



CASE PROGRAM

John F. Kennedy School of Government
Harvard University

CASE STUDIES IN PUBLIC POLICY AND MANAGEMENT

Catalog Update

Fourth Edition, Update No. 14

This Update supplements the Fourth Edition of the Kennedy School Case Catalog and Updates No. 1–13. Featured are abstracts for 26 recently published case studies, sequels, epilogues, and notes that explore topics as diverse as business-government relations, domestic preparedness, economics, law enforcement, leadership, military affairs, national security, nonprofit management, public finance, and public-private partnerships, among others.

About the Case Program

The Case Program at the Kennedy School of Government is the world's largest producer and repository of case studies designed for teaching about how government works, how public policy is made, and how nonprofit organizations operate. Our web site (www.ksgcase.harvard.edu) includes abstracts for nearly 2,000 cases, sequels, epilogues, and notes, along with guides on using the case method, electronic access to review copies, an online discussion group, and more.

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Partnerships Victoria: The Public Sector Comparator

(23pp+)

1822.0

The government of the State of Victoria in Australia has been a pioneer in using the private sector to provide public infrastructure through “public-private partnerships” (PPPs). Under PPP programs the government contracts with a private company not just to build a facility but to operate it over its expected life, as well. PPPs are used for “social” infrastructure such as courthouses and hospitals as well as for “economic” infrastructure such as toll roads or public transport. The Department of Treasury required that agencies pursuing a PPP demonstrate that the PPP would save money compared to traditional procurement options. But critics argued that the Treasury’s guidelines for such cost comparisons were flawed. The debate raised issues about how to compare the risks assumed by the government under different procurement options and how the differences in risks should be reflected in the discount rates.

Curriculum: Analysis of Policies & Institutions

Authors: Ian Davidoff, José Gómez-Ibáñez

Topics: Business-Government Relations, Economics, International (setting outside US), Public Administration, Australia & New Zealand, Procurement, Public-Private Partnership

The St. Xavier Healing Touch Hospital

(11pp+)

1823.0

This case is used to teach budgeting and financial management skills in a nonprofit organization. The case is set in a large teaching hospital. Students must analyze the actual and forecasted budgets provided for the previous year to identify the financial difficulties of the hospital. They can then solve costing and budgeting exercises. Finally, students may use the data they have generated in the case to prepare a budget for the following year. The case questions cover: revenue and expenditure variance analysis; activity-based costing (cost accounting); and simple capital budgeting problems that can be answered using net present value, IRR, and discount rate techniques.

Curriculum: Analysis of Policies & Institutions

Author: Linda Bilmes

Topics: Benefit-Cost Analysis, Capital Budgeting, Finance, Health, Risk Assessment

Pakistani Textile Exports, Fast Track, and the US War on Terror: A Collision of Foreign and Trade Policy Goals

(21pp+)

1825.0

In the wake of the September 11, 2001, terrorist attacks on the United States, the relationship between the United States and Pakistan suddenly became a top foreign policy concern for the administration of President George W. Bush. In the turbulent days following the strikes, it was uncertain how much support Pakistan would provide as the Bush administration began contemplating military action against Pakistani neighbor Afghanistan, whose Taliban government was harboring suspected terrorist Osama bin Laden. There was also concern that if Pakistani President Pervez Musharraf did help the US, the people of Pakistan might rebel, leading to even more instability in the region. To help forestall that possibility, the Bush administration began considering trade concessions for Pakistan's textile and apparel exports to the US—specifically, expanded quotas or the elimination of tariffs on such products. This case tells the story of the political actions that developed as a result of the White House proposal to grant such concessions. It focuses both on the interest group politics that arose—including opposition from the domestic US textile industry—and on the complexity of the legislative politics that developed when the question of granting trade relief became entangled with a push in the House of Representatives to pass critical trade legislation giving President Bush greater trade negotiating authority. The case details how representatives of the US administration, Congress, the Pakistani government, and the textile and apparel industries in both countries all sought to influence the shape and size of the trade package the administration ultimately would offer. This case is part of a series on the political economy of trade issues; other cases in the series include *Banana Wars: Challenges to the European Union's Banana Regime (1534.0)* and *Standing up for Steel: The US Government Response to Steel Industry and Union Efforts to Win Protection from Imports, 1998–2003 (1651.0)*.

Curriculum Division: Analysis of Policies & Institutions

Author: Susan Rosegrant

Sponsor: Robert Lawrence

Topics: Economics, Interest Groups, International (setting outside US), International Relations, International Trade, Law Enforcement, Middle East, National Security, Terrorism

Revising Electricity Tariffs in Brazil

(25pp+)

1826.0

Sequel/Epilogue (2pp)

1826.1

This case examines the dilemma confronting the Brazilian electricity regulator in the period following power rationing. Brazil privatized about 65 percent of the distribution companies (DISCOs) in the 1990s, but the companies were hit hard financially, first by a dramatic fall in the currency exchange, and then by a supply crisis that forced the government to require consumers to reduce their consumption by 20 percent. The case explores the deliberations by the Brazilian regulatory agency, ANEEL, on whether to grant significant tariff increases to DISCOs during a period of economic turmoil. It also addresses several key regulatory issues: How to calculate the value of a regulated firm's asset base; Should a regulated firm be compensated for changes in exchange rates. Similar problems are confronted by regulators in other sectors and other countries so that the lessons in this case are transferable. The case can be used either as part of a regulatory or project finance curriculum. It focuses on the financial and political factors that an economic regulator must weigh in the development of credible and sustainable tariffs.

Curriculum Division: Analysis of Policies & Institutions

Authors: Henry Lee, Sunil Tankha

Topics: International (setting outside US), Privatization, Public Finance, Regulation, South America

Brazil Electricity Crisis

(18pp+)

1827.0

In May of 2001, the Brazilian government ordered all classes of consumers to reduce their power use by 20 percent. This case traces the events and decisions that led to one of the most severe electricity crisis in Latin American history. How does a country blessed with ample energy resources, a well-managed hydroelectric generating system, and a privatization effort that had recently attracted billions of dollars in foreign investment find itself without adequate power to meet the basic needs of its citizens? This case can be used as part of an energy or infrastructure curriculum, or as part of a course in government institutions. Many of the flaws in the Brazilian system relate to a lack of interagency coordination, inadequate regulation, and conflicting strategic goals. The case allows students to address the questions: Why did this crisis occur? What could Brazil's leases have done to avoid it?

Curriculum Division: Analysis of Policies & Institutions

Authors: Henry Lee, Sunil Tankha

Topics: Infrastructure, International (setting outside US), Privatization, Regulation, South America, Utilities

The Hyderabad Metropolitan Water Supply and Sewerage Board

(24pp+)

1828.0

This case discusses the efforts by the state of Andhra Pradesh and the Hyderabad Metropolitan Water Supply and Sewerage Board to provide water services to its poorest inhabitants—approximately 1.7 million people. Undermining this challenge is the reality that Hyderabad is located in a comparatively dry region of India, and the Water Board is only able to provide water for an average of two hours per day. To attract investment, the government decides to privatize the Water Board, but the World Bank conditions its support for this privatization on Andhra Pradesh's ability to develop a program that will provide water to the city's slums. Questions that can be discussed include: Will privatization provide improved water services to the poor? If not, what reforms can the government pursue that will increase low-income users' access to drinking water? How might the government attract private investors to a water system with poor access to water resources, low tariffs, and poor management?

Curriculum Division: Analysis of Policies & Institutions

Authors: Jennifer Davis, Sunil Tankha

Sponsor: Henry Lee

Topics: Infrastructure, International (setting outside US), Asia, Privatization

Financing the Theun-Hinboun Hydroelectric Project

(20pp+)

1829.0

Sequel/Epilogue (4pp+)

1829.1

How does a public-private venture emerge in one of the world's poorest countries (Laos) and how does it obtain \$280 million in financing for a 215 MW hydroelectric facility to supply power—not to the host country, but its neighbor? At the time of the project, Laos had no domestic capital market, and commercial lenders and equity investors believed the country too politically and economically risky. As a result, Laos had almost no foreign direct investment and had never entered into a public-private venture for energy infrastructure. The case allows the instructor to 1) discuss the difficulties of funding a project in a very poor country, 2) introduce the role of multilateral banks, such as the Asian Development Bank and export credit agencies, 3) discuss the importance of risk allocation in gaining investor confidence, 4) discuss currency risk and its impacts, and 5) touch on the political economy of hydroelectric facilities. It is a good capstone case for a financial module.

Curriculum Division: Analysis of Policies & Institutions

Author: Henry Lee

Topics: Business-Government Relations, Economics, Infrastructure, International (setting outside US), Asia, Public Administration, Public Finance, Public-Private Partnership, Risk Assessment

The Growth of the Grameen Bank

(29pp+)

1830.0

The Grameen Bank of Bangladesh created the model for large-scale “microlending” in the developing world, in the process becoming an institution known and respected internationally for a creative and effective approach to poverty alleviation. Grameen’s willingness to make extremely small loans at relatively modest rates of interest to borrowers without traditional forms of collateral has allowed it to reach some five million borrowers in Bangladesh—one of the world’s poorest countries—and to serve as exemplar for other micro-lenders serving the poor throughout the world. What’s more, its founder, Muhammad Yunus, became internationally-known for his management of the organization; Yunus became among the best-known of what is said to be a new breed of leader, a “social entrepreneur” who sought to combine sound financial practices and income generation with social idealism. This case tells the story of how Grameen grew from a small local experiment into a major force in Bangladesh serving more than 35,000 small villages. It describes the stages of that growth—from a small organization staffed by volunteers to a sophisticated one with more than 12,000 employees. It tracks Grameen from its origins as a part of the state-owned bank system in Bangladesh to its role as a major nongovernmental organization, with special attention to the forms of financing which made its growth possible and management approaches employed to ensure that high quality customer service and reliable loan repayment continued, as Grameen expanded its reach. The case was conceived as one which establishes a template for the evolution of an organization from one that is philanthropically and government-supported, into one that relies on operating income to sustain itself. It presents and invites discussion of the view expressed by its founder that Grameen represents an important new type of organization, a hybrid he described as a “non-loss business,” employing the methods of a for-profit venture with social objectives.

Curriculum Division: Strategic Management

Author: Howard Husock

Sponsors: Herman “Dutch” Leonard, Mark Moore

Topics: Economic & Community Development, Economics, International (setting outside US), Asia, Microfinance, Nonprofit Management, Philanthropy

Going It Together: Coventry's Community Safety Partnership

(17pp)

1831.0

This case looks at the adoption by the city of Coventry, UK, of a 1998 law meant to enhance collaboration among public agencies to reduce crime rates. Coventry created a Crime and Disorder Reduction Partnership and hired staff to coordinate activities among the police, local government, public housing, nonprofits, and the business community (plus later, fire and the national health service). The law gave communities little guidance on what anti-crime activities to pursue, or how to coordinate them, yet it proposed to hold partnerships responsible for crime rates. This case traces Coventry's efforts to find mechanisms for implementation, as well as the spillover effects of the law onto other areas of potential cooperation among government bodies. Students will gain an understanding of the challenges at the local level of implementing well-intentioned, but poorly specified, national legal mandates. They will see how an individual leader can make a difference in setting common goals and holding agencies accountable. They will also learn about some innovative collaborative approaches to crime prevention. This case can be used in courses about public management, about leadership, or about policing.

Curriculum Division: Strategic Management

Author: Steve Kelman

Topics: International (setting outside US), Europe, Law Enforcement, Leadership

Agricultural Biotechnology Meets International Trade:

The US-EU GMO Dispute

Part A (39pp+)

1832.0

Part B (21pp+)

1833.0

This case traces the development of genetically-modified (GM) foods in the United States and in Europe. The US had from the start a commanding lead in GM food development and a correspondingly large stake in global acceptance of GM seeds and foods. The case describes evolving and contrasting US and European consumer attitudes toward GM foods' general acceptance in the US, versus a worried rejection in Europe. The case discusses how US government and corporate leaders were convinced at first that Europe was indulging in protectionist activity, but came over time to understand that the European reaction was mostly consumer-driven and derived from citizens' suspicion of government's ability to understand and regulate scientific discoveries sufficiently to protect public health. Still, US food corporations were alarmed when in 2002 Zambia refused to accept desperately-needed US food aid on the grounds that US-made GM products might preclude Zambia selling its own produce to Europe. Students will gain insight into how complex international negotiations are conducted; the political and emotional components of scientific debate; and the challenges of coming to agreement on emotionally-charged, health-related food issues. They will have the chance to discuss how the US should approach the labyrinth of international fora created to manage this problem. Should the US appeal to the World Trade Organization, trust to the existing Biosafety Protocol, or rely on the Codex Alimentarius Commission of the World Health Organization?

Curriculum: Analysis of Policies & Institutions

Author: Charan Devereaux

Sponsor: Robert Lawrence

Topics: Economics, Interest Groups, International Trade

The Accidental Statesman: General Petraeus and the City of Mosul, Iraq

(58pp+)

1834.0

Sequel/Epilogue (2pp)

1834.1

This case tells the story of Major General David Petraeus and the US Army's 101st Airborne Division in the months following the March 2003 invasion of Iraq, the fall of Baghdad, and collapse of Saddam Hussein's government. The case chronicles the 101st during its deployment to Mosul, capital of northern Iraq's Nineveh province. Besides reestablishing security, General Petraeus and the 101st were prepared—on an interim basis—to take on some administrative functions before handing over to the Coalition Provisional Authority (CPA). Instead, they found themselves for months the only credible authority in the area, asked in effect to reestablish government, civil society, and a functioning economy. As CPA painfully and slowly got up and running, Petraeus found himself called on to carry out distinctly non-military tasks: arrange elections, re-start the university, open banks, pay public employees, reopen a border crossing to Syria—and more. His chief challenges were to manage the dislocations that attended the dissolution of the Iraqi Army; and to implement a de-Baathification policy. As a leader, General Petraeus resorted to numerous strategies to reach his goals. He also formulated daily working principles—governing his own behavior as well as his commanders and troops—which he felt gave the US a good chance to succeed in the plan to build a new, democratic Iraq. This case looks at how Petraeus, given the hand he had been dealt, employed various leadership styles and approaches depending on the situation. It examines his tactics, and allows students to hear from the general directly about his philosophy of leadership and governing. While the relative success Petraeus created in Mosul proved only temporary, its lessons are provocative. The case can be used in courses or classes on leadership, on crisis management, on military-civilian relations, or peacekeeping operations. It will help students understand the constant operational tension between central command and officers in the field; between civilian and military authorities; and between abstract plans and reality on the ground. It will give them a worm's-eye view of how policy translates into tactics and daily frontline decisions with deadly serious consequences.

Curriculum Division: Political Advocacy and Leadership

Author: Kirsten Lundberg

Sponsors: Hannah Riley Bowles, Peter Zimmerman

Topics: Crisis Management, International (setting outside US), Leadership, National Security, Public Administration, Middle East, Military Affairs

Hard-Won Accord: British Columbia & EDS Canada Negotiate a Complex Revenue Management Contract

(29pp)

1835.0

When a public sector agency decides to privatize a large government function (as opposed to a more discreet job), the process of negotiating the service contract becomes a more complex and far-reaching endeavor. This case study describes the dilemmas that surfaced when a government agency in British Columbia—the Ministry of Provincial Revenue—negotiated a 10-year, \$750 million contract for non-tax revenue collection to EDS Canada, a subsidiary of the Texas-based Electronic Data Systems corporation. The appeal of the deal, from the public sector perspective, was that it transferred the risk of upgrading an outmoded, under-resourced system to the private sector. The appeal to the private sector was that it allowed the company to recover costs and make a profit by taking a share of the financial benefits that resulted from the upgrade. But negotiating the ins and outs of the contract for this ambitious project was to prove a formidable—nearly an insurmountable—hurdle for two organizations that inhabited different cultures, held different assumptions, and pursued different mandates. For example, what profit level was reasonable? Should the company be required to reveal its costs to the government? To what extent should the details of the contract be public, if at all? In what areas—if any—should public officials be able to regulate the firm’s business practices? And how should either party be held accountable for its contractual promises? The case was developed for a Kennedy School course on public-private partnerships. It affords students a balanced, inside look at the nitty-gritty dilemmas of both the public and private sector negotiators. Funded provided by the EDS Government Industry Case Study Fund.

Curriculum Division: Strategic Management

Author: Pamela Varley

Sponsor: Jack Donahue

Topics: Business-Government Relations, International (setting outside US), North America, Negotiations, Privatization, Public Administration, Public-Private Partnership

Gambling on the Gorge

(24pp+)

1836.0

In April 2005, Oregon Governor Ted Kulongoski announced that the state had agreed to allow the Confederated Tribes of Warm Springs to build a large casino and resort in the town of Cascade Locks. While there were already nine tribally owned casinos in Oregon at the time, this one would be different: it would not be situated on a reservation, as the others were, but on land the tribe planned to acquire, less than an hour's drive from Portland. Advocates argued that the proposed casino would bring millions in new revenues to benefit both the impoverished members of the Warm Springs Tribe and the blue collar residents of the economically hard-hit town; the state, too, would benefit from a promised share of casino revenues, which it planned to use to help fund college scholarships for its poorest students. Opponents, however, believed the project would only bring harm. Cascade Locks was located in the heart of the scenic Columbia River Gorge, and conservationists feared the casino would degrade the environment. Others—in particular, a tribe which operated the most successful casino in Oregon, and restaurant and bar owners who had electronic lottery games on their premises—saw the Warm Springs project as a threat to their economic well-being. Still others viewed the establishment of a casino near the state's largest city as a threat to the moral well-being of vulnerable residents and their families. As the casino project made its way through the many regulatory hurdles facing it, it became the subject of a fierce debate, pitting erstwhile allies against each other and creating new and sometimes unlikely coalitions. This case provides the detailed arguments of those in favor of, and those opposed to, the casino project, as well as background on the growth of tribal casinos in the US. It was designed to facilitate discussion of the ethical and policy dilemmas posed by gambling—and, by extension, any enterprise in which economic, moral, and cultural interests clash. Funding provided by the Robert G. Wilmers Local and State Government Case Studies Fund.

Curriculum: Political Advocacy and Leadership

Author: Esther Scott

Sponsor: Kenneth Winston

Topic: Ethics

Pension Reform in California

(21pp+)

1837.0

As February 2005 drew to a close, Governor Arnold Schwarzenegger of California faced increasingly vociferous attacks from labor unions and other interest groups over his proposed public employee pension reform. California had been facing a serious budget crisis. Like many states and municipalities, California's employee pension plans had become seriously under funded. In an effort to lower the cost of the employee retirement plans, Schwarzenegger had supported a plan to have new employees enrolled in defined contribution plans. The case addresses the nature of the financial problems facing the California budget and the existing state defined benefit plans. In addition, it highlights the differing perspectives on pension plan reform and the difficulties in arriving at a solution.

Curriculum Division: Strategic Management

Author: Brian Iammartino

Sponsor: Elizabeth Keating

Topics: Benefits and Incentives, Budgeting, Human Resources, Interest Groups, Public Finance, State Politics and Policy

Reclaiming Land from Hong Kong's Victoria Harbor: The Public Demands a Voice

(22pp+)

1838.0

For more than 150 years, Hong Kong periodically has reclaimed—or filled in—land from Victoria Harbor in order to expand the limited area available for development. During the colonial era, such decisions were the province of the British-appointed executive branch. But in the mid-1990s, as Britain prepared to pass authority over Hong Kong to China, challenges arose both to the wisdom of filling in yet more of the harbor and to the scope of so-called “executive-led” decision making. This case describes the emergence and evolving role of citizens’ groups in the public planning process regarding additional harbor reclamation in Hong Kong. It focuses specifically on the tactics, between 1997 and 2005, of the Society for the Protection of the Harbour, an advocacy group which seeks to preserve Victoria Harbor—a goal with significant implications for the Hong Kong government’s plan to use reclaimed land for the construction of a highway designed to ease congestion in Hong Kong’s ultra-crowded city center. The case provides a vehicle for discussion of the relative legitimacy of civic groups and government agencies in the context of a polity in which formal democracy is limited but in which a democratic public culture of free press and free expression is strong. Too, it allows for discussion of operational strategies that might be deployed both by civic groups and government officials, in the context of a disputed policy. Those interested in Hong Kong itself and its political development at the time of the so-called “changeover” from British to mainland Chinese rule will be interested in reading this case in conjunction with the case *Executive-led Government and Hong Kong's Legislative Council: Debating Harbor Protection(1431.0)*.

Curriculum Division: Political Advocacy and Leadership

Author: Susan Rosegrant

Sponsor: Herman “Dutch” Leonard

Topics: Environment, Interest Groups, Lobbying, International (setting outside US), Asia

Too Many Parents? Part A: Governance of Boston’s Rose Kennedy Greenway

(18pp+)

1839.0

This case study examines—through the lens of governance structure—the evolution of the Central Artery (or “Big Dig”) in Boston, a public works project of historic proportion which had the potential to create a green oasis of parks in the heart of downtown. It tells the story of the struggle over who would eventually control and finance the maintenance of the Rose F. Kennedy Greenway—the name given to land created when an elevated highway was dismantled and the roadway rebuilt underground. Those who wanted control, but not necessarily financial responsibility, included the mayor of Boston, the governor, the legislature and the Massachusetts Turnpike Authority (a quasi-governmental body). Issues of park design entangled with governance questions, leading to a stalemate of nearly 15 years. But in 2004, Senator Edward Kennedy (D-MA) pushed for a resolution so that the Greenway could be dedicated in connection with Boston’s role as host of the July Democratic Party presidential convention. Over the years of debate, various models of governance for the Greenway were discussed and dismissed. Some of them involved private sector partners; some did not. Students will have the opportunity to compare and contrast the proposed governance models, judging them on their merits as well as on their political suitability. They will gain insight into the differences in operations and public accountability among a public agency, a foundation, a conservancy or a nonprofit trust. This case can be used in courses on public-private partnership, on public management, or business-government relations. It will help students explore how political decision makers must consider simultaneously the theoretical coherence of any given solution along with its political expedience.

Curriculum Division: Political Advocacy and Leadership

Author: Kirsten Lundberg

Sponsor: Jack Donahue

Topics: Business-Government Relations, Environment, Nonprofit Management, Public Administration, Public-Private Partnership

Too Many Parents? Part B: Making a Conservancy Work

(9pp)

1840.0

In April 2005, Nancy Brennan took over as director of the newly-created Rose F. Kennedy Greenway Conservancy in Boston. This case examines the challenges which faced her and the 10-person Conservancy board. The body, charged with raising money to fund maintenance of a ribbon of parks downtown, had been created after years of political jockeying. Its founding document was the result of political expedience rather than merit-based adoption of a comprehensive and rational governing structure. Brennan, during the first months of the Conservancy’s existence, would come to understand how board composition, fundraising requirements and other elements would likely have to change in order to let the Conservancy succeed. Her realizations dawned, however, as she scrambled to raise a daunting \$5 million in nine months—or the Conservancy would close. The case raises for classroom discussion the merits of the Conservancy model of governance, the tradeoffs between organizational theory and daily politics, and the realities of running a public-private venture. It will allow students to gain a deeper understanding of the challenges of starting up

a nonprofit, of the checks and balances that govern a nonprofit board, and of the realities of operating according to private sector principles in a public sector environment. The case can be used in courses on nonprofit management, on public-private partnerships, or business-government relations.

Curriculum Division: Political Advocacy and Leadership

Author: Kirsten Lundberg

Sponsor: Jack Donahue

Topics: Business-Government Relations, Environment, Nonprofit Management, Public Administration, Public-Private Partnership

Change in Chignahuapan: Reforming a Municipal Government in Mexico

(17pp)

1841.0

Sequel/Epilogue (3pp)

1841.1

For more than 70 years, beginning in 1929, one party—the Party of Institutional Revolution, known by its Spanish initials PRI—dominated political life in Mexico, at all levels of government. But when Vicente Fox, a candidate of the rival National Action Party (PAN) won the presidency in 2000, change rippled through the country’s overall political structure. This case tells the story of the emergence of competitive elections at the municipal level—in particular, one municipality emblematic of larger change. In describing the change in political life in Chignahuapan, a jurisdiction of some 50,000 in the Sierra Norte mountains northeast of Mexico City, the case frames the question of whether electoral change can lead to sustainable reform of local government. It is a question which arises when, surprisingly, a reform-minded PAN administration gains power in the locality in February 2002—and proceeds to change both administrative processes (opening meetings of the local Council for the first time) and moving generally toward transparency and improved local services. The reform administration, was, however, limited by law to just one term—thus, posing the central question of the case: in what ways can a reform administration seek to ensure that the changes it initiates will not be transitory? The case is useful in raising the question of how innovation can be sustained in the face of interest group hostility—and can serve, too, as a window into the development of local political life as decentralization of power becomes meaningful.

Curriculum Division: Political Advocacy and Leadership

Author: Jonathan Schlefer

Sponsor: Merilee Grindle

Topics: Electoral Politics, Innovation, Interest Groups, International (setting outside US), Innovation, North America

The Mexican Government's Retail Chain: Politics, Social Welfare, and the Bottom Line

(18pp+)

1842.0

Sequel/Epilogue (7pp+)

1842.1

As of 2000, Mexico's Social Security System for Public Sector Workers not only provided a pension system for government employees but also ran the fifth largest retail chain in the nation, comprised of nearly 400 supermarkets, convenience stores, and pharmacies. The chain, which for 40 years had sold goods at below-market prices, formed an integral part of the broad Mexican concept of social security, including pensions, medical care, affordable rental housing, low-cost mortgages, consumer credit, and even tourist services. But in an increasingly globalized economy—and one in which Mexico had entered into a free-trade agreement with the United States and Canada—the era of protectionism and state-owned enterprises was changing. Private-sector Mexican supermarket chains such as Comercial Mexicana, Gigante, and Soriana had spread and modernized during the 1990s—and especially after non-union Wal-Mart bought into a Mexican chain and then took it over in 1997, capturing the lion's share of the market—they put intense pressure on the ISSSTE stores, whose permanent employees were members of strong public sector labor unions. Overstaffed, decades out of date in their retail management and technology, and rife with corruption, the stores nevertheless broke even through 1998 and ran a modest deficit of \$20 million dollars in 1999. In July 2000, Vicente Fox of the National Action Party (PAN), running on a platform of political change and transparency in government, trounced the political party that had ruled Mexico since 1929. In December 2000 President Fox installed his team not only in ministries but also in state-owned enterprises such as the oil company, the electric companies—and the ISSSTE stores, which, the Fox administration found, were running huge and spiraling deficits, caused in part by fraud and theft. This case tells the story of efforts new management took to determine what exactly was going on at the ISSSTE stores—and, more significantly, its efforts to make them run much more efficiently, without going so far as to privatize them. The case can be a vehicle for discussion of both how and why operating systems in public enterprises run and can be improved, as well as the obstacles to their improvement. It can serve a wide range of classroom roles, setting the stage for discussion of how information technology can be a tool for reform, of the management and political leadership needed to change state-owned enterprises, and of the basic question as to whether, or how, state-owned enterprises should form a part of a modern social welfare system. Funding provided by the EDS Government Industry Case Study Fund.

Curriculum Division: Analysis of Policies and Institutions

Author: Jonathan Schlefer

Sponsor: Jack Donahue

Topics: International (setting outside US), Information Technology, North America, Operations Management, Public Administration, Social Welfare & Social Services

Hurricane Katrina (A): Preparing for “The Big One” in New Orleans

(36pp+)

1843.0

On Tuesday, August 23, 2005, meteorologists in the US National Weather Service spotted a tropical depression in the southeastern Bahamas. As it strengthened into a tropical storm, weather officials gave it a name, Katrina, and closely tracked it as it turned into a hurricane, crossing south Florida and then moving into the Gulf of Mexico. There, fed by the gulf’s warm waters, Katrina turned into a monster: a “Category five” hurricane, with winds gusting past 170 miles per hour and an unusually wide span of over 100 miles. Katrina initially appeared to be heading next for the Florida Panhandle, but on Friday it made a dramatic shift; it turned westward and appeared to take dead aim at one of the most storied and fragile cities in the US: New Orleans. With landfall expected on Monday morning, state, local, and federal emergency response officials sprang into action, following the roadmaps laid out in their emergency plans. This case tells the story of the lead-up to the storm, detailing the plans that officials would draw on to prepare for the hurricane’s onslaught, the steps that were taken to evacuate and shelter hundreds of thousands of residents in metropolitan New Orleans, and the communications among different agencies and levels of government as the storm drew near; it shows officials concerned about the effects of the hurricane, but confident that their preparations were commensurate with the challenges that Katrina would pose. The case asks readers to consider why local, state, and federal governments all proved unready to respond effectively to a catastrophic event which had been long predicted. Part A can be taught alone or in tandem with Part B of the case, which describes the post-landfall response to the devastating impact of the hurricane; it would be useful in classes on emergency or strategic management as well as on intergovernmental relations.

Curriculum Division: Political Advocacy and Leadership

Author: Esther Scott

Sponsor: Arnold Howitt

Topics: Law Enforcement, Leadership, National Security, Public Administration, Crisis Management, Domestic Preparedness & Homeland Security, Firefighting/Emergency Medical Services

Hurricane Katrina (B): Responding to an “Ultra-Catastrophe” in New Orleans

(36pp+)

1844.0

When Hurricane Katrina slammed into the Gulf Coast on Monday morning, August 29, it cut a wide swath of destruction in the area; but despite inflicting enormous damage, it initially appeared that the storm had spared low-lying New Orleans the worst of its wrath. But as Katrina moved on, it soon became clear to those who had not evacuated the city that something was going very wrong: almost every part of New Orleans began to flood, and by the next day roughly 80 percent of it would be under water. The rapidly rising floodwaters, the result of three major breaches in the levees protecting the city, created a massive humanitarian crisis. Tens of thousands of residents escaped to rooftops or attics, where they waited anxiously for rescue, or waded in waist-deep water to find shelter; many went to the Superdome, which was already packed with people who had waited out the storm there, or to other improvised shelters in the city. As the days dragged on, it would become increasingly apparent that almost every aspect of the response from state, local, and federal government was falling far short of what was needed: evacuees languished in squalid shelters or on highway overpasses

waiting for buses that did not come; looting and more serious crimes were reported to be rampant; food, water, and medical care were in short supply. As public outrage grew, fed by TV footage of distraught storm victims, emergency response officials and political leaders, all the way up to President George W. Bush, found themselves scrambling to cope with the “ultra-catastrophe” that Katrina had visited on New Orleans. This case tells the story of the first week of the post-landfall response to Katrina, describing both the devastation left by the storm and the largely ineffective efforts of officials to respond to the overwhelming need it created. It provides an opportunity to consider the operational issues of emergency response, particularly the problems of interagency, inter-jurisdictional, and intergovernmental coordination in an environment where infrastructure and communications systems had been almost entirely destroyed. Used in tandem with Part A, the case provides a before-and-after look at the response to Katrina, but it can also be taught as a freestanding case.

Curriculum Division: Political Advocacy and Leadership

Author: Esther Scott

Sponsor: Arnold Howitt

Topics: Law Enforcement, Leadership, National Security, Public Administration, Crisis Management, Domestic Preparedness & Homeland Security, Firefighting/Emergency Medical Services

The Boeing Tanker Lease Deal (Part A)

(23pp+)

1845.0

The September 2001 terrorist attacks in the United States precipitated US military actions in Afghanistan and Iraq, increasing demand for certain military assets. Domestically, the attacks crippled an already struggling airline industry, hurting domestic aircraft orders at Boeing Company, the only US producer of large-frame commercial aircraft. Boeing’s supporters on Capitol Hill proposed procuring converted Boeing 767 airframes to replace the Air Force’s aging fleet of aerial refueling tanker aircraft. Yet, the Air Force could not fit a purchase of the tanker aircraft into its budget without sacrificing other key programs. Leasing the aircraft through a special purpose entity was suggested as a solution. Critics questioned the cost, need, and structure of the tanker deal and pushed Secretary Donald Rumsfeld to reject the agreement. The case addresses the issues surrounding adapting common business practices to government; the implications on costs and accounting treatment of leasing versus purchasing; and the process and purpose of government budgeting. It also raises the issue of the proper role of government in promoting domestic businesses relative to other government interests.

Curriculum Division: Strategic Management

Author: Martin Hrivnak

Sponsor: Elizabeth Keating

Topics: Business-Government Relations, Contracting, National Security, Public Administration, Military, Procurement

The Boeing Tanker Lease Deal (Part B)

(16pp+)

1846.0

In May 2003, Defense Secretary Donald Rumsfeld approved an agreement allowing the Air Force to lease 100 converted Boeing 767 aircraft as aerial refueling tankers. The deal's critics, most prominently Senator John McCain, argued that no the aircraft were not needed, that the lease was a thinly disguised purchase designed to circumvent the budget process, and that the agreement was a government handout to the Boeing Company. As the deal neared Congressional approval, evidence surfaced of illegal conduct involving an Air Force acquisition executive and Boeing, casting uncertainty over the agreement's prospects. This case discusses the financial and accounting issues of leasing rather than purchasing the aircraft, the translation of commercial business practices to government, and the process and purpose of government budgeting. This case is best used in concert with *The Boeing Tanker Lease Deal (A)* (1845.0).

Curriculum Division: Strategic Management

Author: Martin Hrivnak

Sponsor: Elizabeth Keating

Topics: Business-Government Relations, Contracting, National Security, Public Administration, Military, Procurement

The KIPP Schools: Deciding How to Go to Scale

(37pp+)

1847.0

When Michael Feinberg and Dan Levin established their fledgling Knowledge is Power Program (KIPP) school in Houston in the early 1990s, they hoped only to prove—in their own school—that a highly-structured and demanding program could lift the academic performance of disadvantaged students. Little more than 10 years later, they would find, however, that the name KIPP and the approach they had honed had become an education “brand name,” used by more than 40 schools overseen by the KIPP Foundation, they had helped to establish and operate. This case tells the story of how KIPP grew from a single school to an education franchise, all the while taking steps to ensure that its special approach continued to be employed in schools bearing the KIPP name. More specifically, the case focuses on the relationship between KIPP founders Levin and Feinberg and two key philanthropists, Donald and Doris Fisher, who used the fortune earned in their GAP apparel chain to help the KIPP idea “go to scale.” The focuses on the decisions of Fisher, Feinberg, Levin and the legal staff of the San Francisco-based KIPP Foundation—financed by the Fishers—to ensure that KIPP standards would be maintained at KIPP schools. The case will be useful for those interested in nonprofit management, social entrepreneurship and the ways of means of “going to scale”—going from a small start-up to a much larger operation.

Curriculum Division: Strategic Management

Author: Howard Husock

Sponsor: Mark Moore

Topics: Nonprofit Management, Social Entrepreneurship

Values in Conflict: The Furor over Admissions Policy at a Popular Virginia Magnet School

(23pp+)

1848.0

Sequel/Epilogue (5pp+)

1848.1

In this executive leadership case, the activist superintendent of Virginia's affluent Fairfax County public school district, Daniel A. Domenech, is faced with a complex, politically-loaded policy dilemma. At issue is admissions policy for the county's popular and prestigious magnet high school, the Thomas Jefferson High School for Science and Technology (TJ). TJ is so highly sought-after that only one in six applicants is accepted. The case is set in 2001. In the past 16 years, the admissions policy at TJ has made a pendulum swing: heavy reliance on a single standardized exam in 1985; the addition of an affirmative action program in 1990; the elimination of that program in 1998, in the face of political pressure and anxiety over a "reverse discrimination" law suit. As the case opens, TJ is fast losing diversity. The liberal-leaning School Board has instructed Domenech to come up with a way to restore that diversity, but without sacrificing the school's strong academic reputation or making the school system legally vulnerable. After painstaking effort, Domenech and his administrative team have come up with a plan that aims at geographic diversity within the county, rather than racial and ethnic diversity per se. But, faced with an angry reaction from parents from the "overrepresented" neighborhoods, the Board has quickly backed away from the plan. That leaves Domenech back at square one, trying to find a solution that will broaden the range of students at Jefferson in a way that is fair, effective, and legally safe—but also politically palatable. The case describes Domenech and his educational philosophy, then provides a narrative summary of TJ's history, the evolution of its admissions policy in some detail, and the perspectives of various interested parents on the topic. It poses the question, how should Domenech approach this problem? The sequel describes how the issue was finally resolved. To insulate itself from raw local politicking, the School Board appointed a blue ribbon commission—educators from across the country with expertise in admissions at the high school, college, and university levels—to analyze the issue and make recommendations. In September 2004, the Board ultimately adopted a policy that included some, but not all, the commission's recommendations. Domenech, meanwhile, departed Fairfax County for a job in the private sector in March 2004.

Curriculum Division: Strategic Management

Author: Pamela Varley

Sponsor: Peter Zimmerman

Topics: Education, Leadership, School Superintendents

Starting Small, Reaching High: The Parents as Teachers National Center's Quest for Growth with Quality

Part A (21pp+)	1849.0
Part B (10pp+)	1850.0

In the early 1980s, Missouri's director of early childhood education launched a novel parent education pilot project designed to increase children's kindergarten readiness and support family wellbeing by sending specially trained educators on monthly home visits to help parents foster their babies' early development. By 1985, when an evaluation touted strong results for the pilot, the Missouri legislature already had made the program—dubbed Parents as Teachers—a mandatory offering of school districts statewide. Soon after, the St. Louis-based Parents as Teachers National Center, formed to oversee the state program and respond to outside inquiries, became an independent non-profit. From the start, the National Center staff built quality controls into program design and the training of parent educators while simultaneously embracing rapid growth; by 1999 Parents as Teachers programs served more than 500,000 children in the US and six foreign countries. But despite such quality control efforts, the flexibility and adaptability that aided fast replication left the National Center with no effective way to manage or monitor the more than 2,000 sites worldwide. As a result, the National Center was forced to take a hard look at its replication model, its oversight role, and at how the center could better monitor and improve program quality. This two-case series allows discussion of key issues facing growing nonprofits, in particular, weighing the tradeoffs inherent in different replication strategies; managing the tension between rapid growth and quality control; and analyzing how political and funding constraints can impact program design. While the (A) case addresses replication, training, organizational structures, and program design, the (B) case focuses on questions around evaluation, program fidelity, and implementation of quality standards.

Curriculum Division: Strategic Management

Author: Susan Rosegrant

Sponsor: Christine Letts

Topics: Education, Program Evaluation, Nonprofit Management

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