From Theory to Practice:
Teaching Policy Analysis through Case Method and Client-based Projects

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Abstract

At the Milano School for International Affairs, Management and Urban Policy there is a strong tradition of connecting theory to practice. The core policy analysis curriculum reflects just that. It relies on a combination of critical and foundational theory, case-based instruction, and both team and individual client-based work. Together, the courses provide the students with a rigorous analytical framework for tackling timely and complex policy and management issues pertaining to the public and non-profit sectors. In its entirety, the policy analysis curriculum at Milano is an extended exercise (i.e. one that spans the entire degree timeline) in systematic and transparent decision-making. We rely heavily on the traditional five-step model, but the students learn to adapt this relatively rigid framework into a malleable touchstone that is adjusted based on the realities of case-specific time- and resource-constrained circumstances. Further, students learn how to communicate their analysis and recommendations clearly, succinctly and persuasively in written and verbal form. The Milano approach not only creates value for the students, but for the outside clients and the school overall.

I. Introduction

At the Milano School for International Affairs, Management and Urban Policy (herein referred to as Milano), students pursue a master's degree in Urban *Policy Analysis* and Management. Therefore, we take very seriously the role of policy analysis training and have weaved it into every stage of the graduate curriculum. Building off of the school's tradition of "theory and practice," we require the students to take a sequence of courses that together teach them the formal foundations of performing timely and robust policy analysis and provide them with the opportunity to apply and develop their new skills in actual client-based scenarios. In its entirety, the policy analysis curriculum at Milano is an extended exercise in systematic and transparent decision-making. We rely heavily on the traditional five-step model, but the students learn to adapt this relatively rigid framework into a malleable touchstone that is adjusted based on the realities of case-specific time- and resource-constrained circumstances.

In this paper, I will propose a framework for teaching policy analysis, as a skill and a tool, and then illustrate it through the Milano curriculum. In sum, the policy analysis curriculum relies on a combination of critical and foundational theory, case-based instruction, and both team and individual client-based work. Together, the courses provide the students with a rigorous analytical framework for tackling complex policy and management issues pertaining to the public and non-profit sectors. Further, students learn how to communicate their analysis and recommendations clearly, succinctly and persuasively in written and verbal form. Students have found internships and full-time positions thanks to their contacts from the client-based work and to the quality memos and reports they produce for their job market portfolios. The Milano policy analysis curriculum has been developed over the past decade, and is one of the defining features of the Urban Policy degree. The Milano approach not only creates value for the students, but for the outside clients and the school overall.

II.   What should a policy analysis curriculum look like?

The core competencies for a graduate degree in policy analysis can be categorized into two broad areas: topical and technical. Students should leave the graduate program with a strong grasp of a particular policy area and a solid foundation of analytical skills. The policy analysis curriculum falls into the latter—it is a process through which students learn decision-making tools and master how to use them in actual policymaking settings. Note that the nature of these settings is somewhat irrelevant; that is, policymaking can occur in government (at any level), informally among local communities, and even in private organizations. In fact, the less attached the technical skills are to the context, the more robust the method. I will go into more detail below on how the Milano curriculum intentionally places students in different decision-making contexts.

If the primary goal of a policy analysis curriculum is to teach students how to systematically and rigorously analyze policy issues (in essence, the decision-making model), the (close) secondary goal is teach them how to present their analysis and recommendations. The rigor and completeness of the analysis does little good if the analyst cannot present his or her process and results clearly, concisely and confidently. Here, it is not merely the quality of the results, but the quantity. The reality of policy analysis and real-time decision-making is that it often does not allow for much time (or other resources). Therefore, students should be instructed on how to present their analysis within very real and binding constraints, whether they be resource-based or information-based.

All things considered, designing the goals of a policy analysis curriculum is relatively easy—figuring out the best way to teach and instill these skills is, in my opinion, much harder. What I will illustrate below is that an effective curriculum relies on both theory and practice.

Strong theoretical foundations

Theory gives the students a historical and conceptual foundation for the analytical methods. It's the equivalent of showing the derivation of the standard error calculation before teaching students how to use it in inferential analysis. As professional analysts

(whatever form this role might take), the graduates of the master's program should not only understand how to implement a tool, but what its origins are as well. What is the theoretical motivation behind one analytical approach over another?

Central to the "theory" conversation is the acknowledgement of the (often rigid) assumptions underlying the model. Rather than being taught as gospel, the assumptions (and the models more generally) are presented as guidelines or templates for analysis. The simplicity of the models is presented as a tool for organizing one's thoughts (something that is hugely helpful when addressing complex and multi-dimensional policy issues) and not necessarily as an accurate and sufficient reflection of real processes. Perhaps most importantly, the "theory" conversation provides a space for critical thinking about the strengths and weaknesses of an analytic tool and engages them in the dialogue of what is effective policy analysis.

Application of theory to practice

Practice is interpreted in two ways. First, practice refers to application: taking the theory, or the model, and using it on actual "data" (in this case, policy issues). Application can be both simulated and "live"; an effective learning process should include both. Simulated applications provide the students with the opportunity to falter without severe consequences; this is important for the reflective part of the process (and the ego!). "Live" applications (that is, real-time problem solving), on the other hand, provide the students with the opportunity to perform under actual pressures and constraints; this is important for assuring skill-relevance beyond the graduate school context.

Second, practice refers to repetition: this is the process of turning the science of policy analysis into an art. In other words, more important than the application of policy analysis is the *repeated* application of the decision-making model to real issues and questions. Repetition helps the students to refine and make more facile the decision-making model, which is really just that, a framework from which to start. The more developed analysis emerges when the analyst uses the model as a guide whose nuances take different forms depending on the subject matter and context. I find that it is this part of the process where the student owns the analysis more, as it becomes more integrated

with his or her broader problem-solving style. This is where the structure of the science meets the fluidity of the art.

III. Milano's policy analysis curriculum
a. The master's program

As suggested by the name, the Milano School for International Affairs, Management and Urban Policy offers a number of graduate degrees, one of which is the M.S. in Urban Policy Analysis and Management. Even before the recent merger with the Graduate Program in International Affairs, the school has always put forth a very interdisciplinary approach to teaching policy analysis and management. Most of the students are enrolled full-time, but about one-third are part-time; all students, regardless of status, have the same requirements and take classes together.[1]   In general, classes are kept to a 25-student maximum, even in the core courses (electives can be considerably smaller). Group work is central to many course designs, which means the students often end up learning in smaller groups of five or six.

In addition to the policy analysis curriculum, described in more detail below, the required core coursework includes public management, quantitative methods, economics, public finance and political economy of the city. Then the students are allowed to take five electives in one or several of the specialization areas the school offers (for example, housing and community development, social policy, finance, global urban futures). Overall, the curriculum is decidedly focused on urban issues and frequently draws from New York City issues (although more recently the focus has broadened domestically and internationally). Students are required to start the policy analysis curriculum in their first semester, and the entire curriculum extends through three terms. Therefore, unlike any other core competency, the policy analysis coursework is a constant element in any student's class schedule.

b. The policy analysis curriculum

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[1] The one exception is that full-time students are required to hold an internship during the summer between their first and second year.

True to the vision set out above, the policy analysis curriculum is both theory- and practice-based.[2] The policy analysis curriculum relies on a combination of critical and foundational theory, case-based instruction, and both team and individual client-based work. Together, the courses provide the students with a rigorous analytical framework for tackling timely and complex policy and management issues pertaining to public and non-profit sectors. They apply this framework to cases and "trial" round client mandates (both of which are based on actual policy-relevant scenarios) and to "live" client issues. Further, students learn how to communicate their analysis and recommendations clearly, succinctly and persuasively in written and verbal form. The policy analysis curriculum is notorious among Milano students as a time-intensive and rigorous experience that is viewed as a rite of passage for those pursuing the degree.

Course 1: Introduction to Policy Analysis

Part I: Learning the Five-Stage Model

The coursework begins in the student's first semester with an introductory Policy Analysis course, which is a mix of foundational theoretical readings, case-based class discussion, and applied issue analysis. The course meets twice a week, for nearly two hours at a time. The number of the students in the class tops out at about 28 (depending on the section) and each section has a primary faculty instructor and a teaching assistant (TA). The TAs are selected from among the top performers in the class from the previous year. Throughout the semester, the TAs hold "office hours" and various workshops on Cost-Benefit Analysis, creating PowerPoint presentations and conducting final briefings. The TAs are tremendous resources for the students, since they have been through the curriculum (and performed well, to boot).

The first part of the course revolves around learning the five-stage analytical model for decision-making, drawing heavily from Bardach's "Eightfold Path" (2009) and the Stage Heuristic, as first conceived by Lasswell (1956) and others (see Exhibit 1).

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[2] See an (abbreviated) schedule of lecture topics (lifted from the full syllabus) for the introductory Policy Analysis course in Appendix A. Although not comprehensive, it gives a sense of the order of topics and materials used in class.

Exhibit 1: Five-Stage Decision-making Model

1	Problem definition
2	Select evaluative criteria
3	Generate alternatives
4	Analysis of trade-offs
5	Make a recommendation

The students are trained to think in a very formalized way, and at this point the five-stage model is applied with little flexibility. The matrix as a tool for applying criteria to multiple alternatives is emphasized and required as part of the memo assignments (described below). Exhibit 2 displays a generic outcomes matrix.

Exhibit 2: Generic Outcomes Matrix

	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Criterion 1	High	Low	Moderate	High
Criterion 2	High	Moderate	Low	Moderate
Criterion 3	Low	Moderate	Low	High

Lectures progressively lead the students through the five-stage process, using a policy or management case to apply each new concept. For example, during the class that covers the first stage, or "Defining the Problem," students read a case from the Kennedy School of Government's (KSG) Case Program about air pollution and school children in Mexico City ("Air Pollution and Democracy: The Mexico City School Calendar Change Proposal," KSG C16-92-1164.0). Students break out into groups of four or five and talk through case questions provided by the instructor, which are intended to guide the conversation and emphasize the part of the five-stage process that the particular class focuses on. For this case, questions included:

1. Who are the players?
2. How does UNDF [a primary actor in the case] define the policy problem or issue?

3. What is the justification for government intervention in the case of the Mexican school calendar?
4. Are there other ways to define the policy problem in this case? Compare and contrast them.
5. What are some of the related or underlying policy issues that arise due to their proposed policy solution?

What the class discussion usually reveals is that the problem as it is defined in the case (and when the students put their feet in those of the case's decision-makers) can differ from their own definitions of the problem from an outsider's perspective. In sum, it is entirely subjective to the policy environment and relevant stakeholders (and the information available at the time). That said, a clearly defined problem is an essential starting point, and a skill that students must master before tackling the next four stages of the decision-making model.

Deliverable #1: After the five-stages have been covered, the students must complete their first individual memo assignment in which they analyze a case on how to best provide (or change the current provision of) the flu vaccine (again, based on actual past events). This usually occurs two weeks into the semester, and the students have about one-and-a-half weeks to complete it. The memo is addressed to a U.S. Congressman and cannot exceed five pages—this is an exercise in writing concisely and constructing a reasoned and robust argument (following the five-stage model) with a clear policy recommendation at the end. In the spirit of "practice makes perfect", students are allowed to revise this memo (and are required to do so if they receive below a B+). After submitting the memo, a class is dedicated to sharing their analyses and final recommendations. This class meeting also reveals students' frustrations (and revelations!) with using the five-stage framework and with balancing detail and brevity in the memo. This is almost always a completely new way of writing and presenting ideas for the students, and indeed, the super-majority of the class typically must revise their memos.

Part II: Learning Cost-Benefit Analysis

The second part of the course introduces Cost Benefit Analysis (CBA), to which seven class sessions are dedicated.[3] Students are presented with a formal explanation of discounting (i.e. calculating Net Present Value, or NPV) and CBA methods, and then asked to apply these models to actual cases and data. This is, admittedly, a simplified treatment of CBA, but students do learn how to execute the core NPV calculations using Excel. As a supplement to the regular lectures, teaching assistants for the course help students through CBA and discounting in hands-on workshops. In addition to the technical calculations associated with conducting CBA, class discussions are dedicated to two important themes. First, in-class conversations address the role (and vulnerability) of assumptions in conducting CBA and considerable class time is dedicated to the process and significance of conducting sensitivity analyses. In essence, students are taught not to rely on single NPV estimates, but to reasonably bound their results based on sensitivity analyses. Second, the instructor leads a conversation on the concept of "standing", or how to determine who/what/where/when is included in the CBA calculation. Again, the takeaway from these conversations stresses the importance of transparent assumptions and consistency across alternatives in terms of what factors are included in the analysis.

Deliverables #2 and #3: The students are required to complete two assignments on the discounting and CBA material. First, a discounting exercise based on the Pennsylvania Turnpike case (KSG CR14-07-1878.0) in which they calculate and compare net present values for various construction options. The case requires the students to make assumptions about and run sensitivity analyses on changes in turnpike usage and toll revenue over time (extrapolating from information provided in the written case). Second, the students write another brief policy memo on whether or not to construct a Bridge (or some other transportation alternative) in the rainforest of Cost Rica (KSG C18-95-1292.0) that still follows the five-stage decision-making model, but now includes as part of the analysis a formal CBA. The CBA is treated as another evaluative criterion in the context of their analysis—more optimal alternatives maximize NPV (holding other criteria constant). As before, the students must present a recommended course of action, and here they use the CBA results to bolster their recommendation.

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[3] We recently increased the number of class meetings (up to 7 from 5) dedicated to CBA based on feedback from students that the material was too "rushed."

It is important to note that class sessions (see classes #6 and #10 in the abbreviated syllabus in Appendix A) are dedicated to discussing alternatives to the five-stage (rational) model of decision-making and to the strengths and weaknesses of CBA. During these sessions (and in others as well), students critically weigh the pros and cons of such models and learn the limits (and benefits) of relying on relatively rigid frameworks.

<center>Part III: The "Trial" Round for Client-based Issue Analysis</center>

The third, and final, part of the course involves a "trial" round of client-based issue analysis. This part of the course provides the students with a practice round analysis project, which is repeated the following semester with a set of real clients in the "Lab" (described below). The students are placed into teams of four or five and together conduct policy analysis on issues that have been prepared for actual public and non-profit organizations in New York City in the previous year. Teams are assigned based primarily on skill set and secondarily on subject matter. It is most important that the teams are balanced in terms of students' capabilities, i.e. writing versus quantitative analysis versus general management and organization. For the remainder of the semester, the class no longer meets together. Teams use the class time to meet separately and with the faculty instructor and TA who have been assigned to their project (indeed, teams usually meet outside of the allotted class time as well).[4]

Teams are provided with a policy mandate from the simulated client and a datapack with actual materials and data to conduct the analysis. The mandate is essentially a description of the central policy problem, the organizational and policy context and any other specific guidelines for framing the analysis from the client (see Appendix B for a sample client mandate). Again, these mandates are selected from the pool of "live" clients that were used during the previous year's "Lab" course. During the "trial" round the clients are not re-engaged, but the issues are used for simulating the analysis process. The datapack is the product of the "live" analysis from the previous year. "Trial" round

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[4] Additional faculty members (either full-time or adjuncts) are brought in to supervise the teams since each section typically has five or six teams and only one instructor and TA. Each instructor and TA works with two teams.

teams use the datapack contents as their research material, since there is not enough time to conduct original research in the practice round. In addition, since the teams do not have to worry about culling original data, they can really focus on the analysis process itself. One challenge with this approach, however, is that the students are constrained to use ideas that coincide with those from the "live" team—if the "trial" round team comes up with an alternative that dramatically differs from anything the "live" team considered, they will be without relevant data and need to drop it from the analysis. This constraint rarely stalls the process, however, and "trial" round mandates are carefully selected to ensure a rich datapack to support a wide range of alternatives. At best, this is yet another chance to practice the analysis process within information-based constraints.

Before setting off to begin work on the assigned policy mandate, the teams partake in two important exercises. First, before even viewing their specific policy mandate, the faculty instructor leads their respective team in a conversation about past experiences and current expectations for group dynamics. For some teams, specific roles are assigned and all teams are encouraged to establish standard operating procedures, i.e. in terms of communication, internal deadlines etc. Second, after being provided with the mandate, but before gaining access to the datapack, the students must complete an exercise known as a "Presolve." In this exercise the teams do a quick and, admittedly, back-of-the-envelope analysis of the issue (the turnaround time is a couple of days).[5] The point is to have an opportunity to brainstorm alternatives and criteria, without being "tainted" by the data. In addition, students are required to submit a list of research questions, identify which part of the five-stage process the answer will inform and assign a team member to research that particular question. This exercise prepares the students for the "live" process when they will have to collect their thoughts before diving into the actual research. Moreover, the quick turnaround simulates the immediate preparation needed for the initial client meeting, which occurs the same week as the policy mandate assignment in the "live" round.

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[5] Each student must also individually complete a presolve for a different case prior to the start of the "trial" round.

Deliverable #4: At the end of the "trial" round, the team must prepare a short (two-page) memo addressed to the client describing the analysis and final recommendation, and conduct a presentation of their analysis and findings in front of the class (simulating an actual client presentation). Every team member must participate in the presentation and every presentation is followed by a question-and-answer period with the simulated client (usually a faculty member). While the memo and presentation still follow the five-stage model pretty closely, it is during this part of the curriculum when students begin to use the model more nimbly and adapt it to the particular problem setting. By the time students begin the "Lab," they are using the model more as a form of common language and analysis template among the team members than as rigidly imposed rules.

Course 2: Laboratory in Issue Analysis

In the semester following the introductory Policy Analysis course, students are required to enroll in the Laboratory in Issue Analysis ("Lab"). Students work in teams of five or six with actual clients on timely policy questions, hence why it is labeled the "live" round. The clients come from all three sectors, are located within the New York City metro area, and present a wide range of issues (i.e., housing and community development, criminal justice, environmental sustainability). Appendix C displays a list of selected clients and issues from past years. About twenty percent of these clients are repeat-participants in the program.

In the course of 16 weeks, the students work with two different teams/clients, and for both projects receive guidance from a faculty instructor and student teaching assistant. The process for each client round generally echoes that in the "trial" round, with the exception of a pre-populated datapack (in the "live" round the students start from scratch in terms of research and data collection). For each client and issue, the students conduct research on the issue, produce a comprehensive report documenting their analysis and recommendation, write up a two-page memo summarizing the analysis and findings, and conduct a formal briefing in which the entire team presents their analysis process and findings. The briefing is followed by a question-and-answer period between the team and the clients and any outstanding issues must be addressed in the final report, which is typically submitted about one week later. The students present in front of a panel

comprised of the client and Milano faculty. While they do not participate in the briefing, everyone in the class is required to attend their peers' briefings.

The teams have a mandatory initial client meeting the first week of the round and then arrange regular meeting times and milestones. As in the "trial" round, the teams meet weekly with their assigned advisor and TA (who are most often different from the "trial" round). Other than the regular team meetings, the entire cohort, i.e. all the students enrolled in Lab, comes together for weekly plenary sessions where special topics are covered by the faculty member overseeing the Lab and other guest lecturers. Exhibit 3 shows some of the topics covered in the plenary session.

Exhibit 3: List of Plenary session topics

Plenary session	Topic
Session 1	Welcome to the Lab: Introduction to Course and Policy Issues
Session 2	Data Collection and Research Strategies
Session 3	Structuring and Delivering Effective Client Communications
Session 4	Preparing for the briefing
Session 5	Course Reflections and Evaluations

Course 3: Advanced Seminar ("Professional Development Report")

Finally, the students complete their culminating "Professional Development Report" (PDR). This typically occurs in the student's final semester, and the students now conduct the issue analysis solo with clients of their choosing. The student is responsible for securing his or her own client (typically during the semester before enrolling in the Advanced Seminar), establishing the core policy issue for analysis, and sustaining a working relationship with the client throughout the project. Whether or not the student presents a final product to the client (other than in the written report) depends entirely on what the client wants. This is the most loosely structured course in the series, since it is almost entirely driven by the student-client relationship. The students do meet with faculty advisors weekly to review key concepts (such as review of the analytical process, literature reviews or interviewing protocol) and receive guidance on their specific projects. The weekly meetings with faculty are most essential for keeping the students on track to achieve predetermined milestones and a complete report by the end of the

semester. Appendix D shows sample PDRs from past years. The most successful two PDRs (as determined by a committee of faculty members) are presented with awards at graduation.

IV. The Policy Analysis curriculum produces tangible outcomes

Outcomes from the policy analysis coursework are evident both inside and outside of the classroom. What is described here is largely based on personal experience, anecdotes and a few small-sample surveys. Clearly, more generalizable conclusions require more robust survey collection. First, the improvement from the first to the final policy memo is quite impressive. The quality of the final reports produced by teams is usually legions beyond what was achievable in the first memo assignment. In what is a relatively short amount of time, the students transform their writing styles and become incredibly facile at writing direct and cogent analytical arguments. This is, in large part, due to the rigid parameters that directed their writing assignments from the beginning and also the repeated opportunities for revision and rethinking.

Second, the utility of a common language, as provided by the five-stage model approach, becomes evident in the Lab course when teams are comprised of students from different Policy Analysis sections (and instructors). Jumping into a tightly scheduled project is largely facilitated by the common analytical foundation that the team members share.

Third, the students have in their job market portfolio relatively polished, policy-relevant memos that are professional and concise. In addition, the numerous presentation opportunities help to hone interviewing skills and general confidence in public speaking.

Fourth, the Lab and PDR courses generate networking opportunities and contacts for future internship and post-graduation job prospects. Indeed, many students either work with their Lab or PDR client or related organizations after they've completed the degree.

Finally, we have increasingly realized the public relations benefits from the client-based coursework for Milano and The New School at large. Not only does the client-based work help to connect our graduates (and the school's name) to the professional world, but

it also associates the school with a product that can be marketed. The service provided by the Lab and Advanced Seminar to local organizations and agencies is a great value added: it costs the client almost nothing (save coordination costs of working with the team) and provides them with new, organized information (that they probably would not have collected on their own). Based on a survey from last year (and many anecdotal accounts), clients respond enthusiastically to the professionalism and rigor of the students' work; the product often "far exceeds" their expectations. Admittedly, Milano is not capitalizing on the PR angle as well as it could, and these efforts would be greatly benefited from more robust data collection on the experience of students and clients.

V.   Conclusion

This paper demonstrates a method for teaching policy analysis that relies on a strong link between theory and practice and one that is extended throughout the graduate school experience. Through formal foundations and multiple iterations of client-based work, the policy analysis curriculum at Milano instructs students on how to make transparent and systematic decisions in a variety of policy and organizational contexts. If we view policy analysis as one of many skills or tools that students accumulate during their time in graduate school, then the teaching strategy should reflect this. The curriculum should be interwoven throughout as much of the coursework as possible and not limited to culminating theses or capstone projects. Moreover, it need not be limited to students pursuing policy degrees. For example, at Milano there are students studying management, organizational change, and international affairs. It might behoove all of these students to take a class on policy analysis. More importantly, it could greatly benefit the organizations, cities, and communities that they go and work for after school.

VI.   References

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Appendix A: Abbreviated List of Class Topics

Class	Topic	Case/Reading	Source
Class 1	Problem Definition	Air Pollution and Democracy: The Mexico City School Calendar Change Proposal	KSG
Class 2	Generating Alternatives	Ellen Schall and the Department of Juvenile Justice	KSG
Class 3	Objectives and Evaluative Criteria	The Challenge of Adapting to Climate Change: King County Brings Local Action to a Global Threat	KSG
Class 4	Analysis and recommendations	Swimming Pools	KSG
Class 5	Review of analytical process	Seattle Commons	Electronic Hallway
Class 6	Alternatives to the five-stage model	Stone (2002); Lindblohm (1959); Kingdon (1995); Baumgartner & Jones (2009); Elmore (1979)	See references
Class 7	Intro to Cost Benefit Analysis and discounting	Herzlinger & Nitterhouse (1994); Stokey & Zeckhauser (1978); Wheelan (2011)	See references
Class 8	Discounting applied	Leicester Polytechnic Institute	Herzlinger & Nitterhouse (1994)
Class 9	CBA applied	Crossrail (A): The Business Case	KSG
Class 10	Critical perspectives on CBA	Boardman et. al. (1996); Trumbell (1990); Kelman (1992); Jenkins-Smith (1982); Amy (1984)	See references

Appendix B: Sample Policy Mandate for Laboratory in Issue Analysis

MILANO THE NEW SCHOOL FOR MANAGEMENT AND URBAN POLICY

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Laboratory in Issues Analysis	**Spring 2010**
Lab Advisor:	**Round I**

Initial Client Meeting: 10 am, Friday, January 28th, 2010

Mandate

CLIENT/AGENCY: New York City Department of Small Business Services, District Development Unit, 110 William Street, 7th Floor, New York, NY 10038

CENTRAL POLICY ISSUE:

> What can District Development do to determine the relative health of low-to moderate-income neighborhood business districts in New York City?

> How can District Development use this information to help make funding allocations through the Avenue NYC program?

BACKGROUND OF ISSUE:

New York City Department of Small Business Services

The New York City Department of Small Business Services (SBS) is a vibrant, client-centered agency whose mission is to serve New York's small businesses and commercial districts. SBS makes it easier for companies in New York City to form, do business, and grow by providing direct assistance to business owners, promoting commercial districts, promoting financial and economic opportunity among minority- and women-owned businesses, preparing New Yorkers for jobs and linking employers with a skilled and qualified workforce. SBS has a staff of 300 employees and a budget of $190 million. SBS is quickly becoming one of the most respected and dynamic agencies in New York City, and continues to reach for higher professional standards through innovative systems, new approaches to government, and a strong focus on its employees.

SBS' District Development Unit supports community-based economic development organizations throughout New York City in order to create the conditions under which local businesses thrive and residents enjoy access to a vibrant mix of goods and services. Through its network of 64 Business Improvement Districts (BIDs), SBS' District Development unit oversees the provision of almost $100 million in services annually. District Development also partners with dozens of local development corporations, merchants associations and other neighborhood economic development organizations through Avenue NYC, a $2.1 million competitive grant program that funds commercial revitalization programs and a number of capacity building initiatives to support the efforts of organizations throughout the City.

Avenue NYC

The Agency's Avenue NYC program provides funding to non-profit economic development organizations (local development corporations, merchant associations, and other community organizations) to carry out commercial revitalization activities in neighborhood business districts throughout New York City. In Fiscal Year 2010 SBS is funding 52 non-profit organizations to carry out a total of 83 initiatives under the following project categories:

- Business Attraction

- Business Improvement District (BID) Formation

- Façade Improvement Management

- Merchant Organizing

- Neighborhood Economic Development Planning

- Placemaking

- Special Commercial Revitalization Initiatives

- Website Development

The Avenue NYC program is funded entirely through SBS' annual allocation of Community Development Block Grant (CDBG) dollars, administered through the Entitlement Communities program of the U.S. Department of Housing and Urban Development (HUD). HUD's CDBG Entitlement Communities program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended.

In order to receive funding through the Avenue NYC program, non-profit organizations must target their projects in areas that are designated by HUD to be low- or moderate-income neighborhoods. Designation prescribes that at least 51% of the residents in the census tracts included in the commercial district served by the organization be low- and moderate-income persons living in households with incomes below 80% of the median household income ($47,100 for a four-person household in 2000).

Grants are awarded on a fiscal year basis and range from $12,500 to $150,000 per organization. Organizations may receive funding to carry out more than one of the eight projects listed above. However, because the total allocation for the Avenue NYC program is only $2.1 million per fiscal year, few organizations receive more than two project awards, and the average investment per organization in FY2010 is $47,000 (the median investment per organization in FY2010 is $25,000).

For more detailed information on Avenue NYC grantees and examples of funded projects, see the FY2009 Avenue NYC Annual Report, which is available online at http://www.nyc.gov/avenuenyc.

NATURE OF THE PROBLEM: Each year SBS receives applications for Avenue NYC funding from an average of 85 non-profit economic development organizations throughout the five boroughs. The FY2010 Avenue NYC funding guidelines are available online at http://www.nyc.gov/avenuenyc, and a copy of the FY2010 application for funding is included with this proposal. The Milano Policy Lab group should review these two documents carefully in order to understand the information on which Agency staff currently relies to make its Avenue NYC funding allocations.

Funding decisions are based on three broad criteria:

1)   Existing Organizational Capacity (40%)

2)   Strength of the Avenue NYC Project Proposal (50%)

3)   Viability of the Proposed Avenue NYC Budget (10%)

Organizational capacity and individual project proposals are weighted heavily in the decision-making process because the impact of the Avenue NYC program depends almost exclusively on the ability of an individual non-profit organization to plan and carry out a discrete commercial revitalization initiative. Therefore, SBS evaluators prioritize applicants' dedication of human resources to a proposed project, previous experience carrying out commercial revitalization activities, previous experience contracting with the City of New York, and the alignment of adequate financial resources toward the proposed project when making their funding decisions.

The challenge in making funding decisions based on these criteria is that the focus is largely on organizations, rather than on the neighborhoods they serve.

Applicants are requested to provide a general overview of their targeted commercial district and highlight current conditions and trends related to the retail mix and vacancy rate in that district as part of the application. However, these descriptions are often subjective in nature and are not incorporated into SBS evaluators' funding decisions in any meaningful way. Designation as a low-to moderate-income commercial district as defined by HUD's CDBG requirements is the only objective criterion that is consistently applied in directing where Avenue NYC program investments are made.

Given that SBS cannot fund all CDBG-eligible neighborhood business districts through the Avenue NYC program, what are other neighborhood-specific characteristics (aside from CDBG-eligibility) that the Agency should consider when making its funding decisions? What data is

currently available that will allow the Agency to acquire a more nuanced understanding of the low-to moderate-income commercial districts served by applicant organizations? How can the Agency easily aggregate and use this information on an annual basis to help determine where Avenue NYC investments should be made throughout the five boroughs?

Proposed Approach: SBS is engaging the Milano Policy Lab to assist District Development staff in creating this more objective and comprehensive means of determining the health of the low- to moderate-income neighborhood business districts served by Avenue NYC applicants. The ultimate goal of the project is to have a system (e.g., a matrix) that provides up-to-date information on specific indicators of neighborhood business district health across the multiple neighborhoods served by Avenue NYC applicants. The neighborhood-specific data will help Agency staff to compare the health of individual districts to one another and will complement the information included in the Avenue NYC applications so that staff can more rationally determine where Avenue NYC investments should be made.

Possible indicators of neighborhood business district health may include crime and foreclosure rates, property values, business openings/closings, business tax revenues, owner-occupancy rates, among others. In selecting the indicators, however, focus should remain on the commercial corridor. While surrounding residential conditions unquestionably impact business district conditions, the system created must adequately capture what is happening along the commercial corridor served by an Avenue NYC applicant.

Reliability of data sources, frequency with which these sources are updated, and ease of accessing and aggregating these data sources must be the primary considerations when designing the system. The number of staff dedicated to overseeing the Avenue NYC program is small, and therefore, ease of compiling the data from multiple sources and segmenting of that data by individual districts must be considered when selecting the indicators included in the final deliverable.

District Development staff will work with the Milano Policy Lab group to define individual neighborhood business district boundaries and the total number of districts included in the final deliverable. Ideally, the system would include information on all neighborhood business districts represented by Avenue NYC applicant organizations so that this information could assist staff in making FY2011 funding decisions (to be made in May 2010). If this is not possible, however, District Development staff will determine a limited number of neighborhood business districts on which the selected indicators should focus.

Appendix C: List of Sample Lab Clients

Client	Central Policy Issue
NYC Department of Parks & Recreation	What performance metrics should the Recreation Division employ to help guide new programming, redefine and measure the success of existing programming?
Materials for the Arts, NYC Dept. of Cultural Affairs	What should Materials for the Arts do to increase its base of support?
Office of Vital Records, NYC Dept. of Health & Mental Hygiene	How can the Corrections & Amendments Unit enhance its workflow in order to create a more customer responsive and efficient process?
Hostelling International New York	How should Hostelling International respond to a recently enacted New York law banning short–term rentals (less than 30 days) in most multi-unit residential buildings, a law that goes into effect May 1, 2011?
Gale Brewer, New York City Councilwoman	What should Councilmember Brewer propose the City do to improve voter turnout?
United Way NYC	How should United Way restructure its food stamps outreach program in order to better achieve the organization's goals of expanding access to food stamps for low income New Yorkers?
Annenberg Institute for School Reform	What should the Annenberg Institute for School Reform recommend to optimize the role students and parents can play in meaningful and sustainable school transformation?
Citizens Budget Commission	What position should the Commission take with regard to the construction of waste-to-energy facilities for the disposal of the City's municipal waste?
Office of School & Youth Development, NYC Dept. of Education	What should the Office of School and Youth Development do to improve attendance in high school, particularly 9th grade?
NYC Department for the Aging	How would the City develop a template for accomplishing the multi-use of underutilized City buildings, using, as the case study, the co-location of DFTA senior services in underutilized school buildings?
Brad Lander, New York City Councilman	What could Councilmember Lander do to make the NY Harbor greener and more efficient?
Brooklyn Community Foundation	What Educational Management Organization (EMO) model should the Brooklyn Community Foundation (BCF) adopt to effectively transform Community School District 16?
Build it Green NY	What new businesses might BIGNY create that would be sustainable, while providing cost effective services to New Yorkers with positive effects on the environment?
Neighborhood Housing Services of NYC	How might they improve their reverse mortgage program?
Taxi & Limousine Commission	How should the Taxi and Limousine Commission operationalize the Five-Borough Taxi Plan, a new category of taxicab (called a Borough Taxi) that would be permitted to pick up "street-hail" passengers outside Manhattan?
Freshkills Park Administrator	What strategies should the Freshkills Park Administrator pursue for capital and expense budget funding to complete the site's construction and to maintain the park?
iMap America	What should iMap America do to best build and circulate safe and accurate information by and for youth to make better decisions?
SAGE (Services & Advocacy for Gay, Lesbian, Bisexual and Transgender Elders)	How can SAGE advance affordable housing opportunities for LGBT older adults in NYC?
Seedco	What position should Seedco take on the latest changes proposed to the Workforce Investment Act (WIA) and the Temporary Assistance for Needy Families Act (TANF)?

Appendix D: List of Sample PDRs

Paper title	Client
Combating Gangs in Jersey City	Friends of the Lifers Youth Corp
Assisting Habitat Affiliates toward Building Energy Star Rated Homes	Habitat for Humanity International
How to Incentivize Small Retail Development within Affordable Housing Complexes	Center for an Urban Future
Conforming to the Final Rule Amendments of the Violence Against Women Act	Housing Authority of New Orleans
State Banking: A solution for New York's Financial Woes?	Center for Working Families
Increasing the use of residential solar water heating in New York City	Community Environmental Center
Low-Income Seniors in New York City: Is the Low Income Housing Tax Credit (LIHTC) Program an Effective Source of Financing for Their Housing Needs?	NYC Department of Housing Preservation and Development
Deconstructing the Articulated Ensemble: Analytics and NYC's Capital Budget	NYC Office of Management and Budget
Illuminating the Black Box: Economic Impact Modeling in NYC	Good Jobs New York
Parent and student involvement in teacher evaluations	Annenberg Institute for School Reform
Expanding access to anti-hunger programs	New York City Coalition against Hunger
Pursuing new methods to ensure accessible integrated public benefits for Miami residents	City of Miami Economic Initiatives
Exploring college readiness & career pathways for General Educational Development graduates	Henry Street Settlement
The Empowering Boys Initiative: A Pathway Toward Improved Outcomes for Black and Latino Male Students in New York City Schools	New York City Department of Education
Evaluating the Neighborhood Revitalization Tax Credit and its impact on targeted communities	Housing & Community Development Network of NJ
Proposal for Advancing Environmental and Community Health in Northeast Haiti	National Organization for the Advancement of Haitians New York
Incentivizing Store Owners to Sell Healthier Foods in NYC	NYC Department of Health
Solutions for stalled development in the 39th council district	NYC City Councilman Brad Lander
Private Health Insurance Coverage of Women's Health Care in Pennsylvania	Raising Women's Voices
Programs to develop and sustain small businesses	Empire State Development Corp.
Private School Tuition Reimbursements for Special Education Students	Citizens Budget Commission
Outside the Law: the Collateral Consequences of an Arrest for Drugs in New York City	Drug Policy Alliance
HFC Bank and Emission Reduction Strategies	Greenpeace, USA
Deconstructing Flint: The Game Plan	Genesee County Land Bank
Increasing Access to Fresh and Local Foods in NYC Schools	NYC Councilmember Gale Brewer
39th Street Men's Shelter Diversion Policy: Outcome characteristics and financial benefits	NYC Dept. of Homeless Services, Adult Services
Strategies for Partnership: The NY Office of Emergency Management & Private Ferry Cos.	NYC Office of Emergency Management
Addressing Corruption to Improve Health & Education Service Delivery	International Rescue Committee
How to best transition former program participants to staff positions	The Doe Fund
Bringing Underground Housing to Light: A Strategy for Legalizing Accessory Dwelling Units	New York Immigration Coalition
Learning to Count: The Lack of Data on Sexual Violence Victims in New York City Hospitals	New York City Alliance Against Sexual Assault
Waterfront Development for Downtown Newark	City of Newark Planning Department
Should municipalities fund civil legal services	Urban Justice Center
Examining approaches to increasing the viability and awareness of green roof technology	NYC Dept. of Parks & Recreation
Creating a unified workforce development system: The integration of TANF and WIA	Federation of Protestant Welfare Agencies
Closing The Gap: A Plan to Lower The Electricity Cost Burden for Section 202 Residents	Hope Community, Inc
Looking past the skyline: zoning for a greener New York	Natural Resources Defense Council
Efforts to Address the Needs of Day Laborers and Quality of Life Concerns	NYC Council Member Daniel Dromm
Electronic Medical Records Implementation Options	Cobble Hill Nursing Home
Constructing the future: Business incubation and YouthBuild Newark	YouthBuild Newark