TRANSFORMING GOVERNMENT

MICHELE JOLIN AND ZACHARY MARKOVITS

We are at a turning point for our public institutions. After forty years in which it became popular to demonize the government, and after four years in which that demonization metastasized into a physical attack on our government, the Biden-Harris administration is changing the paradigm. Rather than focusing on narrowing the size and scope of government, or making progress through incremental approaches, the new administration and its allies in Congress are unapologetically reinvesting in the physical, social, and civic infrastructure of the country.

The American Rescue Plan, with its $1.9 trillion in investments, has the potential to be the most effective social care package since the 1960s. Add onto that the transformative opportunities of the Infrastructure Investment and Jobs Act and the Inflation Reduction Act—which will pour trillions of dollars more into much-needed investments for cities, counties, states, and small businesses—and we have an opportunity to reshape American society, especially for residents and communities that have historically been left behind. But the ultimate success of this bold, progressive vision of government will not be determined in Washington, DC—it will depend on the actions of governors, state legislators, and agency leaders, and the thousands of mayors and city council members, county executives and commissioners, school superintendents and boards, as well as civil servants across the country.

With these new investments, we have a historic opportunity over the next three to ten years to remake public governance and restore trust in government. If we can harness the potential of these new federal dollars to help state and local leaders build new evidence—and accelerate their use of evidence and data—we can transform the way American government operates and begin to dismantle a legacy of racist policies and underinvestment in communities of color.

The foundation for this transformation is already in place. Over the last decade, a period defined by scarcity in the public sector, cities and states have made significant progress in how they invest taxpayer dollars. But the big bets and large-scale investments the federal government is now making provide an opportunity to accelerate progress on a wide range of challenges and build a government that works for all—and not just for the next three years, but for the next thirty.

In this chapter, we will explore how cities and states have spent the lean years of the 2010s building the capacity for this moment, the challenges governments face and how city and state leaders are meeting those challenges, and where there is an opportunity—with federal support and the right policies in place—to use this massive flow of funds to build and invest in the next generation of evidence.

CREATIVITY LOVES CONSTRAINT: PUBLIC SECTOR INNOVATION IN THE 2010S

Over the last decade, local and state governments have been clawing back from the deepest financial and staffing hole in the last fifty years. The strategies that many government leaders adopted during this period of austerity—which we call "Moneyball for Government"[1] to describe how innovative leaders are using evidence and data to make smarter investments to drive better results—have now set the stage for transformation in the public sector.

In the aftermath of the Great Recession, the federal government failed to step in to aid state and local governments. This underinvestment not only prolonged our nation's economic recovery by at least four years[2] but also forced many state and local governments to drastically reduce their workforce and to maintain only essential services. After hitting a trough in around 2013, many cities and states slowly began to hire again, but newly hired government staff had to take on a heavier workload. New practices

around innovation, data governance, transparency, performance management, and program evaluation—areas that could help support a smaller staff and deliver better, more equitable services across government—began to take hold. By the time government employment reached its pre-recession levels—just a few months before it <u>tanked</u> again due to COVID-19[3]—local government effectiveness and efficiency had become redefined in a way that is driven by data.

Seizing on this demand among city leaders, in 2015, Bloomberg Philanthropies launched What Works Cities,[4] a national initiative led by Results for America in partnership with several other organizations that focused on helping cities use data and evidence to make better decisions and improve the lives of all their residents. It was founded on a bet that there was a fundamental gap between a mayor's acknowledgment that using the best available data can help manage a city well and their actual ability to create such a city. Prior to 2015, only a few U.S. cities had adopted a data-driven approach to improve decision making; many thought data-driven government was only for big, coastal cities.

Yet over this past half-decade, a quiet revolution has taken place as cities across the country have undergone a data-driven transformation. Local governments are changing how they do business, with a critical mass of cities helping staff improve their data skills and put in place critical data infrastructure that informs key decisions. This has enabled cities to operate more efficiently and effectively to better meet the needs of residents, which was underscored the past several years by their response to the COVID-19 pandemic. A recent report led by Monitor Institute at Deloitte[5] found that cities in the What Works Cities network made significant progress in foundational data practices. Monitor compared externally validated city responses in the 2020 What Works Cities Certification assessment to similarly reported results from 2015 to find that the percentage of cities:

- Monitoring and analyzing their progress toward key goals **has more than doubled** (from 30 percent to 75 percent).
- Engaging with residents on a goal and communicating progress **has more than tripled** (from 19 percent to 70 percent).
- With a platform and process to release data to residents **has more than tripled** (from 18 percent to 67 percent).
- Modifying existing programs based on data analytics **has more than doubled** (from 28 percent to 61 percent).

States also are making steady progress. Results for America's "Invest in What Works State Standard of Excellence,"[6] which sets a national benchmark for how state governments can consistently and effectively use evidence and data in budget, policy, and management decisions to achieve better outcomes for their residents, has found a dramatic growth of evidence-based and promising examples of impact and best practices over the past three years since the release of the standard.

USING DATA TO SOLVE AMERICA'S MOST INTRACTABLE PROBLEMS

While federal investments are increasing, so are the challenges state and local governments are facing. Governors, mayors, county executives, and other leaders now confront an overlapping set of economic, public health, climate, and racial justice crises that threaten their residents and communities.[7]

And yet we know that jurisdictions that invest in their data practices, that have systematically built up their ability to use data, are better prepared to deal with systemic challenges. They are able to use their data and evidence capacity to spotlight and understand root causes of community challenges, including racial disparities, and they can better target government investments to close racial gaps and accelerate economic opportunity.

This investment enables governments to respond quickly in the face of any crisis. In fact, 70 percent of cities in the Monitor study reported they are systematically using data-informed decision making to respond to the COVID-19 crisis. As Andy Berke, the former mayor of Chattanooga, Tennessee, said recently, "when a pandemic hits, [a data] culture is very important because the organization has got to respond. And it's only going to respond with data if that's the culture you built."[8]

Cincinnati, for example, spent years building up its system to better track and address the growing opioid epidemic in its backyard,[9] using data to tackle all parts of the problem, from mapping cases to tracking health response to improving emergency response to meet the national standard for call answer times. Within a few months, over 90 percent of emergency calls were being answered in less than ten seconds, up from a prior rate of 40 percent. This whole experience helped the city respond quickly when the pandemic struck; it was able to shift its entire performance and analytics team to support its planning and response to COVID-19, taking the same

data-driven approach to COVID as it did to opioids. Similarly, Tulsa, Oklahoma, is now better using data to repurpose dollars or defund ineffective programs. By focusing on addressing critical equity concerns, city leaders shifted $500,000 of federal funding away from wealthier communities and to the city's poorest neighborhoods after an analysis showed that existing processes in which every neighborhood received funding regardless of need were not helping the city's most vulnerable communities.

These long-term investments in strengthening the evidence and data capacity of governments may not be as flashy or headline-grabbing as announcing a new program or policy, but they are just as critical. We cannot address the most intractable problems of tomorrow if we don't build a strong data and governmental infrastructure today.

STATE AND LOCAL GOVERNMENTS CONTRIBUTING TO THE NEXT GENERATION OF EVIDENCE

Building on the gains made by local and state governments over the last decade, the new infusion of federal dollars is an opportunity for state and local governments to spur innovation, prioritize learning, and improve evidence building and use. To do this, we think jurisdictions should focus their attention on four main areas:

Invest in Infrastructure to Build and Use Data and Evidence to Create a Culture of Learning

To ensure this one-time influx of funds is used in a way that leads to long-term, sustainable impacts,[10] state and local governments need to use federal dollars to build critical data and evidence infrastructure. To do this, state and local government need to:

- **Understand where they are, so they can map where to go next.** What Works Cities provides a tool[11] to measure how well cities are using data to manage, and it can be used as a diagnostic for local governments to determine the data and evidence infrastructure most important to invest in next.

- **Focus on people, policy, and process before technology.** Leaders will have to make real choices and have the opportunity to invest real dollars[12] in new positions and systems to lead this work. Technology is just a tool to enable progress—city leaders must determine the personnel, training, and technical assistance needed

to gather, analyze, and understand their data to help solve their most intractable challenges.

- **Put equity first.** For governments to address the legacy of underinvestment in communities of color and close racial gaps, they need to understand the scope of the problem before they act. This requires disaggregating data by race, setting specific equity goals, and building integrated data systems to help cities, counties, states, and school districts act with full knowledge of who is succeeding and who is being left behind by the current system.

Orient toward Learning, Testing, and Improving

State and local governments need to use this influx of funds to continue to foster a culture of learning, testing, and improving. This means both using the best evidence-backed programs to help residents and building on the existing programmatic evidence-base so jurisdictions can continue to implement what works best. For example, Dayton, Ohio, is building on previous research to test new strategies to reduce the racial kindergarten readiness gap[13] and is working with scholars from the University of Dayton to evaluate the program's effectiveness. In more than two dozen cities across the country, mayors are building on the evidence derived from the pilot in Stockton, California,[14] to test new ways of providing a guaranteed income[15] to residents.

State and local government leaders continuously need to make decisions based on the best information available. It is critical that government decision makers are given resources, skills, and data and analytic tools to test the impact of decisions and investments, learn what is working, and improve over time. Further, the basis of this research and data capacity ought to be to improve decision making—and, thus, residents' lives—in all sub-federal governments rather than as a compliance mechanism to report to the federal government or grant makers. Federal American Rescue Plan dollars can be used to build this and test, learn, and improve infrastructure that will improve state and local decision making for decades to come. In fact, Results for America is working with Mathematica to track how cities, counties and states are expanding their evidence and data capacity in a new American Rescue Plan Data and Evidence Dashboard[16] that enables better sharing and shows how these dollars are being used to deliver real results.

Incorporate a Critical Source of Evidence into Decision Making—Community Voices

It is not enough for governments to invite residents to community meetings, or meet with groups of stakeholders, or survey their population. These processes are helpful tools, but by themselves they reinforce inequities in ways that are antithetical to the opportunities governments have to reshape the future.

Rather, we must challenge cities and states to use this flow of federal dollars to pursue a new model of understanding the public need—finding a multimodal way of quantifying "community intelligence"—and then building those insights into the decision making process in government.

For example, in Racine, Wisconsin, city, county, school, and civic groups are thinking about how they can deliver impact collectively. Working with a local collective impact partnership, Higher Expectations for Racine County, this collaborative is developing performance measures to evaluate the impact of its Rental Empowerment and Neighborhood Tenant Services Initiative, as well as think about ensuring more residents earn their high school diploma.[17] Here, they have not created something brand new but, rather, have brought together different community groups with diverging viewpoints and representing different voices and, based on a common interest, have focused their attention around a set of common, intractable problems and brought new common data and resources to the table to try and solve those problems together.

LOOKING TO THE FUTURE

Looking back to today thirty years from now, we hope that few—beyond those of us in good government circles—will even remember a time when government was not results-driven. We hope residents will simply feel the results of living in cities and states that offer easy access to high-quality social services, invest in programs that work, and actively listen to their input. At a time when too many people experience government as a headache—while navigating complex websites or waiting in long lines for jobless benefits or nutrition assistance—let's imagine a future when the mundane technical and technocratic capability cities and states build today sets off a new age of efficient and effective governance. No one may remember the painstaking work to deliver this dream, but the more equitable,

sustainable, and prosperous society that grows out of it will be felt for generations.

NOTES

1. "Moneyball for Government: The Book," https://moneyballforgov.com/moneyball-for-government-the-book/.

2. Josh Bivens, "A Prolonged Depression is Guaranteed without Significant Federal Aid to State and Local Governments," Working Economics Blog, Economic Policy Institute, May 19, 2020, www.epi.org/blog/a-prolonged-depression-is-guaranteed-without-significant-federal-aid-to-state-and-local-governments/.

3. "October Marks Continued Loss in Local Government Jobs," National Association of Counties, www.naco.org/resources/featured/october-jobs-report.

4. See the What Works page at the Bloomberg Philanthropies website, https://whatworkscities.bloomberg.org/about/.

5. Rhonda Evans, Tony Siesfeld, and Mario Zapata Encinas, "Closing the Data Gap: How Cities are Delivering Better Results for Residents," Deloitte, June 30, 2021, www2.deloitte.com/us/en/blog/monitor-institute-blog/2021/closing-the-data-gap.html.

6. "Results for America Releases the 2020 Invest in What Works State Standard of Excellence," August 12, 2020, Results for America, https://results4america.org/press-releases/results-america-releases-2020-invest-works-state-standard-excellence/.

7. Michele Jolin and David Medina, "How Philanthropy Can Help Governments Accelerate a Real Recovery," Sanford Social Innovation Review, August 11, 2020, https://ssir.org/articles/entry/how_philanthropy_can_help_governments_accelerate_a_real_recovery.

8. Rhonda Evans, Tony Siesfeld, and Mario Zapata Encinas, "Closing the Data Gap: How Cities are Delivering Better Results for Residents," Deloitte, June 30, 2021, www2.deloitte.com/us/en/blog/monitor-institute-blog/2021/closing-the-data-gap.html, p. 7.

9. Brandon E. Crowley, "Data's Critical Role in Reversing the Opioid Epidemic," Governing, June 14, 2017, www.governing.com/gov-institute/voices/col-cincinnati-app-track-reverse-opioid-heroine-overdoses.html.

10. Zachary Markovits, "How the New Stimulus Can Strengthen Local Governments," Governing, April 9, 2021, www.governing.com/finance/how-the-new-stimulus-can-strengthen-local-governments.html.

11. What Works Cities Certification, Bloomberg Philanthropies, What Works Cities, https://whatworkscities.bloomberg.org/certification/.

12. Molly Daniell and Zachary Markovits, "Moving from Vision to Action: The Case (and Tips) for Investing in Data and Evidence to 'Build Back Better,'" What Works Cities, May 29, 2020, https://whatworkscities.medium.com /moving-from-vision-to-action-the-case-and-tips-for-investing-in-data-and -evidence-to-build-44c22c0f0d67.

13. Alison Gardy, "Dayton Doubles Down on Preschool Attendance," What Works Cities, September 18, 2020, https://medium.com/what-works-cities -economic-mobility-initiative/dayton-doubles-down-on-preschool -attendance-f10cb4b6a095.

14. Annie Lowrey, "Stockton's Basic-Income Experiment Pays Off," *The Atlantic*, March 2021, www.theatlantic.com/ideas/archive/2021/03/stocktons -basic-income-experiment-pays-off/618174/.

15. Sarah Wray, "Wave of US Cities to Pilot Guaranteed Income Programmes," Cities Today, March 16, 2021, https://cities-today.com/wave-of-us -cities-to-pilot-guaranteed-income-programmes/.

16. American Rescue Plan Data and Evidence Dashboard, Results for America, https://results4america.org/tools/arp-dashboard/.

17. Alison Gardy, "Recharging Racine," What Works Cities, February 4, 2020, https://medium.com/what-works-cities-economic-mobility-initiative /recharging-racine-226eabb1ee22.