park East

³⁰ Innovations in American Government Program, <http://www.ksg.harvard.edu/innovations/winners/finny92.htm>

Secondary School. Central Park East Secondary School provided 450 public school students in grades 7 through 12 the type of education that we typically associate with the city's elite private schools. Most of the students at Park East were from families below the poverty line. Many of the students had performed poorly in other school settings. Given these obstacles the school's early record of success was remarkable: Only 5% dropped out during their high school years, and more than 90% attended college.

Assessments of student performance in this experiment took place through a process of student presentations and critique. Students were required to present academic projects and defend them before committees of students, teachers, and other adults. According to the Innovations in American Government Website: "Costs per student are the same as at other public high schools. Faculty and administrators continually re-examine the school's standards. Three committees advised on school policy: an elected staff board, a parent group, and the student council. Faculty serve as the governing body for most decisions affecting the daily life of the school, and all faculty members are held accountable for maintaining school standards."³¹

Even in a program area as difficult as education, New York City's school system has constantly experimented in an effort to improve educational performance. Despite the problems faced by the system, educators over the past several decades have tried a wide variety of approaches; some such as "Park East" achieved national recognition.

³¹ Innovations in American Government Program, <http://www.ksg.harvard.edu/innovations/winners/cpny93.htm>

D. The Guiliani Administration

The Civil Enforcement Initiative

In 1995, the Ford-Harvard Innovations in American Government Program also recognized another New York City agency, the Protective Services Department, for its Civil Enforcement Initiative (CEI). The CEI assigned attorneys to police precincts to help the police managers combine both criminal and civil remedies in combating crime.

CEI focused on quality of life or more or less victimless crimes such as drug sales, drag racing, gambling, and prostitution, and excessive noise from car radios. An example of the program's success was the way CEI lawyers helped the police deal with noise from "boom-box" car stereos. CEI developed a Police Department and Department of Environmental Protection (DEP) initiative called Operation Soundtrap. Drivers whose car radios were too loud were issued a summons for vehicle and traffic noise violations. The noise-inducing cars were seized as evidence, and were returned when the summons was answered.

Another CEI program, "Operative Losing Proposition," began as a pilot project during the Dinkins' Administration. This initiative seized the cars of the customers of street prostitutes. Under the Guiliani Administration CEI expanded throughout the city.³²

³² Innovations in American Government Program, <http://www.ksg.harvard.edu/innovations/winners/ceny95.htm>

A Crime Reduction Management Tool

One of the most effective initiatives to reduce crime in New York was the Compstat, or computer comparison system. Geographic tracking of crime along with weekly management meetings to redeploy police forces contributed to significant crime reduction throughout the city. Senior police officers were held directly accountable for crime, but were given tools to combat it as well. Under then Commissioner Bratten the program also built on the community policing effort begun under Mayor Dinkins and invited community, school and business leaders to Compstat strategy meetings. In 1996, the City of New York received yet another Innovations in American Government Award for Compstat.³³

Management of Business Improvement Districts

In January 1982 New York City Mayor Ed Koch signed into law a bill that authorized the establishment of Business Improvement Districts (BIDs), which until that time had required specific state approval for each district that was created.³⁴ In the ensuing two decades we have seen a dramatic expansion of this form of public-private partnership. Businesses in a defined geographic area decide to form an organization to provide additional sanitation, promotional and in some instances, social services for the district. Property owners in the district pay a mandatory assessment collected by the City government and returned to the BID. The fees are approximately 0.3% of the assessed value of commercial buildings. Some of the BIDs have

³³ Innovations in American Government Program, <http://www.ksg.harvard.edu/innovations/winners/cony96.htm>

³⁴ UPI Regional Newswire, January 4, 1982.

become important local institutions. For, example the Times Square BID has an annual budget of \$6 million.

Mayor Guilianni's administration made the oversight of BIDs a priority and forced the resignation of Dan Biederman, the Director of three of the city's largest BIDS. The Mayor's office supported BIDs as an important management innovation, but wanted to ensure that the districts were subject to governmental oversight. One management improvement brought about by the Guilianni team was to encourage the collection and reporting of performance indicators. The Mayor's Office of Operations conducted quarterly assessments of the cleanliness of streets in BIDS that had street cleaning programs. A comparison of street cleanliness in 15 BIDS provided in the year 2000 Mayor's Management Report indicated that BIDS were doing a much better job of keeping the streets clean in 1999 than they did in 1994. In 1994, a selected group of BIDs had 69.5% of their streets rated acceptable, by 1999 that acceptable rating had grown to 91.3%.³⁵

Reducing the Influence of Organized Crime in Private Commerce

Under mayor Guilianni, the City's Department of Business Services has reduced the influence of organized crime in the city's daily commerce. The city re-registered wholesalers at the Hunt's Point and Fulton Fish markets, eliminating a long-standing informal system of organized crime domination of these markets. Similarly it reduced organized crime's domination of the private carting industry. In New York City, businesses do not receive garbage pick up from the municipal Sanitation Department and are required to contract with private firms to "cart away" their garbage. Until the Guliliani administration, this business in New York City was

dominated by organized crime. Due to stepped up enforcement and a determined effort to attract national sanitation firms, criminal domination of the carting industry in New York has been significantly reduced. A city-conducted survey of 38,000 businesses found that the average price paid for commercial garbage removal dropped by 35% from 1997 to 1999.³⁶

Customer Service

Activist local governments interact with residents in millions of customer service transactions each year. New York City government under Mayor Guilianni has worked hard to improve customer service. There were a large number of improvements in service delivery discussed in the preliminary Fiscal 2000 Mayor's Management Report, including:

- In December 1997 the Department of Transportation had a backlog of 1,450 applications for parking permits for people with disabilities. In June 1998 this backlog shrunk to 211, and in October 1998 the backlog was eliminated. In October 1999, the backlog was again reported as 0. Transferring the job of providing physical examinations for parking permit applicants from the Department of Health to Bellevue Hospital eliminated the backlog.³⁷
- The Department of Design and Construction has dramatically improved its record of completing design projects on time: "The early or on time completion rate has risen from 79 percent during July-October 1997 to 93 percent for the same months of 1999".³⁸

³⁵ Mayor's Management Report, Preliminary Fiscal Year 2000, February, 2000: p. 56

³⁶ Ibid. p. 57.

³⁷ Ibid. p. 92

³⁸ Ibid. p. 94

- The Health and Hospitals Corporation has reduced the waiting time for mammography screening appointments steadily over the past five years: From 15 days in 1995 to 11 days in 1996 to 3 days in 1999.³⁹

Social Services

As I noted earlier in this paper, contrary to the media image, the Guilianni Administration increased city spending on social service delivery. They also continued the city's long liberal tradition of innovative social policy design and program management. An example of the quiet continuity of liberal government programs is the Beacon Schools program. This program was initiated during the Dinkins Administration and was an effort to use school facilities as yearlong, after-school and weekend community centers. They provide a wide variety of educational, training and recreational programs for families and young people. According to the Mayor's Management report: "As a result of 35 new Beacons opened in the latter part of fiscal 1999, during the first four months of fiscal 2000 Beacons served 87,036 youths and adults, compared to 50,332 during the same period on fiscal 1999."⁴⁰

The City government has made extensive use of performance-based contracting in social service contracting. In 1998, 95% of the Human Resource Administration's human service contracts utilized performance based indicators, in 1999, 100% of these contracts required outcome measures. Many of these contracts have performance reward and penalty clauses. Outcome measures have also been incorporated in the affiliation agreements with the city's public hospitals. The widespread use of these measures provides an invaluable tool for effective

³⁹ Ibid. p. 97

⁴⁰ Ibid. p 75

management. A fundamental rule of management is that you cannot manage what you do not measure. Without measurement you cannot tell if the management actions you are taking are making matters better or worse. City government is making increased use of performance-based contracts that rely on quantitative indicators to measure contractor performance.

IV- Conclusions

The budget and personnel data presented at the start of this paper were included to provide a factual picture of the administration of New York City government. It is a picture of an activist government and a government that added functions in the liberal era of the 1950's and 1960's. With a pause for near bankruptcy in the mid 1970's, New York City government has a continuous fifty year record of activism and creativity. The examples of innovation presented in this paper are just a sample of the creative programs developed and managed by the city's government. Each administration I examined provided hundreds of examples.

Certainly I could have provided a set of examples of management failure. Along with good organizational performance, one always finds bad. Mayor Lindsay presided over teacher strikes. Mayor Beame sent the city into a form of receivership. Mayor Koch had the scandal at the Parking Violations Bureau. Mayor Dinkins was ultimately responsible for the police failures at Crown Heights and Mayor Guiliani presided over a police department that shot an unarmed innocent man, Amadeu Diallo, 44 times. On a more mundane level in a city government of over 200,000 it is not hard to find examples of waste, fraud and abuse. The point of this paper is not to demonstrate that human beings in large organizations fail. It was to demonstrate that they city

of New York's government over the past 50 years has been characterized by a relentless search for creative solutions to the problems that face the nation's largest city. No matter who was mayor, the search continued and the results at times have been inspiring.

Liberal government and management innovation not only can coexist, they are inexorably linked. Liberal government involves social, policy, institutional and management experimentation to help solve societal problems and improve the quality of life of the mass public. Management innovation is necessary in order to succeed at this task. If liberalism is defined as throwing money at problems, management innovation has no role in its administration. If liberalism is about producing a more effective and efficient set of government programs, then management innovation is a necessary condition of liberal government.

Appendix I

New York City Government Expense Budgets by Function, 1950 - 2000*

Year	Total Budget	Rate of Change	Debt Service	Rate of Change	Police	Rate of Change
1950	\$ 8,861,944,231		\$ 1,411,774,881		\$ 761,337,233	
1960	\$ 12,820,739,957	45%	\$ 1,735,347,246	23%	\$ 1,227,627,744	61%
1970	\$ 30,976,774,109	142%	\$ 3,262,511,976	88%	\$ 2,775,163,024	126%
1980	\$ 29,421,724,395	-5%	\$ 3,942,479,469	21%	\$ 1,544,596,945	-44%
1990	\$ 35,319,002,144	20%	\$ 2,783,963,437	-29%	\$ 2,158,740,139	40%
2000	\$ 35,175,374,280	0%	\$ 1,148,742,033	-59%	\$ 3,005,801,930	39%

Year	Fire	Rate of Change	Education	Rate of Change	Social Services	Rate of Change
1950	\$ 433,716,789		\$ 2,155,229,283		\$ 1,471,202,387	
1960	\$ 645,335,335	49%	\$ 3,407,894,318	58%	\$ 1,931,093,213	31%
1970	\$ 1,230,225,389	91%	\$ 7,882,256,616	131%	\$ 7,037,026,957	264%
1980	\$ 736,257,224	-40%	\$ 6,436,515,055	-18%	\$ 7,103,411,045	1%
1990	\$ 915,555,221	24%	\$ 8,846,277,995	37%	\$ 7,336,295,226	3%
2000	\$ 1,066,154,522	16%	\$ 10,513,789,766	19%	\$ 7,704,320,242	5%

Year	Sanitation	Rate of Change	Health	Rate of Change	Corrections	Rate of Change	Other	Rate of Change
1950	\$ 388,784,398		\$ 684,812,292		\$ 52,569,097		\$ 1,502,517,871	
1960	\$ 524,228,450	35%	\$ 956,859,521	40%	\$ 93,377,347	78%	\$ 2,298,976,783	53%
1970	\$ 1,260,711,991	140%	\$ 3,022,954,062	216%	\$ 275,666,327	195%	\$ 4,230,257,767	84%
1980	\$ 1,442,241,778	14%	\$ 1,164,901,860	-61%	\$ 318,680,918	16%	\$ 6,732,640,101	59%
1990	\$ 834,813,524	-42%	\$ 2,028,871,692	74%	\$ 940,279,362	195%	\$ 9,474,205,547	41%
2000	\$ 813,220,683	-3%	\$ 1,914,145,968	-6%	\$ 873,059,435	-7%	\$ 8,136,139,701	-14%

Note: Health includes the Department of Health and Department of Hospitals, and in 1980, 1990 and 2000 also includes Health and Hospitals Corporation and Department of Mental Health. Education includes Board of Education and Board of Higher Education.

Sources: Years 1950 - 1990: Edward D. Durand: *The Finances of New York City* (New York: Macmillian, 1989) as cited in Jackson, Kenneth, J., *The Encyclopedia of New York City*. New York Historical Society, New York, 1995. Year 2000: New York City Office of Management and Budget, *2000 Adopted Expense and Revenue Budget*.

* Data are adjusted for inflation using the Consumer Price Index for all urban consumers in the New York, Northern New Jersey and Long Island area. The base period is 1982-1984 and numbers are presented in 2000 dollars.

Appendix II

Sources of Revenue for New York City's Government

1980 & 2000*

Year	Total Budget	General Property Taxes	% of Budget	Other Taxes	% of Budget	Miscellaneous Revenue	% of Budget
1980	\$ 29,421,724,395	\$ 7,068,087,980	24%	7,754,696,675	27%	\$ 3,037,503,811	10%
2000	\$ 35,175,374,280	\$ 7,706,296,559	22%	12,963,597,000	37%	\$ 3,940,081,759	11%

Year	Unrestricted Federal and State Aid	% of Budget	Anticipated City Revenue Program	% of Budget	Other Categorical Grants	% of Budget	Federal Categorical Grants	% of Budget
1980	\$ 2,286,518,670	8%	0	0%	0	0%	\$ 4,692,848,957	16%
2000	\$ 614,730,137	2%	\$ (353,000,000)	-1%	\$ 333,569,089	1%	\$ 3,938,218,094	11%

Year	State Categorical Grants	% of Budget	Disallowance Against Categorical Grants	% of Budget	Less: Intra-City Revenues	% of Budget	Transfers from the Capital Budget	% of Budget
1980	\$ 4,758,012,709	16%	\$ (171,867,008)	-1%	\$ (802,582,974)	-3%	\$ 798,505,575	3%
2000	\$ 6,807,881,227	19%	\$ (15,000,000)	0%	\$(1,041,954,965)	-3%	\$ 280,955,380	1%

Sources: New York City Office of Management and Budget, *1980 and 2000 New York City Adopted Expense and Revenue Budgets*. Data are adjusted for inflation using the Consumer Price Index for all urban consumers in the New York, Northern New Jersey and Long Island area. The base period is 1982-1984 and numbers are presented in 2000 dollars.

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