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SOME OBSERVATIONS ON POLICY ANALYSIS IN NEW YORK CITY

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Policy analysis, the application of systematic analytic tools to public policy issues, is not a new idea, but in recent years it has come to prominence in American government, bringing with it new types of people and new institutional arrangements. In city government, growing numbers of economists, systems analysts, operations researchers, analytical planners, and others are working on problems that a few years earlier they would have scorned, for example, garbage removal. I am not sure that this enthusiasm for policy analysis is an unmitigated boon to society; others have forcefully expressed the view that it is a waste of time and money. But it is happening, and we might do worse than to examine some of its features in a specific situation, familiar to me because I participated in it.

In 1967 the mayor of New York City invited the Rand Corporation to provide research and technical assistance to the city on a variety of urban problems. One of these was housing, and early in 1968, Rand negotiated a contract and scope of services with the city's Housing and Development Administration. By the middle of that year, a staff had been assembled under the leadership of Jack (Ira S.) Lowry and was at work on a broad spectrum of policy-related housing studies. I joined the group in August of 1968, falling heir to project leadership when the rigors of transcontinental commuting began to wear on Jack. In September, 1970, I returned to the University of California, whence I had come.

It is from this perspective that I can offer an appraisal of Rand's work for the Housing and Development Administration in New York City. I shall address three questions:

Why were we there?

What did we do?

What does it signify?

I can't pretend to answer them fully. Rather, I want to point out some important features and lessons of a complex, sometimes mystifying, occasionally nervewracking,

This paper makes use of many insights and observations of my friends and colleagues at the New York City Rand Institute and the New York City Housing and Development Administration. In particular, I would like to thank my colleague on the Housing Study, Ira S. Lowry, for permission to paraphrase his comments on the ingredients of effective policy research for a public agency, which are combined with my own observations in the final section of this paper. The views expressed in this paper are my own. They should not be interpreted as reflecting the views of the New York City Rand Institute or the official policy or opinions of any of its governmental or private research sponsors.

and always intense episode that has not yet run its course.

First, why were we there? Perhaps, "How were we there?" would be a better way to put the question. Evading the interesting but not directly relevant question of the motivations of participants, I suggest that we must look at the character and goals of the Lindsay administration. Amid the tumult of New York City politics, the administration from its beginning in 1965 held fast to two policy objectives relevant to this discussion—first, to open city government to groups formerly denied effective access, and second, to reform the city's administrative structure and behavior.¹

The impulse behind these goals may be traced to both long- and short-term forces. Cities change continuously as deep currents of change in the population, economy, and social structure work themselves out. City governments, subject to political inertia, change discretely. An analogy might be made with an earthquake fault—over time the discrepancy between the demands of running a city and the functional effectiveness of its administrative structure widens. Ultimately, something gives, usually the structure. Every twenty to thirty years in New York City there seems to have been such an administrative fracture. Often the principal points of strain have been the reforms introduced at the previous iteration.

In addition, this time around there occurred a combination of forces and events that have been important in promoting the use of analysis in government. New York, like other large cities (but as usual, more so) was facing a serious cost squeeze on its fiscal resources. Inevitably, the administration would look for new ways to provide services, perhaps seeking to substitute capital for labor in this handicraft activity. The city's response to these problems was influenced by a national upsurge during the 1960's of concern for science and the rational mode in government, of which PPBS was one manifestation. Certain officials in the federal government, especially in the Bureau of the Budget, had adopted this mode. It was brought to New York by Frederick O'R. Hayes, the director of the Bureau of the Budget through the first Lindsay administration and a powerful figure in policy decisions.

I think that the desire both to open the city government and to reform its administrative structure contributed to the demand for new types of analytic support. Opening the city's communications with its people allows new demands to be made. To fail to respond is to invite disillusionment and political trouble. Only two general responses are currently visible: to improve the delivery capability of the existing system, or to come up with an alternative, which in a centralized system means decentralization. New York City has tried both. Neither is a panacea. Decentralization requires great political skill and courage. It constitutes a basic shift in political power, and may result in such traumas as the school crisis of 1968. As for improving centralized response, a good example of the

¹ This interpretation is similar to that given in John V. Lindsay's *The City* (New York: W. W. Norton, 1969).

difficulties involved is provided by the city's code enforcement program: by publicizing a telephone number for housing complaints, it achieved an increase of 500 per cent in the volume of complaints in only five years. The predictable collapse in response has led to a major reexamination of the system. In this case, the expansion of response happened to coincide with a time of serious housing deterioration, which surely amplified the difficulties, but the need to analyze the possible outcomes of changes in governmental responsiveness is quite evident.

The mayor's first administrative reform was to create seven or eight super-agencies in which were absorbed over 90 departments and commissions that formerly reported directly to the mayor. Such a step was bound to have repercussions. In assembling functionally related agencies and (at least prospectively) placing them under unified budgetary control, the mayor sought to substitute a hierarchical style of government for one that relied on coordination by committee. But the process also created an administrative node at which policy asked to be made, a kind of power vacuum. A central policy-maker/administrator needs an exceptionally powerful and diverse staff to run such an agency. Since the 1930's such staffs had not been attracted to city government, except perhaps to the mayor's office where their impact on operations is limited. It was not surprising that the mayor and Budget Director Hayes turned outward to management consultants and analysts. However, they did not seek them in the usual limited mode but rather on an open-ended basis, both to analyze problems and to introduce change and help develop new types of capability within the government itself. That is why (or how) we were there.

This leads to my second question: "What did we do?" Jack Lowry has already summarized our research program; I will try to characterize it and then go on to discuss a related but distinct activity, client development.

First, our research program. For me, the notable aspects in our research have been breadth and the loose formal structure. The breadth reflected our sense of the interrelatedness of housing demand, housing supply, and public regulatory programs. The loose formal structure reflected our reluctance to grapple with the formidable problems of designing and testing an integrated model of the housing market.

Clearly, we needed information on the functioning of the rental housing market in the city. We sought to find out what had been happening to demand—that is, population, household size and composition, and income. And on the supply side, we sought to understand what had happened to the quantity and quality of the housing stock, to new construction, and to the costs of operating and maintaining multiple-family dwellings. To integrate these studies, we really would have liked to build a large scale model of the operation of the housing market in New York City.

This ambition was reinforced by a second group of studies related to the housing stock, namely, analyses of city programs to determine both their contribution

to immediate agency objectives and their more remote impacts on the housing market. For these purposes, we and others looked at every major program directly affecting the housing inventory. We tried to determine how the standards and procedures of each program affected its performance and to suggest changes in these standards and procedures that would improve performance. Here again, a model detailed enough to accept at least gross changes in program rules—for example, shifts in ceiling levels of controlled rents—would have been valuable.

The case for a large market model is finally bolstered by the existence of a data base perhaps unique among cities in the United States. Following the 1960 census, major sample surveys of occupancy, household structure, rent, and income were conducted by the Bureau of the Census in 1965 and 1968. A large sample of buildings was surveyed by George Sternlieb in 1968 to gather data on costs of operation and maintenance. City records on multiple dwellings include location, size, building class and housing code violations; both these records and those for welfare rent payments are machine readable and now can be collated by small areas. Detailed cost data have been gathered by the rent control program in the course of administration of its hardship provisions. The list could go on much longer.

Why then did we *not* choose to develop a general model of the housing market, relying instead on a number of partial models and drawing eclectically on fragments of data?

Most of the answers lie in the nature of analysis designed to throw light on important and medium-term policy problems. First, such analysis usually has an operating branch of government as a client. Agencies with real decision responsibilities are generally reluctant to sponsor or encourage long-range research.² They can see plenty of problems to work on right now. I think that it is no accident that virtually the only direct governmental support of major urban modeling efforts with overt policy intent has come through metropolitan transportation studies and community renewal programs (notably San Francisco), neither of which have had operational responsibilities. New York City government generally conforms to this observation. I do not think that at the outset anyone could have “sold” the agency on a massive modeling effort. In any case, with the lack of policy impact of the San Francisco effort in mind, and knowing that we were there to work on policy issues, I do not believe that there was any enthusiasm among Institute staff for such an effort.

The second problem was time. We did not believe that we could get anywhere in much less than two years work, and given the climate in the agency such an

² Actions of the Housing and Development Administration both support and counter this assertion. While Dr. Frank Kristof, assistant administrator for Programs and Policy during the first year of our work for HDA, has never favored the development of complex models, he saw the emergence of the crisis in rental housing in New York City far sooner than others, and in setting priorities for the research effort ensured sufficient time for research to contribute to policy decisions. This kind of vision has been without doubt the key to successful policy research from radar to rent control.

agenda was impossible. In the light of events, I think it was the right viewpoint. This is not to assert, however, that it holds for all cases. In a rather different area—analysis in support of the city's fire department—simulation models were adopted as an appropriate way to proceed.

A third problem was the sheer complexity of bringing together market models of housing behavior together with programs in a single package. Housing analysis is at best an underdeveloped field, at its most sophisticated in the analysis of new construction. Inventory management has not played a large role either in theory or practice. Few people have worried about the housing stock as a whole. Even in New York City, where these things are furthest advanced, code enforcement, rent control, rehabilitation, and health aspects of housing were until very recently all in different departments and, more importantly, viewed as separate programs rather than as contributing to strongly overlapping housing objectives. The amount of careful study of the costs of operating rental housing was negligible. We needed all kinds of parameters for a larger model, but would have had to generate them ourselves.

Thus as a result of the constraints within which policy analysis often is carried out (and to a considerable degree as a result of our own predilections), our work on the housing inventory has consisted of generating short, stubby models; working with agency staff under the leadership of Arthur Spiegel, we then lashed these together into a policy synthesis that lacked a formal encompassing framework.

In each case, we have tried to produce a policy relevant output, within a broader conceptual but not formal framework, and within fairly tight constraints on time and resources. Stitching these pieces together and using them to test program proposals has necessarily been ad hoc although not disorganized. Combined with judgment and expert feedback the process can be quite effective. What we learned in the process leaves us now in an excellent position to attempt a larger, integrated model. Whether anyone is interested in such a beast is another question.

The second type of work in which we have been involved is client development and support. Policy analysis as I have described it is not likely to work unless the client agency develops its own skills in operations research, policy research, computer usage, and so forth. I would argue that an agency's capacity to absorb research depends finally on its own capacity to do it; long-term dependence on outside consultants is likely to be corrupting.

However, building such a group within the civil service is not easy. It requires new types of people—in effect, a new career path. It also requires the creation of new niches in the bureaucratic structure for a group whose functions will often seem threatening to other agency staff.

What is developing within HDA, with all the growing pains that might be expected, is quite a powerful policy research and management control unit. Its functions have evolved into four elements—policy research, operations analysis and implementation, budgeting and planning control, and computer operations.

It is now taking on a wide variety of problems, having started with those that clearly could not be tackled from the outside. For example, our work on development of a system for planning and budgeting for new construction indicated that such a system was feasible. However, its development was clearly an internal function calling for skill, political dexterity, and patience. Development is now going forward under a former Institute staff member. In addition, substantial research projects, for example on abandonment of buildings, are being undertaken by HDA in a style relatively new to city government.

I feel that this type of office is necessary if the larger agency is to be effective. The major thrust in its development came from within the agency under the leadership of Arthur Spiegel, but our role was not trivial, nor was the cost in time and effort.

Finally, I want to examine some lessons and issues that arise from our work. Drawing heavily on Jack Lowry's insights, I would first like to suggest a number of elements that are important to effective policy research for a public agency. Luck, of course, is necessary, but unfortunately not always sufficient. The following are also useful:

1. *Staff.* Policy analysis requires imaginative but trained and disciplined people. While they must have technical competence of scholars, they must be willing to address their research to the client's problems rather than to their professional peers in academia. Moreover, they must be willing to address policy issues within the real policy space; utopian solutions are of no relevance to public decisions. Constitutional inability or unwillingness to perceive the boundaries of this policy space disqualifies more otherwise talented researchers than any other factor. I do not mean to argue that these boundaries are immutable, or that the client's perception of them is always accurate; but my experience, at least, is that elected officials know more about the shape of that space than do technical consultants.

2. *The Research Charter.* Most research contracts with public agencies specify in detail the issues to be analyzed, the methods of analysis, and the timing and contents of a report. Task-order research is simply inappropriate for an agency seeking help on problems of policy. The client usually knows that he's hurting; he seldom knows why, and is seldom able to articulate the questions that need answering. The policy analyst is not usually in much better shape when he takes on the job; he only finds out halfway through his contract what he should really be doing if he wants to help his client. Task-order contracts bind him to a research strategy that often turns out to be inappropriate or irrelevant; but by delivering the specified product, the researcher gets off the hook.

We have been fortunate in our dealings with New York City agencies in having broad contractual charters that seldom go beyond specifying areas of policy concern. As a result, we have been able to reshape our strategy and reallocate our internal resources as our perceptions of the city's problems have changed.

3. *Timing and Research Horizons.* To be effective in policy analysis requires

not only competent research, but also delivery of the results to decision-makers at the right time. However, good research takes time. Thus, a sense of policy timing and a powerful intuition about the shape of future events are vital to planning a research program. The only thing deadlier than a dead issue is the researcher's output delivered months later. This does not necessarily mean writing a final report, but rather, the effective communication of results.

Part of that communication lies in a working relationship with the client that ensures continuing delivery of results. Avoid research approaches with long payoff horizons and no intermediate products. It is often possible to sell such enterprises to the client, but seldom possible to keep his attention and support while you carry them out. And you need his attention and support if you hope to influence his decisions. I think it is essential to build into a research plan a steady flow of output that the client will find helpful for interim guidance while awaiting the grand design, and a good analyst usually knows where his analysis is coming out long before he can complete the documentation.

4. *Staff-Level Interaction with the Client.* I do not think that influential or even very relevant work on issues of public policy can be done without close contact with the client's staff. Both the client agency and the research contractor have understandable impulses for privacy, which must be overcome if the contractor is to comprehend the internal politics of the agency and to gain access to information he needs, much of which is undocumented, carried only in the heads of civil servants who are jealous of their domains. The client must come to trust the researcher, and a good way to gain this trust is by full and continuous disclosure of what the researcher is doing, and even of the mistakes he has made. The principal liaison with the agency *must* be an individual who has the confidence of the agency head and is able to devote a really substantial part of his time to the study that he is monitoring; his role must in fact be shifted from that of monitor to that of participant.

The price to the researcher of this kind of relationship is terribly high; but in the end, it seems to me the only one that leads to influence.

5. *Strategic Use of Information.* Many of those who conduct the public business are appallingly uninformed about the context of their task. Major decisions are made on the bases of strictly anecdotal evidence because that is the only kind available. We found city officials hungry for information. Often the information we gave them was drawn from their own files, or was available in public documents, but had never been called to their attention or had never been organized in a way that led to understandable or robust conclusions.

We have found that the most powerful facts about a public program are the following:

- (a) What does it cost?
- (b) Who gets the benefit?
- (c) Who pays the bills?

6. *An Effective Mode of Communication.* Besides the informal daily contacts, an efficient mode for delivering information to hard-pressed officials is absolutely necessary. We communicate with city officials primarily by means of formal, well-rehearsed briefings, making heavy use of visual aids. Great care is taken in preparation of these briefings. We believe that the resulting clarity is more than worthwhile.

While senior officials usually make up their minds on the basis of these briefings, they also need ritual reassurance in the form of massive documentation that they will never read. In a way, this is exceedingly fortunate for the researcher, because these documents, when they are not too sensitive for public distribution, comprise his best communication with his professional peers, upon whose good opinion his career also depends.

7. *Confront the Real Issues.* Research studies may be contracted for by a public official in order to postpone action, or in order to provide a ritual blessing for a decision he has already made. Researchers have been known to perform these functions either through naïvete or interest in the money to be made thereby. Others sense or soon discover that exposure of the real problem is fraught with political dangers, and it is much easier to take refuge in peripheral issues. Approached in this way, the task of giving policy or programmatic advice may be completed to the satisfaction of the client, but it seldom cures the problems that gave rise to the client's discomfort.

It pays to be tactfully brutal. When you are confident that you understand the real issues, and can provide solid evidence in support of your views, it is necessary to present them insistently to the client. It may end the honeymoon or even result in contract termination; on several occasions, we were not far from these consequences. But people *can* be persuaded by tact, by repetition, and above all, by evidence. It seems to me that no professional consultant can afford to be, or to appear to be, conveniently blind to the truth.

8. *Don't Talk to the Press.* Agency heads like to control the flow of public information even when its substance does not offend them. They particularly dislike public revelation of a problem when they are unprepared to propose or endorse some particular solution; their immediate and often unthinking response is to discredit the source of the information.

These instrumental conclusions from our work suggest what is needed to do effective research for a public agency. They do not address questions of the cost of such an effort or its larger implications. I will conclude with some consideration of these issues.

Cost is a real issue. To support a first-class staff requires more money than most governments can easily afford, certainly more than they are accustomed to spending for research.

One concomitant of cost is political vulnerability. New York City sharply increased its research budget in pursuit of the objectives previously discussed.

Predictably, political conflict followed. In such a conflict, research is by nature vulnerable. First, research places a premium on being unambiguous—a dangerous quality in politics. Second, if we attack problems to which we do not have answers, then some proportion of the time failure must be expected. Only if the answers were assured would we never try the wrong approach, gather the wrong data, or wrestle with a problem that we cannot solve. But in that case, we would never need to do research in the first place, except to legitimate choices already made. Of course, I do not claim that wasted research efforts are never due to venality or incompetence. A casual library survey will dispel any such illusion. But beyond these causes, policy research must result in unpredictable and unavoidable flops from time to time. Viewed as “waste” and presented with publicity and flair, these failures can undo any amount of successes and yield good political mileage to opponents. Politicians are rightly suspicious of this two-edged sword.

A rather different type of cost also struck me forcefully in New York City. Warren Bennis has pointed to the high psychological cost to participants in efforts to change organizations. The process seems to consume people. In our experience, especially among people working for city agencies, human attrition was evident in high turnover and dropout rates. Part of the problem seemed to be the stresses imposed on people who were intelligent but inexperienced and insufficiently trained to withstand the conflict and uncertainty of organizational change. I suppose that as in life or war such costs might be looked upon as the price of progress.

Rational reform may be costly but justifiable where a system can indeed be changed for the better. But suppose the system simply is not viable. Doesn't the analyst then find himself in the position of a man using science to calculate how to support his house while an earthquake is in progress? His activity is only likely to divert attention from the real issues. It seems to me that picking insoluble problems in policy analysis is much more dangerous than in academic science, both to the welfare of the researcher who operates under great stress and to the government and society tempted to ignore issues in the hope of technical solutions. The role of analysis in the war in Southeast Asia provides reason for caution.

These observations bring me to consider the wider implications of urban policy research as exemplified by the New York City Rand effort. With all its political drawbacks, policy analysis of this type tends to centralize government and strengthen the executive. Together with an effective information and budgetary planning system, it is essential for effective management of large modern governmental systems. This reformist, system-supportive role raises value questions for the researcher.

He must decide whether he wants to influence policy from inside or from outside the policy-making machinery. There is room in our society for both roles—that of the technical consultant who serves quietly and does whatever good he can within limits imposed by the needs and convictions of policy-makers in government, and that of the social critic or advocate who mobilizes public opinion to persuade the

machinery of government to act in a particular way or to change that machinery. It is true that governmental institutions control the great bulk of all resources available to support policy research. So the policy analyst who wants to work and eat may be hard-pressed for an alternative client. Yet there is evidence that dysfunctional institutions may be among the great social pathologies of our time. Perhaps our real problem is to ensure their peaceful replacement rather than their preservation for a few more years in the hope of an impossible transformation. Policy analysis from the inside will not do much on this score except confuse the issue.

Finally, the policy analyst faces his own moral dilemma whether he works inside or outside government. If you would affect policy—the action of government in relation to people—then you must accept the probability that you may be wrong; that injury to some is almost always the price of good to others; and that to do nothing when you are capable of acting is also a form of action. Policy analysts rarely, if ever, make policy decisions alone. But they cannot evade responsibility on the ground that others were involved whose motives may have been different. Analysts tend to take psychological refuge from such concerns by deep immersion in their work. Indeed, this may be a virtue so far as productivity is concerned. If they are lucky, they may never have to surface. On the other hand, the recent experience of scientists and engineers in aerospace activities suggests that the awakening, if it should come, can be cruel enough to make reflection worthwhile.

Yet for all this, I am convinced that Hamlet is no better model for the policy analyst than Lady MacBeth. Urban problems will not disappear by themselves and retiring to monastic contemplation of issues is not for me. I expect to go on working on real policy problems. However, I am aware that the price of admission may be more than loss of the innocence that characterizes so much academic research.