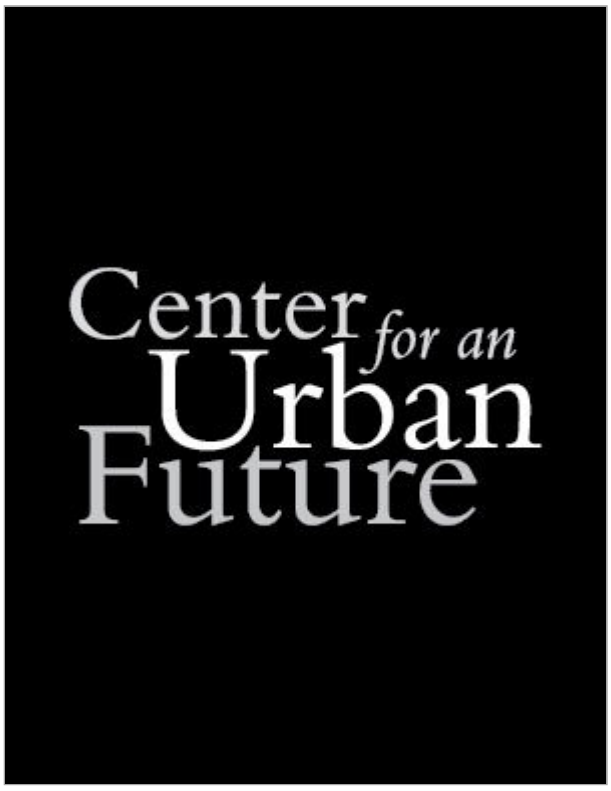


Commentary/Op-Ed - November 2002

Spare Some Change?

A fiscal crisis is a good time to figure out how the city can better coordinate the fight against poverty--without spending an extra penny.

by Ben Esner

More need and less money. Those may not sound like ideal conditions under which to step up the fight against poverty, butin New York City's case they might offer just the right combination.

If there is a silver lining to the multibillion-dollar budget deficit, it is the prospect that the economic squeeze will push policymakers, community development groups and service providers to focus on problems that tend to go unchallenged during boom times: out-of-control government bureaucracy, inefficiency and an unforgivably fragmented approach to the task.

The key to improving the efficiency and effectiveness of New York's anti-poverty strategy is not more money, it is integration--of funds, of programs, of the efforts of various agencies. And here optimism fades. Creating an integrated system that both builds communities and adeptly addresses the more pressing aspects of poverty requires a high degree of accountability, flexibility and competence--not exactly the characteristics most closely associated with government.

Still, the evidence against maintaining the status quo is overwhelming. Few would disagree that substantial sums have been spent on piecemeal efforts that have not produced large-scale results. A look at any of the relevant services--child care, workforce development, public-assistance administration or any of a dozen others--reveals a pattern: Elected officials create programs and provide funds to address specific problems or populations, or to reform programs already on the books. These programs and reforms are frequently enacted outside of any context, with no examination of how close in nature, intended outcome or structure they are to existing efforts, and with little or no flexibility built in.

The result? Programmatic isolation instead of communication and integration, and work constrained by narrow mandatesand cumbersome rules. These regulations are then strictly enforced by fiercely protective bureaucracies, which tout accountability

for their mostly nonprofit contractors while insulating themselves almost entirely from it. Statistical goals are set for agencies, departments and divisions instead of more meaningful standards such as increases in income, vacant lots developed, private investments secured, or interagency and private partnerships formed.

Add to this mix the mind-numbing division of government funds among these inflexible bureaucracies, each with its limited scope and unique reporting requirements, and you achieve the following exemplary result: An organization that provides early childhood education services to children five and under in New York City may be funded and overseen by at least three agencies (excluding of course the several others that regulate its physical plant), each with different requirements and regulations, and may have to submit separate reports--in different formats--to the Agency for Child Development, the office of Head Start, and the city's Universal Pre-Kindergarten program, plus additional paperwork to the Human Resources Administration if the group serves children who receive child care vouchers at that agency.

This particular problem is so acute that the nonprofit sector has developed entire organizations dedicated to sorting out the mess. These groups provide technical assistance directed at figuring out how to work with government, integrating funding from different programs, and financing community development. While some add value to the process, these groups also divert millions of (mostly private) dollars every year, essentially for the purpose of re-administering money already administered once by government.

At a time when poverty rates are showing a slight decline--a result of the economic boom of the late 1990s--inefficiencies in government programs for the poor might not seem like a cause for urgent action. But the poor have hardly disappeared. The 2000 U.S. Census showed 300,000 more New Yorkers in poverty than there were a decade earlier, despite billions of dollars spent over that period. And it remains highly uncertain whether the working poor will be able to hold onto their economic gains--or, for that matter, whether an income slightly over the poverty line is enough to sustain a family.

In order for us to fix what's broken, more than government will have to change.

Government is at the top of the human-services funding chain--it provides more dollars for anti-poverty work than any other funding source--and over the decades New York's nonprofit sector has grown to reflect some of the public sector's weaknesses. Like the bureaucracies under which they serve, many nonprofits are disorganized, unproductive and often downright wasteful. In addition, the abundant and generous array of private sector institutions that provide funds for human services and community development efforts inevitably mirror the government's approach, and help enable the market's fragmentation.

Integration on the scale necessary to make the use of public money more efficient requires a sustained effort at restructuring the way human services and community development funds are both administered by government and spent by the nonprofit organizations and other private contractors that are paid to carry out public policy. In short, reform in the private sector is a necessary condition for demanding the same from government.

A plan for achieving real efficiency and accountability in New York's anti-poverty effort must include several components.One of these is a focus on results--those quantifiable things that define a program's success. This means a shift from focusing on benchmarks such as the number of clients served to gauges such as increased income, career progression after receiving government-subsidized workforce training, or the developmental progress of young children as they move through childcare programs. Another is the institution of standards for organizational performance that encourage sound management, strong fiscal oversight and flexibility.

But the most important element is one that is missing almost across the board: a regular assessment of whether a given program, project or organization has a sensible and strategic relationship to a clear overarching mission--like ending poverty in New York City--as well as a relationship to the hundreds of other entities receiving public and private funds to work toward that same end.

It is not enough for organizations or programs simply to show that they are doing what they set out to do. Government must begin to ask analytical questions such as: "Where does this organization or program fit into the mission?" "How will it help us fulfill the concrete objectives we have set?" and "Is funding this particular group or project the most effective, efficient way to pursue our goals?" And if the answer to the last question is "no," we should spend our money elsewhere.

In order for the city to develop a truly integrated, accountable system, this kind of assessment must become a central organizing principle for the future of government-sponsored and privately backed community-building investments.

Assessing funding requests and discerning whether or not a project's elements are related to a system--that is, some series of steps, probably involving multiple organizations, directed at a comprehensively defined goal and integrated with other public expenditures--is possible. What is hard is making those kinds of decisions, and making them work, when rules are substituted for reason, institutional convenience trumps innovation, and rigidity triumphs over flexibility in everything from procurement regulations to workplace union titles. On these grounds alone, the time for change has come.

The good news is that economic pressure to streamline and integrate the city's diverse anti-poverty services into a true system dovetails nicely with the emergence of a reasonable consensus among top practitioners and outside experts about what is wrong with current government policy in this area.

There is growing recognition that reducing public assistance caseloads is not the same as reducing poverty; that education and training are credible and desirable components of any large-scale anti-poverty campaign; that one focus of such an effort must be on local economic development; and that low-income people who are not receiving public assistance must be included in any overall strategy in order for it to be effective.

Not only is there general agreement about what the deficiencies are, there is also more and more agreement about what to do about them: Helping people accumulate assets, encouraging property ownership, supplementing earned income for low-wage workers, supporting educational attainment, backing commercial enterprise, ensuring access to culture, and promoting local development are all emerging forcefully as essential elements of an integrated effort to build up New York's neighborhoods.

The mayor's policy changes, especially those that sharply contrast with his predecessor's, may orient the city toward this broad-based, integrated anti-poverty effort designed to help people achieve long-term self-sufficiency. The administration's public position on the reauthorization of Temporary Assistance for Needy Families and its acknowledgement of the City's obligations under the Workforce Investment Act both point in this direction. Mayor Bloomberg has said, for example, that he wants to increase the number of public assistance recipients eligible to receive work credit for participating in education and training programs. Proposed changes also include a more flexible definition of assistance under TANF, to allow enhanced support to families that are employed, but not yet self-sufficient. Listen closely, too, to commissioners and mayoral advisers, and you will hear that goals are being defined more comprehensively, and that there is a clear directive from City Hall to make government work better.

The ability of the Bloomberg administration to meet its policy objectives in this area depends on its leadership in reformingthe bureaucracy and building real partnerships with practitioners. With the looming reality of budget-driven cuts in human services, finding new ways to channel limited funds directly to programs is essential. Partnerships must be driven by a mutual commitment to results, quality, integration and agility at all levels. Achievement here would definitely qualify as a legacy, but, more importantly, it would have a sustained, long-term impact far out of proportion to the human and political capital required.

Fortunately, there is reason to believe that the Bloomberg administration has the skills and the background to demand collaboration, enforce standards and reward quality, while also possessing the mechanical know-how to do things such as revamp bureaucracies and use information technology to make business more efficient.

For instance, the mayor knows enough about the power of information technology to understand that a computer system that parses the same information differently for different agencies could relieve providers of the obligation to file multiple, multi-formatted reports. Or that an internet-based network could enable someone to check for openings in all of the city's publicly funded childcare programs--something that is currently impossible because the computers at the various agencies involved do not communicate with one another. Just having some idea about how to do such things may help motivate this administration to look closely at reforming the system.

This is a big project, for sure. But with the economic pressure on, and so many sound and innovative ideas about community development and anti-poverty work being discussed among New York City's leaders in these fields, now is the time to tackle it.

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