

Fifth Edition

Policy Analysis:

Concepts and Practice

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What Is Policy Analysis?

The product of policy analysis may be advice as simple as a statement linking a proposed action to a likely result: passage of bill *A* will result in consequence *X*. It may also be more comprehensive and quite complex: passage of bill *A*, which can be achieved with the greatest certainty through legislative strategy *S*, will result in aggregate social costs of *C* and aggregate social benefits of *B*, but with disproportionate costs for group 1 and disproportionate benefits for group 2. At whatever extremes of depth and breadth, policy analysis is intended to inform some decision, either implicitly (*A* will result in *X*) or explicitly (support *A* because it will result in *X*, which is good for you, your constituency, or your country).

Obviously, not all advice is policy analysis. So to define it, we need to be more specific. We begin by requiring that the advice relate to public decisions and that it be informed by social values. That is not to say that policy analysts do not work in private organizations. Businesses and trade associations often seek advice about proposed legislation and regulations that might affect their private interests—when their employees or consultants consider the full range of social consequences in giving such advice they are providing policy analysis. Of course, the majority of policy analysts are to be found in government and nonprofit organizations where day-to-day operations inherently involve public decisions, as well as in consultancies that serve these public and private organizations. Because our interest centers on policy analysis as a professional activity, our definition requires that policy analysts, in either public or private settings, have clients for their advice who can participate in public decision making. With these considerations in mind we

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hazard the following simple definition: *policy analysis* is client-oriented advice relevant to public decisions and informed by social values.

A plethora of definitions of policy analysis already exists.¹ Why introduce another one? One reason is that it helps us keep our focus on the purpose of this book: developing the practical approaches and conceptual foundations that enable the reader to become an effective producer and consumer of policy analysis. We emphasize development of a professional mind-set rather than the mastering of technical skills. If we keep central the idea of providing useful advice to clients, then an awareness of the importance of learning the various techniques of policy analysis and of gaining an understanding of political processes will naturally follow.

Another reason is that this definition also emphasizes the importance of social values in policy analysis. Social values can come into play even when advice seems purely predictive. By looking at consequences of policies beyond those that affect the client, the analyst is implicitly placing a value on the welfare of others. Good policy analysis takes a comprehensive view of consequences and social values. As will become clear in subsequent chapters, we believe that economic efficiency deserves routine consideration as a social value, not only because it corresponds fairly well to aggregate welfare but also because it tends to receive inadequate weight in the deliberations of representative governments.

An appropriate starting place for our study is an overview of the profession of policy analysis. How does policy analysis differ from the older professions to which it is related? Where are policy analysts to be found, and what do they do? What skills are most essential for success?

Policy Analysis and Related Professions

If you are a student in a public policy analysis program, then you probably already have a good sense of what policy analysis is all about—you have, by your educational choice, purposely selected the profession. Yet, you may instead aspire to another profession, such as public administration, business management, city and regional planning, law, or public health, in which you may, nevertheless, be required to play the role of policy analyst from time to time. Perhaps you are reading this book as a student in an academic program in political science, economics, or political economy. We hope to put policy analysis in perspective by comparing it with some of the related professions and activities with which you may be more familiar.

¹Some examples: "Policy analysis is a means of synthesizing information including research results to produce a format for policy decisions (the laying out of alternative choices) and of determining future needs for policy relevant information." Walter Williams, *Social Policy Research and Analysis* (New York: American Elsevier, 1971) at xi; and "Policy analysis is an applied social science discipline which uses multiple methods of inquiry and argument to produce and transform policy-relevant information that may be utilized in political settings to resolve policy problems." William N. Dunn, *Public Policy Analysis* (Englewood Cliffs, NJ: Prentice Hall, 1981) at ix. These definitions, as do most others, lack the client orientation that distinguishes policy analysis as a professional activity. Descriptions of policy analysis closest to our definition are given by Arnold J. Meltsner, *Policy Analysts in the Bureaucracy* (Berkeley: University of California Press, 1976); and Norman Beckman, "Policy Analysis in Government: Alternatives to 'Muddling Through,'" *Public Administration Review* 37(3) 1977, 221–22. For an extended discussion of the policy sciences, a broader conception of policy analysis, see Garry D. Brewer and Peter deLeon, *The Foundations of Policy Analysis* (Homewood, IL: Dorsey Press, 1983), 6–17.

A comparison of policy analysis with five other paradigms—academic social science research, policy research, classical planning, the “old” public administration, and journalism, appears in Table 2.1. We focus our attention on similarities and differences in such characteristics as major objectives, client orientation, common style, time constraints, and general weaknesses. The comparison of paradigms emphasizes differences. As our discussion indicates, however, the professions of planning and public administration have moved much closer to the policy analysis paradigm in recent years.

Academic Research

The common experience of higher education gives us all at least some familiarity with *academic research* in the social sciences. Its major objective is the development of theories that contribute to a better understanding of society. Because the client for the research is “truth,” at least as recognized by other scholars, the social science disciplines have attempted to develop rigorous methods for logically specifying theories and empirically testing hypotheses derived from them. Although individual scholars may feel time pressure in terms of promotion, prestige, or grant funding, the pace of their work depends largely on the subject at hand rather than on externally imposed deadlines. Progress in the social sciences proceeds as much from the idiosyncrasy of researchers as from the demands of the larger society. The new theory or clever empirical test earns respect from social scientists whether or not it is immediately relevant to public policy. Nevertheless, the accumulation of empirical evidence, and the associated rise and fall of competing theories, eventually influence the “worldviews” of policymakers outside of the academy.² Although academic research only fortuitously contributes to the debate over any particular policy issue, the development of social science knowledge forms a base for more narrowly specified research of greater potential relevance.

Policy Research

Research specifically directed at informing public policy issues, which often directly employs the methods of the social science disciplines, can be described as *policy research*.³ Whereas academic research looks for relationships among the broad range of variables describing behavior, policy research focuses on relationships between variables that reflect social problems and other variables that can be manipulated by public policy. The desired product of policy research is a more or less verified hypothesis of the form: if the government does *X*, then *Y* will result. For example, academic research into the causes of crime might identify moral education within the family as an important factor. Because our political system places much of family life outside the sphere of legitimate public

²Within disciplines, acceptance of new theories that better explain empirical anomalies often occurs only after repeated failures of the older theories over an extended period. See Thomas S. Kuhn, *The Structure of Scientific Revolutions* (Chicago: University of Chicago Press, 1970). For a discussion of a paradigm shift in a political context, see Peter A. Hall, “Policy Paradigms, Experts, and the States: The Case of Macroeconomic Policy-Making in Britain,” in Stephen Brooks and Alain-G. Gagnon, eds., *Social Scientists, Policy, and the State* (New York: Praeger, 1990), 53–78.

³For a discussion of policy research, see James S. Coleman, *Policy Research in the Social Sciences* (New York: General Learning Press, 1972). Policy research, expanded to include the study of the policy process, is sometimes referred to as policy science. Harold D. Lasswell, “The Emerging Conception of the Policy Sciences,” *Policy Sciences* 1(1) 1970, 3–30.

Table 2.1 *Policy Analysis in Perspective*

Paradigm	Major Objective	"Client"	Common Style	Time Constraints	General Weakness
Academic Social Science Research	Construct theories for understanding society	"Truth" as defined by the disciplines; other scholars	Rigorous methods for constructing and testing theories; usually retrospective	Rarely external time constraints	Often irrelevant to information needs of decision makers
Policy Research	Predict impacts of changes in variables that can be altered by public policy	Actors in the policy arena; the related disciplines	Application of formal methodology to policy-relevant questions; prediction of consequences	Sometimes deadline pressure, perhaps mitigated by issue recurrence	Difficulty in translating findings into government action
Classical Planning	Defining and achieving desirable future state of society	"Public interest" as professionally defined	Established rules and professional norms; specification of goals and objectives	Little immediate time pressure because deals with long-term future	Wishful thinking in plans when political processes ignored
The "Old" Public Administration	Efficient execution of programs established by political processes	"Public interest" as embodied in mandated program	Managerial and legal	Time pressure tied to routine decision making such as budget cycles	Exclusion of alternatives external to program
Journalism	Focusing public attention on societal problems	General public	Descriptive	Strong deadline pressure—strike while issue is topical	Lack of analytical depth and balance
Policy Analysis	Systematic comparison and evaluation of alternatives available to public actors for solving social problems	Specific person or institution as decision maker	Synthesis of existing research and theory to predict the consequences of alternative policies	Strong deadline pressure—completion of analysis usually tied to specific decision	Myopia resulting from client orientation and time pressure

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intervention, however, there may be little that the government can do to foster moral education within the home. The policy researcher, therefore, may take moral education as a given and focus instead on factors at least partially under government control, such as the certainty, swiftness, and severity of punishment for those who commit crimes. The policy researcher may then be willing to make a prediction (a hypothesis to be tested by future events), say, that if the probability of arrest for a certain crime is increased by 10 percent, then the frequency of that crime will go down by 5 percent.

A fine line often separates policy research and policy analysis. The strength of client orientation distinguishes them in our scheme. Policy researchers are less closely tied to public decision makers. While one or more decision makers may be interested in their work, policy researchers usually view themselves primarily as members of an academic discipline. Sometimes their primary motivation for doing policy research is personal financial gain or the excitement of seeing their work influence policy; perhaps more often they do it to gain resources or attention for their academic research programs. Because they place primary importance on having the respect of others in their academic disciplines, policy researchers are often as concerned with the publication of their work in professional journals as with its use by decision makers. Indeed, the vast amount of published policy research is a primary resource for policy analysts.

Disciplinary orientation contributes to a general weakness in policy research because the translation of research findings into policies that can be directly implemented often requires attention to practical considerations of little academic interest. Returning to our example, the policy researcher's prediction that an increase in the probability of arrest will decrease the crime rate is only the first step in developing and evaluating a policy option. How can the arrest rate be increased? How much will it cost? What other impacts will result? How can it be determined if the predicted reduction in the crime rate has actually occurred? The answers to questions such as these require information of a specific nature, often of little disciplinary interest. Consequently, policy researchers often leave these sorts of questions to policy analysts, who will actually craft policy options for decision makers.

Classical Planning

A very different paradigm is *classical planning*, a reaction to the apparent disorder and myopia resulting from private market behavior and pluralistic government. The general approach of planning is, first, to specify goals and objectives that will lead to a better society and, second, to determine ways of achieving them. Necessary for effective planning is a centralization of authority for the creation and execution of the plan.

As extreme cases, the poor performances of the centrally planned economies of Eastern Europe during the Soviet era point to the inherent weaknesses of the planning paradigm. One weakness was the difficulty of specifying appropriate goals and objectives. The five-year plan may clearly specify what is to be produced, but it is unlikely that the products will closely match the wants of consumers. The other was the massive problem of cognition caused by the need to collect and process information for the comprehensive direction and monitoring of numerous economic actors.⁴ Although central economic planning has had little currency in the U.S. context, the planning paradigm has been important in narrower applications.

⁴For a discussion of the paradoxes inherent in planning, see Aaron Wildavsky, "If Planning Is Everything, Maybe It's Nothing," *Policy Sciences* 4(2) 1973, 127-53.

Urban planning in Great Britain and the United States developed from the belief that control of the use of land could be an effective tool for improving the aesthetics and efficiency of cities. The comprehensive master plan, which embodied professional norms about appropriate patterns of land use, became the statement of goals and objectives. Zoning and land-use ordinances were to serve as the mechanisms for implementing the master plans.

The impact of urban planning has been limited, however, by the autonomy of local governments that do not fully accept the professionally specified goals and objectives, by the dynamic of local economic growth that often takes unanticipated forms, and by a narrow emphasis on physical structure rather than broader issues of social behavior. Recognizing the incongruence of the classical planning paradigm with the reality of democratic politics, many planners have urged their profession to adopt a more active interventionist role in public decision making.⁵ Consequently, many urban and regional planning schools now require coursework in policy analysis.

A more recent manifestation of the planning paradigm is *systems analysis*, which attempts to extend the techniques of *operations research* beyond narrow applications. The basic approach of systems analysis involves the construction of quantitative models that specify the links among the multitude of variables of interest in social or economic systems. The analytical objective is to maximize, or at least achieve lower bounds on, certain variables that represent goals by altering other variables that can be manipulated by government. By identifying the many possible interactions, the systems analyst hopes to avoid the myopia of incremental political decision making.

Systems analysis has tended to be both overambitious and reductionist.⁶ Rarely is there adequate theory or data for the construction of reliable comprehensive models. Further, not all important factors are readily subject to quantification. In particular, the appropriate weights to place on the multiple goals that characterize public issues are usually not obvious; the analyst's choice may cloak value judgments in apparent objectivity. Additionally, the mystique of quantification may give simplistic models more attention than they deserve. Witness, for example, the public attention given to the report of the Club of Rome on the limits to world growth⁷—a report based on a model with virtually no empirical links to the real world.⁸ An apparently rigorous model purported to show that continued economic growth would soon be unsupported, leading to a dramatic decline in world living standards. Despite numerous arbitrary and questionable assumptions, the Club of Rome report was embraced by many whose worldview associated continued economic growth with unavoidable

⁵For example, see Jerome L. Kaufman, "The Planner as Interventionist in Public Policy Issues," in Robert W. Burchell and George Sternlieb, eds., *Planning Theory in the 1980s: A Search for Future Directions* (New Brunswick, NJ: The Center for Urban Policy Research, 1978), 179–200.

⁶For critiques of systems analysis, see Ida R. Hoos, *Systems Analysis in Public Policy: A Critique* (Berkeley: University of California Press, 1972); and Aaron Wildavsky, "The Political Economy of Efficiency: Cost-Benefit Analysis, Systems Analysis, and Program Budgeting," *Public Administration Review* 26(4) 1966, 292–310. For a comparison of systems analysis and policy analysis, see Yehezkel Dror, "Policy Analysts: A New Professional Role in Government Service," *Public Administration Review* 27(3) 1967, 197–203.

⁷Donella H. Meadows, Dennis L. Meadows, Jorgen Randers, and William W. Behrens III, *The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind* (New York: Universe Books, 1974).

⁸For critiques of the Club of Rome approach, see William D. Nordhaus, "World Dynamics: Measurement without Data," *Economic Journal* 83(332) 1973, 1156–83; Chi-Yuen Wu, "Growth Models and Limits-to-Growth Models as a Base for Public Policymaking in Economic Development," *Policy Sciences* 5(2) 1974, 191–211; and Julian L. Simon and Herman Kahn, eds., *The Resourceful Earth: A Response to Global 2000* (New York: Basil Blackwell, 1984).

environmental degradation. The formality of the model tended to divert attention from its implicit assumptions.

A more focused application of systems analysis is the *planning, programming, budgeting system (PPBS)*, which shares some characteristics with policy analysis. The basic approach of PPBS is to identify all programs that have common objectives so that budget allocations to those programs can be compared in terms of their effectiveness in achieving the objectives. PPBS is like policy analysis in that it is directed at influencing specific decisions in the budget cycle. It differs in its attempt to force comprehensive and quantitative comparisons over a wide range of programs. After some apparent success in the Defense Department, President Lyndon Johnson ordered its use throughout the federal government in 1965. In 1971, however, its use was formally abandoned by President Richard Nixon's Office of Management and Budget. Even this limited form of planning placed too great a strain on available knowledge and analytical resources.⁹

Public Administration

The goal of the "old" *public administration* was more modest than that of planning: the efficient management of programs mandated by the political process. Its advocates sought to separate the management function from what they saw as the corruption of politics. The words of Woodrow Wilson provide an unequivocal statement of the basic premise of the old public administration: ". . . administration lies outside the proper sphere of politics. Administrative questions are not political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices."¹⁰ The ideal is a skillful and loyal civil service free from political interference and dedicated to the implementation and efficient administration of politically mandated programs according to sound principles of management. In other words, the science of management should be insulated from the art of politics.

Both the old public administration and policy analysis are intended to bring greater expertise into public endeavors. Once organizational structures for programs have been created, public administrators turn their attention to the routine decisions concerning personnel, budgets, and operating procedures that help determine how well the programs will meet their mandated goals. Although policy analysts must concern themselves with questions of organizational design and administrative feasibility, they seek to influence the choice of programs by the political process. One focuses exclusively on doing well what has been chosen; the other also considers the choice of what is to be done.

Public administration has gradually come to include policy analysis among its professional activities. One reason is that the large bureaus and vague legislative mandates associated with an expanded public role in society require administrators to choose among alternative policies—they thus become consumers and producers of policy analysis relevant to their own agencies. Another reason lies in the usual absence

⁹Consider the following assessment: "Although it may fail for many other reasons, such as lack of political support or trained personnel, it always fails for lack of knowledge, when and if it is allowed to get that far," in Aaron Wildavsky, *Budgeting: A Comparative Theory of Budgetary Processes* (Boston: Little, Brown, 1975) at 354. Also see Allen Schick, "A Death in the Bureaucracy: The Demise of Federal PPB," *Public Administration Review* 33(2) 1973, 146–56.

¹⁰Woodrow Wilson, "The Study of Administration," *Political Science Quarterly* 2(1) 1887, 197–222.

of a clean separation between politics and administration, Woodrow Wilson's vision notwithstanding. The administrator must be able to secure resources and defend implementation decisions within the political process. Policy analysis may help accomplish these tasks.

The "new" *public administration* explicitly abandons the notion that administration should be separate from politics.¹¹ Its practitioners seek to influence the adoption as well as the implementation of policies. Professional training, therefore, must include methods both for predicting the consequences of alternative policies so that informed choices can be made and for effectively participating in the political process so that the choices can be realized. Training in public administration thus often includes coursework in policy analysis, even though its primary focus remains management and operational decision making.

The newest formulation of public administration has been labeled *public management*.¹² It has taken several forms, including an empirical emphasis on discovering best practice from the observation of practicing managers. More recently, however, it has been framed as the study of governance, the ". . . regimes of laws, rules, judicial decisions, and administrative practices that constrain, prescribe, and enable the provision of publicly supported goods and services."¹³ Although this broader perspective encompasses managerial practices, it explicitly deals with the choice of organizational forms, a decision appropriately informed by policy analysis.

Journalism

The comparison of policy analysis with *journalism* may at first seem strange. Journalists typically concern themselves with recent events; they are rarely called upon to make predictions about the future. When they write about public policy, the need to attract a wide readership often leads them to focus on the unusual and the sensational rather than the routine and the mundane. Narratives with victims, heroes, and villains catch readers' interest more effectively than nuanced discussions of competing social values. Their contribution to the political process, therefore, is more often introducing policy problems to the public agenda than providing systematic comparisons of alternative solutions. Nevertheless, policy analysts and journalists share several goals and constraints.

Tight deadlines drive much of journalists' work, especially in this electronic age. Because news quickly becomes stale, journalists often face the prospect of not being able to publish unless they make the next edition. Similarly, the advice of policy analysts, no matter how sophisticated and convincing, will be useless if it is delivered to clients after they have had to vote, issue regulations, or otherwise make decisions. Rarely will it be the case of better late than never.

Tight deadlines lead journalists and policy analysts to develop similar strategies for gathering information. Files of background information and networks of knowledgeable

¹¹Consider the following: "New Public Administration seeks not only to carry out legislative mandates as efficiently and economically as possible, but to both influence and execute policies which more generally improve the quality of life for all." H. George Frederickson, "Toward a New Public Administration," in Frank Marini, ed., *Toward a New Public Administration* (Scranton, PA: Chandler, 1971), 314.

¹²See Donald F. Kettl and H. Brinton Milwood, eds., *The State of Public Management* (Baltimore: Johns Hopkins University Press, 1996).

¹³Laurence E. Lynn, Jr., Carolyn J. Heinrich, and Carolyn J. Hill, *Improving Governance: A New Logic for Empirical Research* (Washington, DC: Georgetown University Press, 2001) at 7.

people are often extremely valuable resources. They may enable journalists to put events quickly in context. They play a similar role for policy analysts but may also provide information useful for assessing technical, political, and administrative feasibility of policy alternatives when time does not permit systematic investigation.¹⁴ Policy analysts, like journalists, wisely cultivate their information sources.

Finally, communication is a primary concern. Journalists must be able to put their stories into words that will catch and keep the interest of their readers. Policy analysts must do the same for their clients. Effective communication requires clear writing—analysts must be able to explain their technical work in language that can be understood by their clients. Also, because the attention and time of clients are scarce resources, writing must be concise and convincing to be effective.

Reprise

We gain a perspective on policy analysis by comparing it to related professions. Like policy research, policy analysis employs social science theory and empirical methods to predict the consequences of alternative policies. Like journalism, policy analysis requires skills in information gathering and communication. Policy analysis is neither so narrow in scope as the old public administration nor so broad in scope as classical planning. Yet, planners and public administrators who explicitly recognize participation in the political process as professionally legitimate may at times become advice givers to various political actors, thus playing the role of policy analysts.

Policy Analysis as a Profession

Until the 1980s, few of those actually doing policy analysis would have identified themselves as members of the policy analysis profession; even fewer were filling positions labeled “policy analyst.” Many who do policy analysis held, and continue to hold, positions as economists, planners, program evaluators, budget analysts, operations researchers, or statisticians. Over the past thirty years, however, policy analysis has emerged as an established profession.¹⁵ Positions called policy analyst are now more common in government agencies, and often these positions are filled by people who have been trained in graduate programs in policy analysis. Many practicing analysts trained in a variety of disciplines have joined with academics to form a professional organization, the Association for Public Policy Analysis and Management.¹⁶ However, those who consider themselves members represent only a fraction of those actually practicing the craft of policy analysis.

Practicing policy analysts work in a variety of organizational settings, including federal, state, and local agencies and legislatures; consulting firms; research institutes; trade associations and other organizations representing interest groups; and business and nonprofit corporations. We focus here primarily on the U.S. context, but policy analysts can be found in similar settings in all the major industrialized countries and

¹⁴On the value of accumulated studies, see Martha Feldman, *Order by Design* (Palo Alto, CA: Stanford University Press, 1989).

¹⁵For an excellent overview, see Beryl A. Radin, *Beyond Machiavelli: Policy Analysis Comes of Age* (Washington, DC: Georgetown University Press, 2000).

¹⁶Information about membership and annual conferences can be obtained at the following World Wide Web address: www.appam.org.

schools of public policy can now be found in Europe and Asia.¹⁷ The way analysts practice their craft is greatly influenced by the nature of their relationships with their clients and by the roles played by the clients in the political process. Because these relationships and roles vary greatly across organizations, we should expect to see a wide range of analytical styles. We consider the various analytical styles and their ethical implications in detail in Chapter 3. For now, let us look at a few examples of organizational settings in which policy analysts ply their craft.

First, consider the U.S. federal government. Where would we find policy analysts? Beginning with the executive branch, we could start our search right in the White House, where we would find small but influential groups of analysts in the National Security Council and Domestic Policy staffs. As presidential appointees in politically sensitive positions, they generally share closely the philosophy and goals of their administration. Their advice concerns the political, as well as the economic and social, consequences of policy options. They often coordinate the work of policy analysts in other parts of the executive branch.

The Office of Management and Budget (OMB) and, to a lesser extent, the Council of Economic Advisers (CEA) also play coordinating roles in the federal government. Analysts in OMB are responsible for predicting the costs to the federal government of changes in policy and overseeing the issuing of major rules by federal regulatory agencies. They also participate in the evaluation of particular programs. The major role that OMB plays in the preparation of the administration budget gives its analysts great leverage in disputes with the federal agencies; it also often leads the analysts to emphasize budgetary costs over social costs and benefits.¹⁸ Analysts on the CEA do not play as direct a role in the budgetary process and, therefore, retain greater freedom to adopt the broad perspective of social costs and benefits. Without direct leverage over the agencies, however, their influence derives largely from the perception that their advice is based on the technical expertise of the discipline of economics.¹⁹

Policy analysts work throughout the federal agencies. In addition to small personal staffs, agency heads usually have analytical offices reporting directly to them.²⁰ These offices have a variety of names that usually include some combination of the words "policy," "planning," "administration," "evaluation," "economic," and "budget."²¹ For example, at various times the central analytical office in the Department of Energy has been called the Office of the Assistant Secretary for Policy and Evaluation and the Policy, Planning, and Analysis Office. Often, the heads of agency subunits have analytical staffs that provide advice and expertise relevant to

¹⁷For international comparisons, see William Platen, ed., *Advising the Rulers* (New York: Basil Blackwell, 1987).

¹⁸For a discussion of the institutional role of OMB, see Hugh Hecl, "OMB and the Presidency: The Problem of Neutral Competence," *Public Interest* 38, 1975, 80-98. For a history of OMB, see Larry Berman, *The Office of Management and Budget and the Presidency 1921-1979* (Princeton, NJ: Princeton University Press, 1979).

¹⁹Herbert Stein, "A Successful Accident: Recollections and Speculations about the CEA," *Journal of Economic Perspectives*, 10(3) 1996, 3-21.

²⁰For example, on the role of analysis at the State Department, see Lucian Pugliaresi and Diane T. Berliner, "Policy Analysis at the Department of State: The Policy Planning Staff," *Journal of Policy Analysis and Management* 8(3) 1989, 379-94. See also Robert H. Nelson, "The Office of Policy Analysis in the Department of the Interior," 395-410, in the same issue.

²¹As recently as the mid-1970s, only a small fraction of the offices responsible for doing policy analysis actually had "policy" or "policy analysis" in their names. Arnold J. Meltsner, *Policy Analysts in the Bureaucracy* (Berkeley: University of California Press, 1976), 173-77.

their substantive responsibilities. Later in this chapter we briefly consider policy analysis in the Department of Health and Human Services (DHHS) to illustrate the sorts of functions analysts perform in federal agencies.

Policy analysts also abound in the legislative branch. Both the Congress as a whole and its individual members serve as clients. Policy analysts work for Congress in the Government Accountability Office (GAO),²² the Congressional Budget Office (CBO), the Congressional Research Service (CRS), and, until its recent elimination, the Office of Technology Assessment (OTA).²³ The analytical agendas of these offices are set primarily by the congressional leadership but sometimes also by individual members of Congress as well. Of course, members have their own personal staffs, including legislative analysts. Most of the analysis and formulation of legislation, however, is done by committee staffs that report to committee chairs and ranking minority members.²⁴ Committee staffers, often recruited from the campaign and personal staffs of members of Congress, must be politically sensitive if they are to maintain their positions and influence. Congressional staff involved with legislation—and, therefore, to some extent working as policy analysts, even though often trained as lawyers—number in the thousands.²⁵

How influential is policy analysis in policy formation and choice in Congress? Based on his detailed study of communication surrounding four policy issues in the areas of health and transportation, David Whiteman concludes: “The results . . . indicate that policy analysis clearly does flow through congressional communication networks. In three of the four issues examined, analytic information played a significant role in congressional deliberations.”²⁶ Much of the communication takes place through discussions between congressional staffers and analysts in government offices and think tanks rather than as formal written reports.

Turning to state governments, we find a similar pattern. Governors and agency heads usually have staffs of advisers who do policy analysis.²⁷ Most states have budget offices that play roles similar to that of OMB at the federal level. Personal and committee staffs provide analysis in the state legislatures; in some states, such as California, the legislatures have offices much like the CBO to analyze budgetary and other impacts of proposed legislation. The Washington State Institute for Public Policy

²²The General Accounting Office, the prior name of the GAO, and the Bureau of the Budget, the forerunner of OMB, were established in 1921 with the creation of an executive budget system. During much of its history, GAO devoted its efforts primarily to auditing government activities. In the late 1960s, however, GAO became a major producer of policy analysis in the form of program evaluations with recommendations for future actions. Because GAO must serve both parties and both legislative houses, and because its reports are generally public, it faces stronger incentives to produce politically neutral analyses than OMB. For a comparative history of these “twins,” see Frederick C. Mosher, *A Tale of Two Agencies: A Comparative Analysis of the General Accounting Office and the Office of Management and Budget* (Baton Rouge: Louisiana State University Press, 1984).

²³For an account of the elimination of the OTA and a comparison with the larger congressional support agencies that survived, see Bruce Bimber, *The Politics of Expertise in Congress: The Rise and Fall of the Office of Technology Assessment* (Albany: State University of New York Press, 1996).

²⁴See Carol H. Weiss, “Congressional Committees as Users of Analysis,” *Journal of Policy Analysis and Management* 8(3) 1989, 411–31. See also Nancy Shulock, “The Paradox of Policy Analysis: If It Is Not Used, Why Do We Produce So Much of It?” *Journal of Policy Analysis and Management* 18(2) 1999, 226–44.

²⁵Michael J. Malbin, *Unelected Representatives* (New York: Basic Books, 1980), 252–56.

²⁶David Whiteman, *Communication in Congress: Members, Staff, and the Search for Information* (Lawrence: University of Kansas Press, 1995) at 181.

²⁷For an excellent assessment of influence, see John A. Hird, *Power, Knowledge, and Politics: Policy Analysis in the States* (Washington, DC: Georgetown University Press, 2005).

is exemplary in providing the Washington State legislature with sophisticated analyses, often in the form of cost-benefit analyses.²⁸

At the county and municipal levels, legislative bodies rarely employ persons who work primarily as policy analysts. Executive agencies, including budget and planning offices, usually do have some personnel whose major responsibility is policy analysis. Except in the most populous jurisdictions, however, most analysis is done by persons with line or managerial duties. Consequently, they often lack the time, expertise, and resources for conducting analyses of great technical sophistication. Nevertheless, because they often have direct access to decision makers, and because they can often observe the consequences of their recommendations firsthand, policy analysts at the local level can find their work professionally gratifying despite the resource constraints they face.

What do public agencies do if their own personnel cannot produce a desired or mandated analysis? If they have funds available, then the agencies can purchase analysis from consultants. Local and state agencies commonly turn to consultants for advice about special issues, such as the construction of new facilities or major reorganizations, or to meet evaluation requirements imposed by intergovernmental grant programs. Federal agencies not only use consultants for special studies, but also as routine supplements to their own staff resources. In extreme cases consulting firms may serve as "body shops" for government offices, providing the services of analysts who cannot be hired directly because of civil service or other restrictions.²⁹

The importance of the relationship between client and analyst is extremely apparent to consultants. Usually, the consultants are paid to produce specific products. If they wish to be rehired in the future, then they must produce analyses that the clients perceive as useful. Consultants who pander to the prejudices of their clients at the expense of analytical honesty are sometimes described as "hired guns" or "beltway bandits." Consultants best able to resist the temptation to pander are probably those who have a large clientele, provide very specialized skills, or enjoy a reputation for providing balanced analysis; they will not suffer greatly from the loss of any one client and they will be able to find replacement business elsewhere if necessary.

Researchers in academia, think tanks, and policy research institutes also provide consulting services. Although their work is usually not directly tied to specific policy decisions, researchers at places like the Rand Corporation, the Brookings Institution, the American Enterprise Institute for Public Policy Research, the Cato Institute, the Urban Institute, Resources for the Future, the Institute for Defense Analyses, and the Institute for Research on Public Policy (Canada) sometimes do produce analyses of narrow interest for specific clients. It is often difficult in practice to determine whether these researchers better fit the policy analysis or the policy research paradigms presented above. Ever-more issues are attracting policy analyses from the growing number of think tanks.³⁰ Many of the newer think tanks with strong ideological identifications, however, have predispositions toward particular policies that often interfere with the professional validity of the analyses they provide.

²⁸See, for example, Steve Aos, Roxanne Lieb, Jim Mayfield, Marna Miller, and Annie Pennucci, *Benefits and Costs of Prevention and Early Intervention Programs* (Olympia: Washington State Institute for Public Policy, 2004).

²⁹For a study of the use of consultants by the federal government, see James D. Marver, *Consultants Can Help* (Lexington, MA: Lexington Books, 1979).

³⁰For instance, *The Capital Source* (Washington, DC: The National Journal, Fall 1997) listed 114 think tanks in the Washington area (73-75), from the Alan Guttmacher Institute, which focuses on population issues, to the Worldwatch Institute, which focuses on environmental issues.

Finally, large numbers of analysts neither work for, nor sell their services to, governments. They often work in profit-seeking firms in industries heavily regulated by government, in trade associations and national labor unions concerned with particular areas of legislation, and in nonprofit corporations that have public missions in their charters. For example, consider a proposal to make health insurance premiums paid by employers count as taxable income for employees. Private firms, trade associations, and labor unions would seek analysis to help determine the impact of the proposed change on the pattern and cost of employee benefits. The American Medical Association would seek analysis of the impact on the demand for physician services. Health insurance providers, such as Blue Cross and Blue Shield, commercial insurers, and health maintenance organizations, would want predictions of the effect of the change on the demand for their plans and the cost of medical care. These interests might also ask their analysts how to develop strategies for supporting, fighting, or modifying the proposal as it moves through the political process.

It should be obvious from our brief survey that policy analysts work in a variety of organizational settings on problems ranging in scope from municipal refuse collection to national defense. What sorts of functions do analysts actually perform in their organizations?

A Closer Look at Analytical Functions

At the beginning of this chapter we pointed out that the nature of policy analysis can vary widely. In subsequent chapters we set out a framework for doing comprehensive policy analysis—how an individual analyst should go about producing a structured analysis that assesses problems presented by clients and systematically compares alternatives for solving them. This is the most appropriate pedagogic approach because it encompasses the range of functions that analysts commonly perform. By mastering it, analysts not only prepare themselves for performing the inclusive functions but also gain a useful framework for putting what they are doing into perspective.

Rather than describe these inclusive functions in the abstract, we present a brief overview of some of the policy analytical functions identified by the DHHS. We single out DHHS for two reasons. First, it is a very large federal agency with responsibilities that demand the full range of analytical functions. Second, DHHS has written down what it sees to be the important functions of its policy analysts.

DHHS is very large by any measure. It oversees many specialized agencies, such as the Food and Drug Administration, the National Institutes of Health, the Centers for Medicare & Medicaid Services, and Centers for Disease Control and Prevention, to name just a few. In fiscal year 2008, it administered spending of almost \$700 billion, issued more grants than any other federal agency, and employed more than 65,000 people nationwide in its constituent units. As such, it is one of the largest and most complex bureaus in the world. DHHS is of such size and scope that the Office of the Secretary (OS), the central coordinating office for DHHS, itself employs approximately 2,400 people. The purpose of the OS includes providing independent advice and analysis concerning program issues, analyzing trade-offs among programs, and developing common policies across agencies. While much of what the OS does involves administration and monitoring, there is no clear separation of these tasks from policy analysis.

Although policy analysts can be found throughout DHHS, we focus on the Office of the Assistant Secretary, Planning and Evaluation (ASPE), because it has the clearest and most direct mandate for doing policy analysis.³¹ (The Office of the Assistant Secretary, Management and Budget has closely related policy analysis responsibilities but with greater emphasis on budgetary and cost issues; the two offices often work together on policy analysis projects.)

ASPE analysts perform a variety of functions. An ASPE orientation document specifically alerts new analysts to four major functions that they will be likely to perform.³² First, analysts play a “desk officer” function that involves coordinating policy relevant to specific program areas and serving as a contact for the line agencies within DHHS that have responsibilities in these areas. For example, a desk officer might cover biomedical research issues and work closely with analysts and other personnel at the National Institutes of Health. Desk officers serve as the eyes and ears of the department, “going out to the agency, talking with the staff about issues and options before they reach decision points, and knowing what issues are moving and what are not.”³³ Desk officers are also expected to reach outside of DHHS to identify concerns and ideas from academics and those who deal with the programs in the field. By staying on top of issues, desk officers can provide quick assessments of proposed policy changes in their areas.

Second, analysts perform a policy development function. This is important to DHHS because ASPE resources “constitute some of the few flexible analytic resources in the Department.”³⁴ Policy development often involves special initiatives within DHHS but can also be done through task forces that include personnel from other departments. These initiatives often result in policy option papers or specific legislative proposals.

Third, analysts perform a policy research and oversight function. “ASPE spends approximately \$20 million a year in both policy research and evaluation funds” to carry out this core function.³⁵ It is important to emphasize that DHHS, like many other government agencies, contracts out a considerable amount of policy-relevant research. Therefore, analysts at ASPE are both consumers and producers of policy research and analysis. ASPE analysts also participate in reviews of the research plans of other agencies, help formulate and justify plans for allocating evaluation funds, and serve on agency panels that award research contracts and grants.

Fourth, analysts perform a “firefighting” function. Fires can be “anything from a request from the White House to review the statement of administration accomplishments on welfare reform . . . to preparing an instant briefing for congressional staff because a key committee is preparing to mark up a bill, to helping . . . [the] Office of the Secretary prepare for a meeting with a key outside group tomorrow.”³⁶ The term *firefighting* conveys the urgency of the task—analysts drop whatever else they are doing until the fire is put out!

These four categories of functions illustrate the great variety of tasks that analysts are routinely called upon to perform. Some of these tasks are ongoing, others are

³¹For a long-term view analysis at ASPE, see George D. Greenberg, “Policy Analysis at the Department of Health and Human Services,” *Journal of Policy Analysis and Management* 22(2) 2003, 304–07.

³²Assistant Secretary, Policy and Evaluation, “All about APSE: A Guide for APSE Staff,” no date.

³³Ibid. E-1.

³⁴Ibid. E-2.

³⁵Ibid.

³⁶Ibid.

episodic. Some have short deadlines, others extend for long periods. Some are internal to the analysts' organization, others require interaction with external analysts and decision makers. Some involve topics of great familiarity, others present novel issues. What sorts of basic skills help analysts prepare for this diversity of tasks?

Basic Preparation for Policy Analysis

Policy analysis is as much an art and a craft as a science.³⁷ Just as the successful portraitist must be able to apply the skills of the craft of painting within an aesthetic perspective, the successful policy analyst must be able to apply basic skills within a reasonably consistent and realistic perspective on the role of government in society. In order to integrate effectively the art and craft of policy analysis, preparation in five areas is essential.

First, analysts must know how to gather, organize, and communicate information in situations in which deadlines are strict and access to relevant people is limited. They must be able to develop strategies for quickly understanding the nature of policy problems and the range of possible solutions. They must also be able to identify, at least qualitatively, the likely costs and benefits of alternative solutions and communicate these assessments to their clients. Chapters 14 and 15 focus on the development of these basic informational skills.

Second, analysts need a perspective for putting perceived social problems in context. When is it legitimate for government to intervene in private affairs? In the United States, the normative answer to this question has usually been based on the concept of *market failure*—a circumstance in which the pursuit of private interest does not lead to an efficient use of society's resources or a fair distribution of society's goods. But market failures, or widely shared normative claims for the desirability of social goals other than efficiency, such as greater equity in the distributions of economic and political resources, should be viewed as only necessary conditions for appropriate government intervention. Sufficiency requires that the form of the intervention not involve consequences that would inflict greater social costs than social benefits. Identification of these costs of intervention is facilitated by an understanding of the ways collective action can fail. In other words, the analyst needs a perspective that includes *government failure* as well as market failure. The chapters in Parts II and III provide such a perspective. Chapters 4, 5, 6, and 7 analyze the various market failures and other rationales that have been identified; Chapter 8 discusses the systematic ways that government interventions tend to lead to undesirable social outcomes; Chapter 9 considers the interaction between market and government failures; and Chapters 10, 11, 12, and 13 set out conceptual foundations for developing policies to correct market and government failures. These chapters provide a "capital stock" of ideas for categorizing and understanding social problems and proposing alternative policies for dealing with them.

Third, analysts need technical skills to enable them to predict better and to assess more confidently the consequences of alternative policies. The disciplines of economics and statistics serve as primary sources for these skills. Although we introduce some important concepts from microeconomics, public finance, and statistics in the following

³⁷For a strong statement of this viewpoint, see Aaron Wildavsky, *Speaking Truth to Power: The Art and Craft of Policy Analysis* (Boston: Little, Brown, 1979), 385–406.

chapters, those readers who envision careers in policy analysis would be well advised to take courses devoted to these subjects.³⁸ Even an introduction to policy analysis, however, should introduce the basics of benefit-cost analysis, the subject of Chapter 16. Chapter 17 illustrates the application of benefit-cost analysis and related techniques.

Fourth, analysts must have an understanding of political and organizational behavior in order to predict, and perhaps influence, the feasibility of adoption and the successful implementation of policies. Also, understanding the worldviews of clients and potential opponents enables the analyst to marshal evidence and arguments more effectively. We assume that readers have a basic familiarity with democratic political systems. Therefore, practical applications of theories of political and organizational behavior are integrated with subject matter throughout the text but particularly in the context of thinking about policy adoption and implementation (Chapters 11 and 12), organizational design (Chapter 13), and government failure (Chapter 8). Finally, analysts should have an ethical framework that explicitly takes account of their relationships to clients. Analysts often face dilemmas when the private preferences and interests of their clients diverge substantially from their own perceptions of the public interest. Approaches to professional ethics for policy analysts is the subject of Chapter 3.

For Discussion

1. The Legislative Analyst's Office, which functions as the "eyes and ears" of the California legislature, was founded in 1941. It served as a model for the federal Congressional Budget Office. Visit its Website (www.lao.ca.gov) to view its history and samples of its products. Would you expect the analysis produced by the Legislative Analyst's Office to be more or less politically neutral than analytical offices within the California executive branch?
2. Think tanks differ in a variety of ways, including their areas of specialization and the degree to which they advocate specific policies. Characterize the following think tanks after visiting their Websites: Cato Institute (www.cato.org), Fraser Institute (www.fraserinstitute.ca), Progressive Policy Institute (www.ppionline.org), RAND Corporation (www.rand.org), and Resources for the Future (www.rff.org).

³⁸There are three reasons why a solid grounding in economics and statistics is important for the professional policy analyst: (1) the techniques of these disciplines are often directly applicable to policy problems; (2) researchers who use economic models and statistical techniques are important sources of policy research—the ability to interpret their work is therefore valuable; and (3) analytical opponents may use or abuse these techniques—self-protection requires a basic awareness of the strengths and limitations of the techniques.