



SCHOOL of
PUBLIC POLICY

Modern Policy Analysis

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2010

The Origins of Policy Analysis



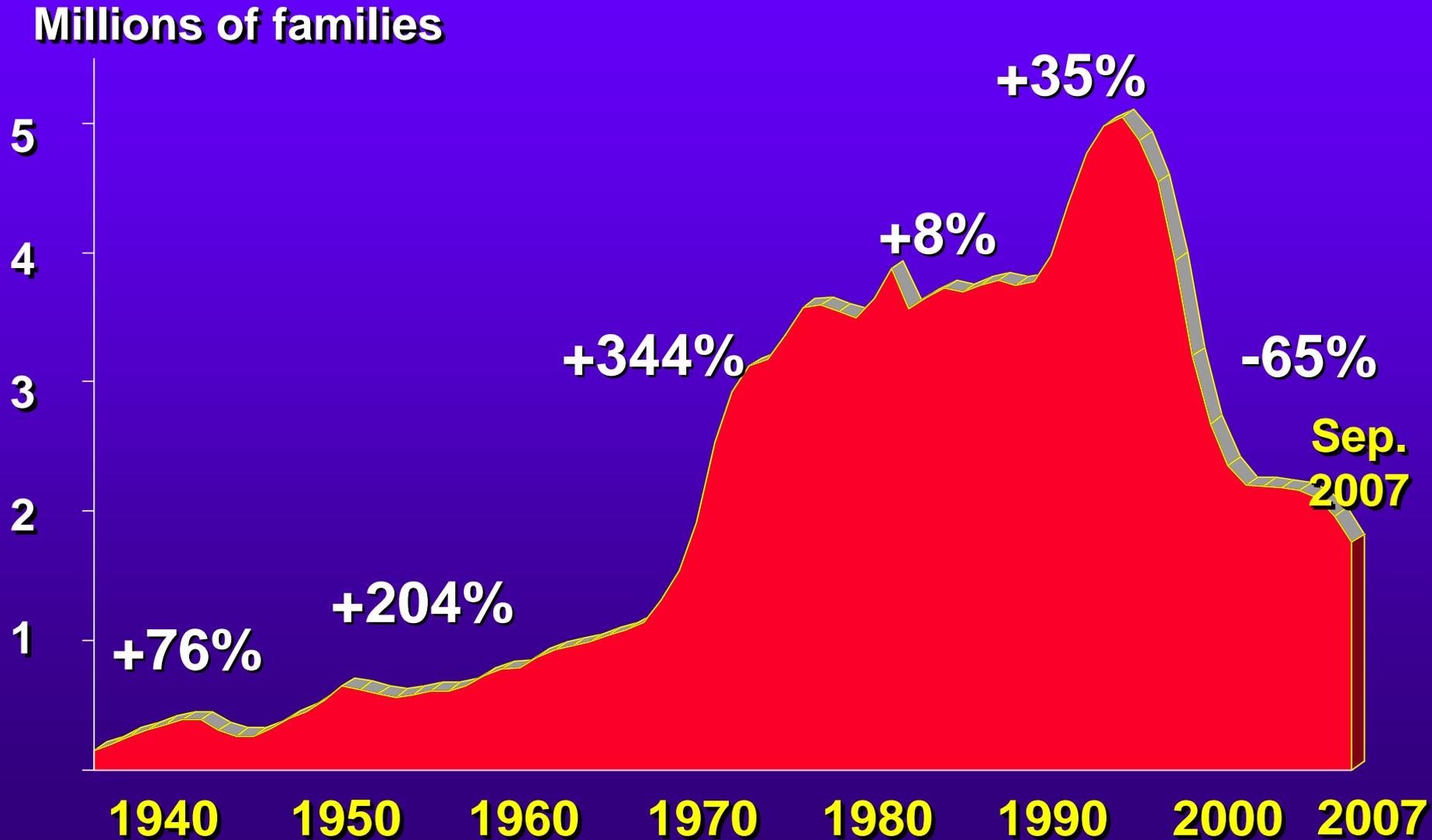
The Development of Policy Analysis: WWII



The Flowering of Policy Analysis: U.S. Great Society



U.S. Welfare's Growth and Decline



What is a policy analysis?

A systematic application of multiple research and analytic methods to understand a problem and then determine which of various alternative policies or programs might best achieve a specified goal.

“systematic application”

—policy analysis is structured by certain flexible conventions

“multiple research and analytic methods”

—policy analysis is cross-disciplinary

“to understand a problem”

—policy analysis seeks to operate on the causes or other leverage points of a problem

“to determine which of various alternative policies or programs”

—policy analysis is to choose

“might best achieve”

—policy analysis is uncertain

“a specified goal or outcome.”

—policy analysis seeks to help achieve specific, articulated goals, usually but not necessarily societal in nature.

One need not agree with a policy goal or outcome in order to prepare a professional policy analysis.

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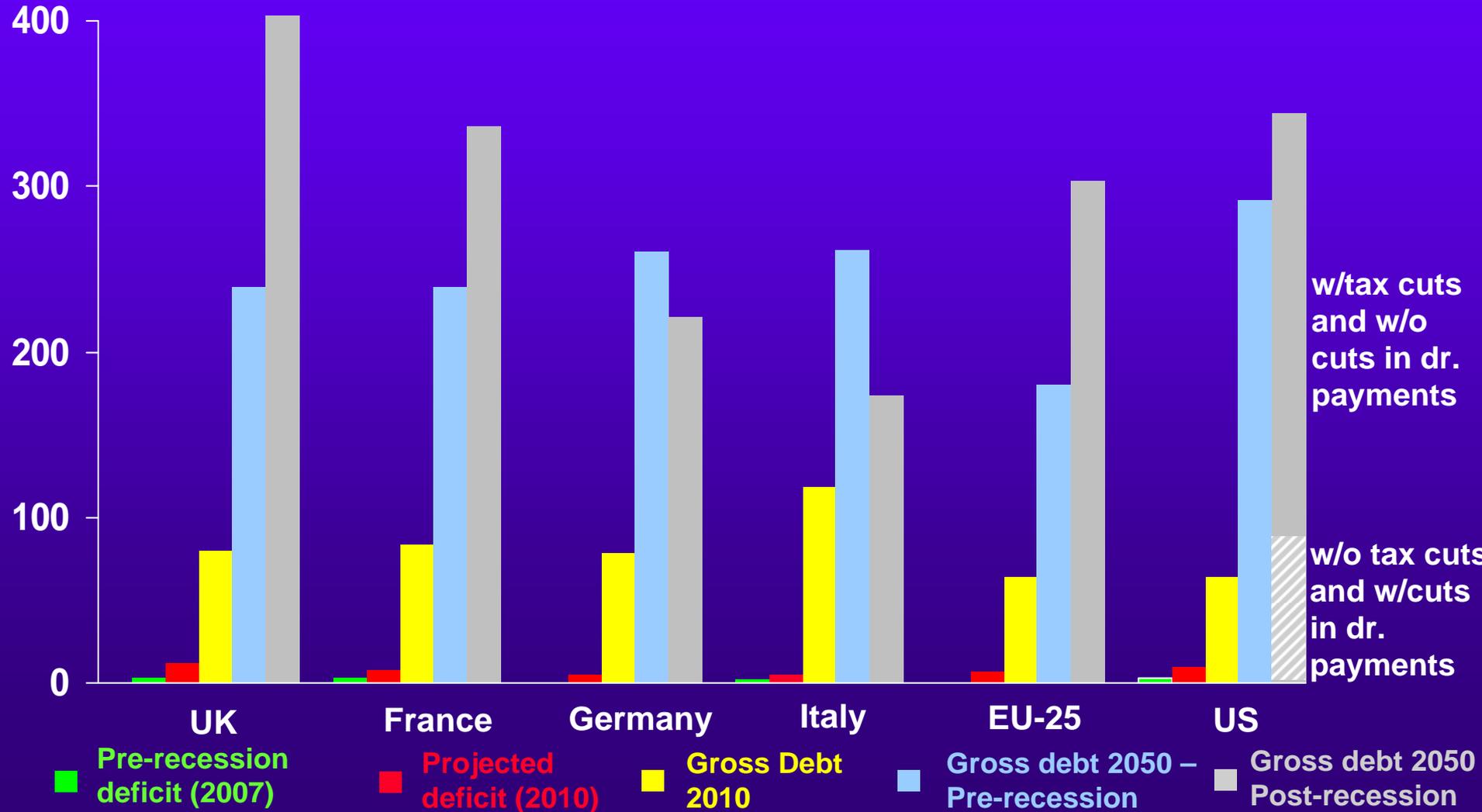
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The Biggest Policy Challenge:

The Insolvency of the Welfare State

Percent GDP



A systematic approach to decisions

“The Eightfold Path”

1. Define the Problem
2. Assemble Some Evidence
3. Construct the Alternatives
4. Select the Criteria
5. Project the Outcomes
6. Confront the Trade-offs
7. Decide!
8. Tell Your Story”

Eugene Bardach, *A Practical Guide for Policy Analysis: The Eightfold Path to More Effective Problem Solving* (Washington, DC: CQ Press, 2005).

“A Framework for Analysis”

1. Establishing the Context
2. Laying Out the Alternatives
3. Predicting the Consequences
4. Valuing the Outcomes
5. Making a Choice”

Edith Stokey and Richard Zeckhauser, *A Primer for Policy Analysis* (New York: W. W. Norton, 1978).

What is the CAUSE of the Problem?

- Aging populations
- Expensive new medical technologies
- Higher expectations of citizen
- Higher provider costs
- Higher drug costs

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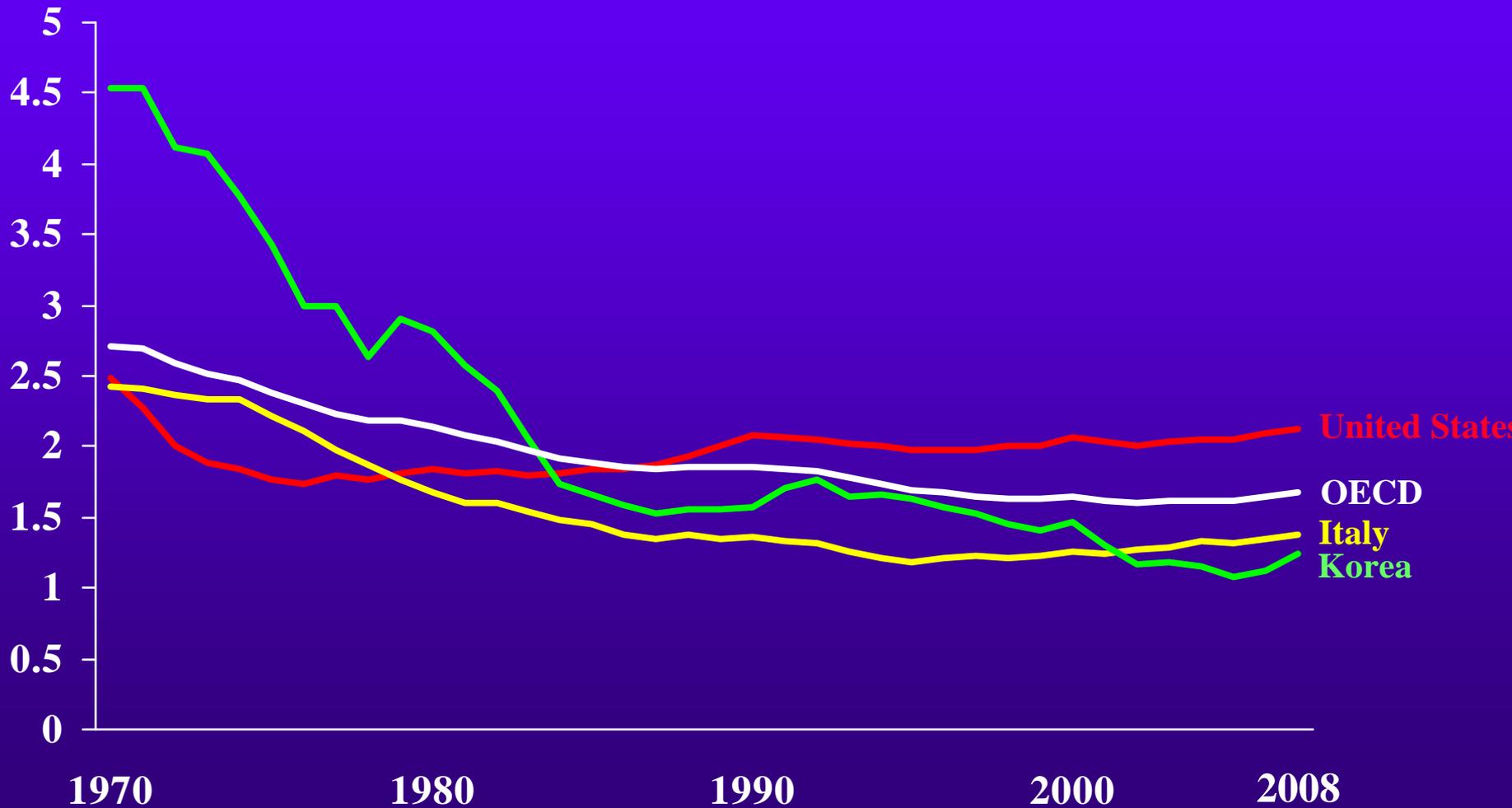
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The Birth Dearth

Fertility Rates for OECD Countries

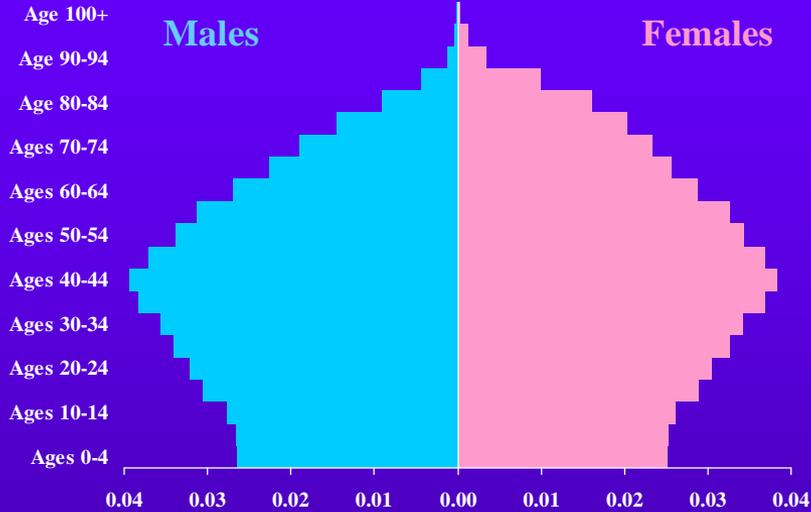
1970-2007

Children born to women ages 15-49

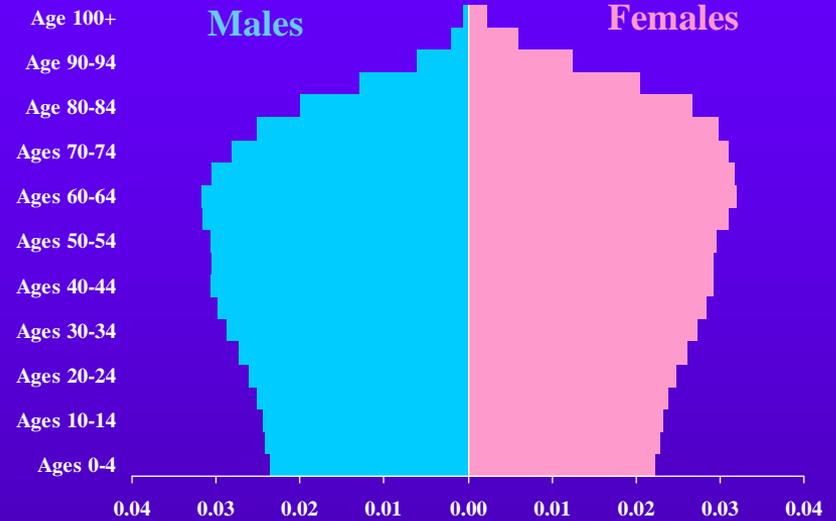


Aging Populations

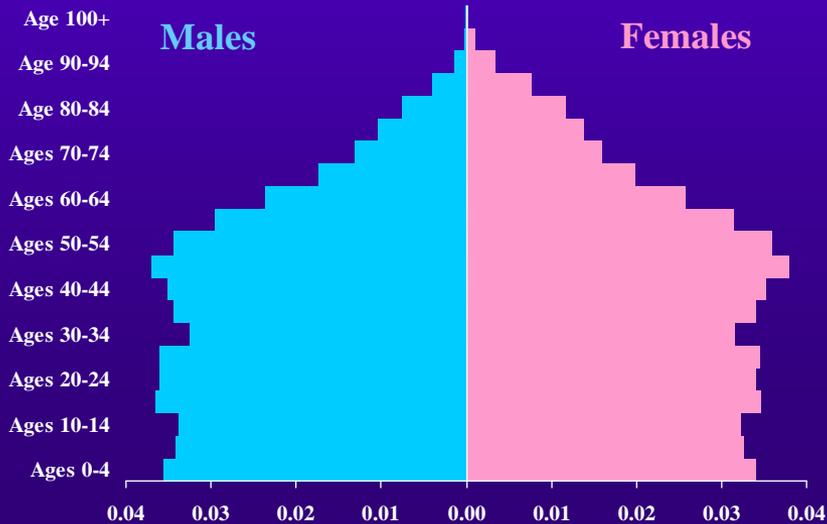
EU-25 2008



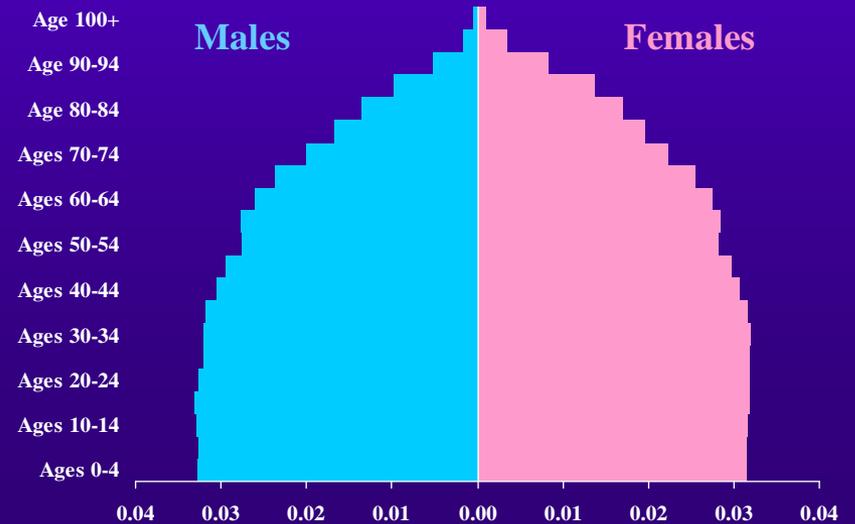
EU-25 2050



United States 2008

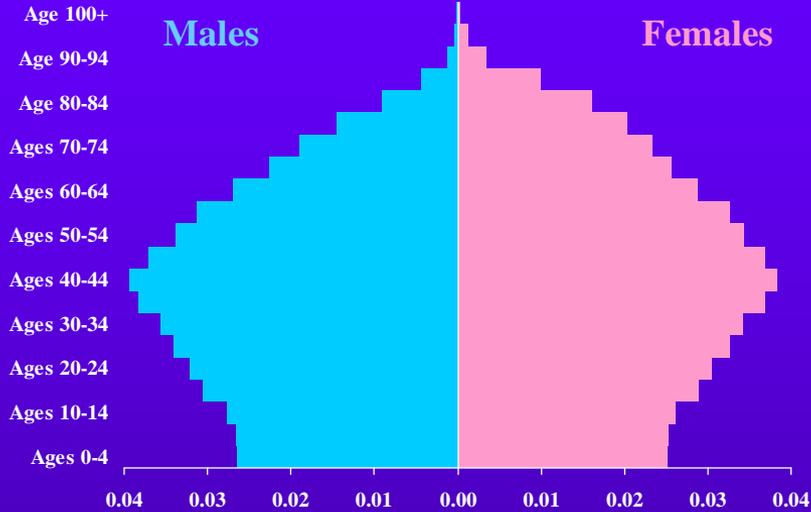


United States 2050

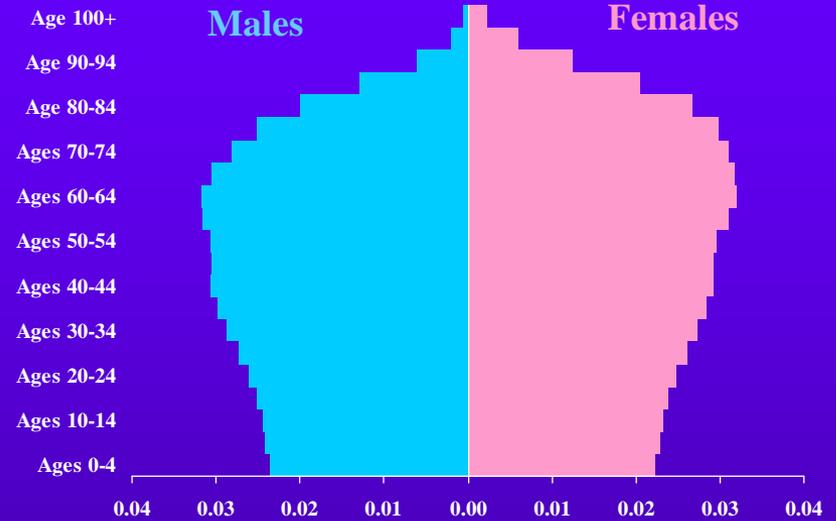


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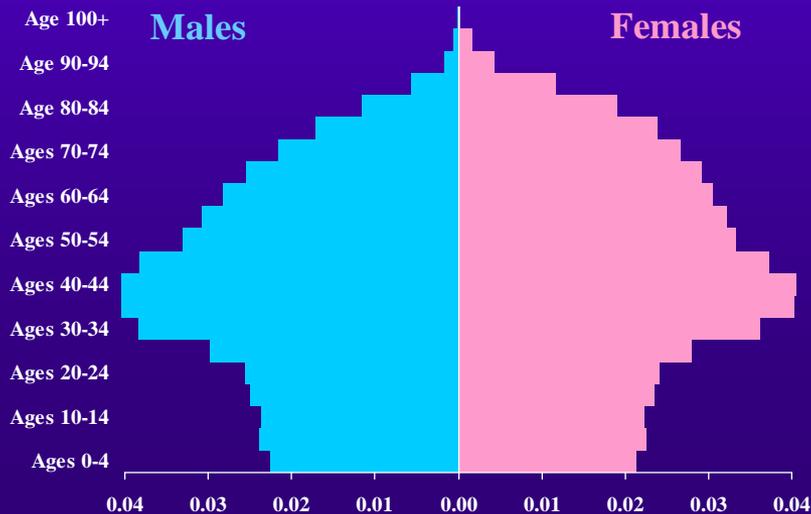
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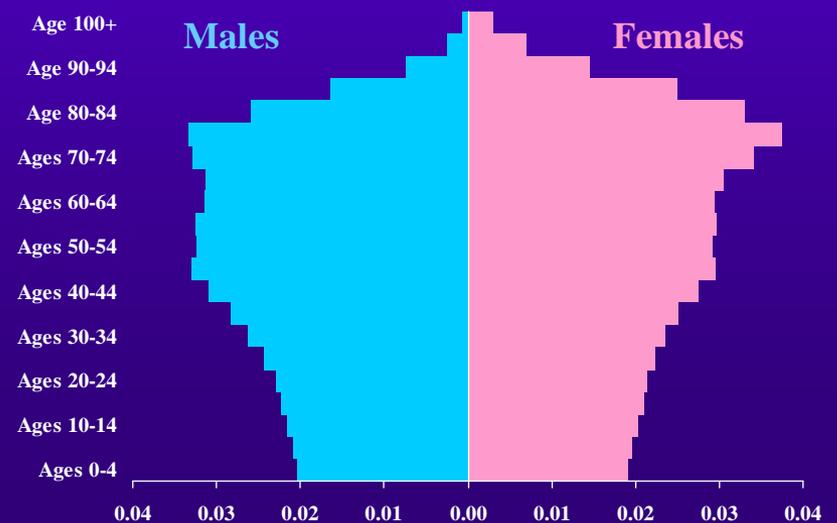
EU-25 2050



Italy 2008



Italy 2050



A Safety Net?

FINKEZ
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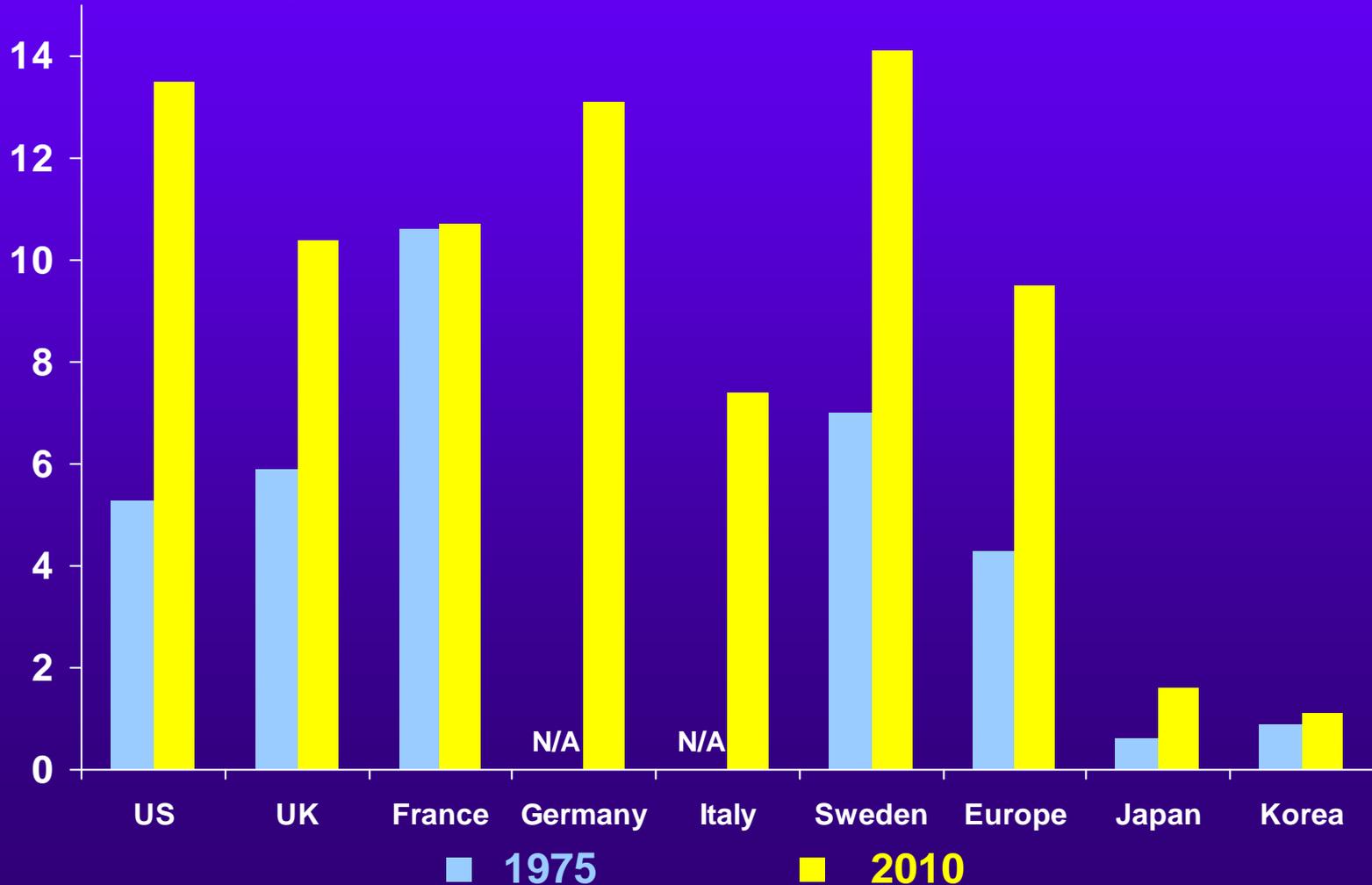
- Use immigration to increase taxpaying population
- Ration treatments and services
- Cost-share with consumers: Premiums, deductibles, and copayments
- Market competition through consumers? through insurance companies?

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Large (and Growing?) Immigrant Populations

Percent of total population



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- Theory
- Experience of others vs. evaluation
- Values
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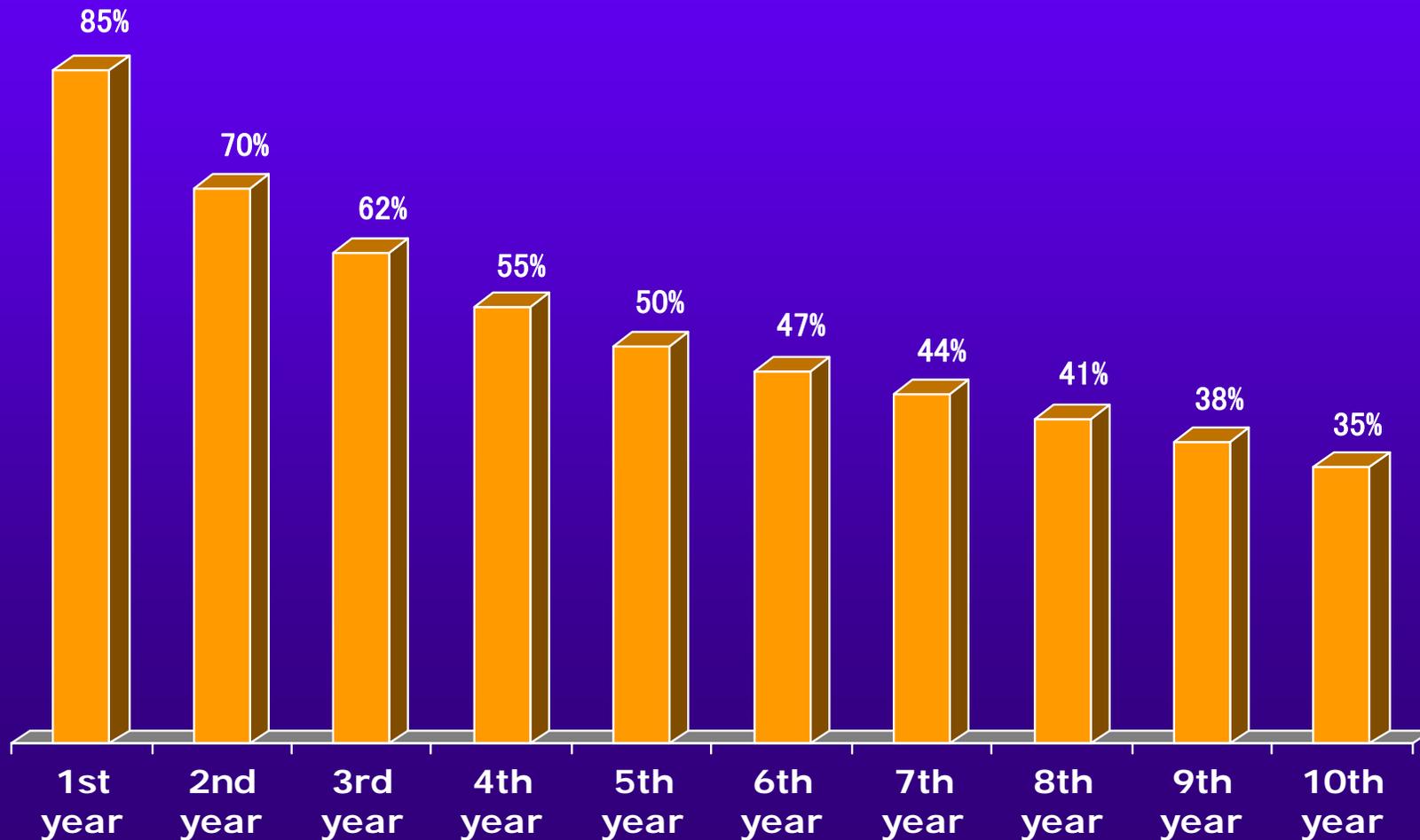
Government programs often fail—at first

- “In medicine: 50-80% of interventions found promising in phase II (mostly nonrandomized studies) are shown ineffective in phase III (sizable RCTs).
- “In K-12 education: 8 of the 9 large randomized evaluations of education strategies funded by IES over 2003-2009 found weak or no positive effects.
- “Of the 10 whole federal programs evaluated in well-conducted RCTs over 1995-2009 (e.g., Job Corps), 9 produced weak or no positive effects.”

Jon Baron, “What Kinds of Evidence Are Needed To Inform Policy Decisions?” (presentation, Pew Foundation, Washington, DC, October 9, 2009).

Be Prepared for Failure -- #1

Small business survival rates



Be Prepared for Failure -- #2

Product failures

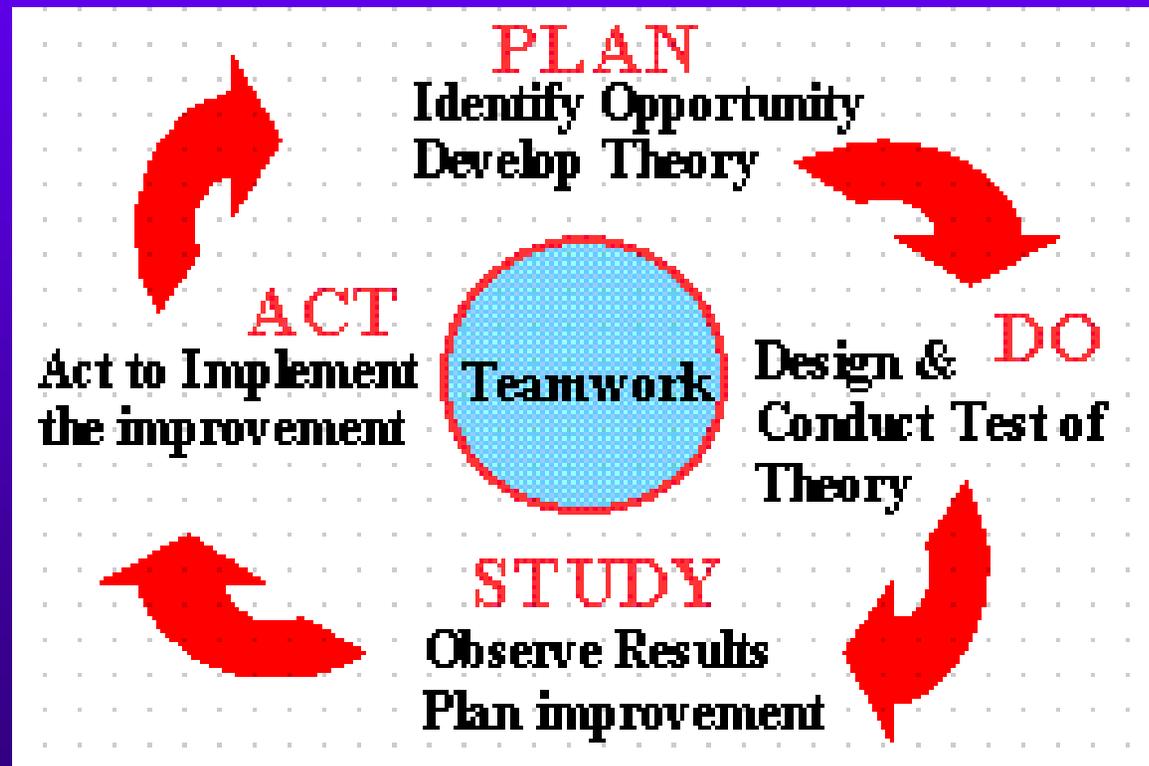
- ▶ **Failure rate for new retail grocery products: 70–80%.**
- ▶ **Between 1950 and 1990, 53% of new Dow Chemical products failed.**
- ▶ **In 2002, the new product failure rate for medical instruments was about 34%.**

New Coke



Deming Cycle

“Universal sequence for breakthrough”



Continuous improvement government

How is the policy or program implemented? (“process evaluation”)

How well does it achieve its goals? (“impact evaluation” and “performance measurement”)

What are its costs and benefits? (“cost-effectiveness” and “cost-benefit” analyses)

Should the policy or program be changed and, if so, how? (a new “policy analysis”?)

Repeated, time after time.

The wider world of policy analysis

“Problem mapping” and/or “Policy and program mapping”—describing the nature and extent, and causes and effects of specific societal problems or conditions and/or the policies and programs meant to address them;

“Policy analysis”—identifying and assessing program or policy options and make recommendations;

“Planning and implementation”—developing logic models (or similar tools) for policy or program design, operations, evaluation, and management;

“Evaluation”—conducting program evaluations, and cost-effectiveness and cost-benefit analyses;

“Performance measurement”—identifying and testing performance management measures; and

“Policy advocacy”—seeking the adoption of specific policy or programmatic changes.

Where do policy analysts work?

Executive agencies

Advocacy groups

International organizations

Research firms

Congressional committees and individual members of Congress and their staffs

Private industry

Trade and industry groups

Congressional agencies

Foundations

State and local organizations and agencies

Charitable or service organizations (profit and not-for-profit)

Think tanks

Policy analysis vs. political “realities”

Political momentum (and imperatives) often override step-by-step planning

Vested interests quickly develop to protect the new status quo

Difficult to institutionalize the process of replanning and redoing, restudying, and reacting, to use Deming’s words.

“There is enormous inertia—a tyranny of the status quo—in private and especially governmental arrangements. Only a crisis—actual or perceived—produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable.”

— Milton Friedman, “Capitalism and Freedom” (1962)

Avoiding Hubris

