

CHAPTER ONE

Public Policy Making and Public Policy Analysis

LEE S. FRIEDMAN

In all societies, there are reasons why the people want some collective actions. One common reason is to establish order through rules and regulations that define such things as property rights and criminal activity and enforcement mechanisms like civil courts and a criminal justice system. Societies undertake collective actions for the security of the group, to promote the public health (like a clean water supply), to promote commerce (roads and bridges, traffic controls), to provide education, to provide for the disadvantaged, and many other reasons. The choice of these collective actions, or public policies, is the essence of why we have governments. Governments vary greatly in terms of the institutional processes used to decide public policies and the specific public policies that they adopt.

But in all cases, governments face tough choices about how specifically to achieve their aims. Even those with substantial tax

I am grateful to those colleagues who kindly read and offered helpful comments on earlier drafts of this chapter: Dan Acland, Janet Flammang, Alex Gelber, John Hird, Eric Patashnik, Bob Reich, and Gene Smolensky.

bases and tax authority have limited resources that force difficult trade-offs. Just how much is available to spend on, say, education, depends on how efficiently the society uses its resources in providing other important things: security, clean water, transportation infrastructure, and attending to private needs (since raising taxes leaves taxpayers with less for their private needs). Thus it is generally in a society's interest to use its resources efficiently for all activities, although how to do this is no simple matter.

This book is about the effort to improve governmental policy making through the development, beginning in the 1950s, of a new profession composed of advisors and public managers trained in public policy analysis and strategic public management. The use of such professionals has become commonplace at all levels of government in the United States and in many other countries around the world. A central question that we examine is this: What have we learned about the effects of this new profession on public policies and on policy making? Does policy analysis matter? Closely related to this central question is another one: Does what we have learned offer lessons for whether and how policy analysis can be improved?

This chapter reviews briefly the development and growth of the policy-analytic profession. Then it offers some perspective on the research to date that has attempted to assess its effects, a perspective that emphasizes some important differences across the many types of governmental settings that utilize policy analysis, and the methodological difficulties that assessment efforts confront. Finally, it introduces the following essays, which provide more detailed examinations of the practice of policy analysis within particular governmental settings. The book's concluding chapter offers a summary and suggestions for future research.

THE DEVELOPMENT AND GROWTH OF
PUBLIC POLICY ANALYSIS AND
MANAGEMENT

Put simply, policy analysis is the science and art of using knowledge to assist policy makers so that better choices will be made. Historically, government decision makers have often called upon those with expertise to assist them in reaching their decisions. Architects and engineers, for example, are typically involved when deciding if a new bridge can or should be constructed, or how to make a new public building safe, functional, and aesthetic. But this book concerns a new professional class of advisors that began developing during the 1950s in the United States. This new profession assists policy makers in understanding better their alternatives and relevant considerations for choosing among them.

One of the earliest examples is the nonprofit RAND Corporation, a think tank that was formed in 1948 and hired operations researchers, economists, psychologists, and others “to further and promote scientific, educational, and charitable purposes, all for the public welfare and security of the United States of America.” These researchers used their tools to develop “systems analysis” intended initially to help military decision makers understand better their alternatives and to make more informed choices from among them.¹ In the early 1960s, when Robert McNamara became secretary of defense under President John F. Kennedy, he ordered that this analytic approach be instituted for all military decision making in the form of “planning, programming and budgeting systems.”

The policy-analytic method was also shown to be useful in considering alternative approaches to municipal services like

police protection and to social services like health care. In 1965 a substantial broadening in the use of policy analysis took place. President Lyndon B. Johnson mandated its adoption throughout the federal government.

New offices of policy analysis, or policy planning, or policy evaluation were opened in most federal agencies. Some existing offices were reconstituted to provide the new services. For example, Congress wanted its own analytic advice on issues of its choosing. It already had the Legislative Reference Service, created in 1914 to assist congressional committees through librarian services that provided them with reliable factual information. In 1970 the Legislative Reorganization Act renamed it the Congressional Research Service and significantly expanded its responsibilities to include conducting its own nonpartisan policy analyses for Congress. In 1974 Congress also created the Congressional Budget Office (CBO) staffed with analysts to provide nonpartisan advice on budgetary policy matters. So both the executive and legislative branches of the federal government began to employ this new professional class of analysts to help make more informed policy choices.

Much new effort was devoted to cost-effectiveness analysis (comparing the cost of alternative programs designed to achieve the same end), benefit-cost analysis (comparing the value of a program's benefits to its costs), and other systematic comparisons to enable more informed policy choices. All of these analytic efforts put a new emphasis on considering the governmental outcomes achieved in relation to the cost of achieving them. These analyses drew primarily on economic and quantitative skills. Almost always there are alternative means to achieve the same ends, and policy analysis could contribute objective findings to allow more reasoned policy choices. The policy analysts

in these offices did not have any power other than that of reason; if their nonpartisan work had influence, it was through the decision makers whom they were advising.

While this early use of professional nonpartisan analysts showed promise, its ability to achieve its intent was limited by the analysts' lack of training or expertise in other skills that matter greatly in federal decision making. These include political and legal skills, understanding bureaucratic processes, and communicating effectively in the policy-making environment. Furthermore, how well policies work depends not just on their design but also on how well they are managed when implemented. In an attempt to address these weaknesses, new types of graduate schools were formed in the late 1960s and 1970s by the country's leading universities: Berkeley, Harvard, Princeton, Duke, Texas, Carnegie Mellon, Michigan, and others. They created new interdisciplinary Public Policy graduate schools to train professionals in public policy analysis and strategic management. These professionals would learn technical skills in economics, statistics, and operations research; social science skills to understand and to communicate effectively in political settings; and analytic management skills to improve the nature and quality of public services and the efficiency with which they are produced. The schools varied somewhat in the relative emphasis given to each of these skills, but virtually all required two very intensive years of graduate work leading to a master's degree.

Three hallmarks of this training are quite important to understand. First, the purpose of public policy analysis is to advise decision makers, who are the clients. This purpose distinguishes it from public policy research, which is undertaken for academic reasons (to contribute to knowledge). The term "decision makers" is interpreted broadly: the clients can be citizen-voters in an

election, elected public officials or the public managers serving under them, or other stakeholders with legitimate concerns and interests in the policies under consideration. Public policy analysis does not substitute for democratic decision making but informs it in the expectation that more informed decision makers will generally make better policies. But one should not underestimate the creative aspect of informing: devising and presenting a new or modified alternative that may well reconcile conflicting objectives and interests, which has led many to associate policy analysis with problem solving.

Second, the professional responsibility of the public policy analyst is to serve the public interest. The idea is to promote the general welfare or the common good. One aspect of this is to provide objective, factual information about the likely effects of proposed policies on outcomes, even if such information might not be what policy makers wish to hear. This aspect is sometimes referred to as “speaking truth to power” (see Wildavsky 1979). If, for example, government welfare policies are themselves causing people to move out of the workforce and onto welfare and more generous guaranteed-income proposals would exacerbate this, then policy makers must be informed.²

Another aspect of serving the public interest is that policy analysts consider the effects of proposed policies on widely shared social goals, like efficiency and equity (fairness). The welfare programs mentioned above were largely undertaken to address fairness concerns, a part of the social safety net. But the work disincentives of these welfare programs were highly distortionary, meaning that they artificially created incentives for many people to reduce their participation in the labor market—an important inefficiency. Recognition of this led analysts to develop new types of welfare assistance that reduced the distortionary work disin-

centives, notably the earned income tax credit. Thus analysts assisted by improving the design of welfare policies to address both equity and efficiency concerns of policy makers.³

This public interest objective distinguishes the professional policy analyst from lobbyists, whose work is to protect and to serve the special interests that they are representing.⁴ The public policy analyst looks beyond the interests of any single group or organization to consider policies that best serve the collectivity. This professional responsibility does not mean that the public policy analyst is blind to the interests of a specific client; indeed much policy analytic work involves identifying changes that are both in the public interest and in that of a specific client. This is no different in kind from the responsibilities of many other professionals like doctors, certified public accountants, or actuaries, who must also uphold professional standards and provide objective counsel. Just as physicians will refuse to provide an inappropriate prescription that the patient may have requested, the public policy analyst will not obscure a policy consequence that bears upon the public interest simply because a client may not like it. This professional responsibility is sometimes impressed upon the public policy graduate students by advising them, as they work, to “keep your bags packed” (should a client pressure the analyst to violate professional standards).

The third characteristic of the work of this profession is that it is forward looking: analytic comparisons are about likely future effects of adopting policy alternatives, and recommendations are intended to improve the future. This predictive aspect distinguishes policy analysis from much policy research, which illuminates or evaluates the effects of policies in the past. Of course the latter type of research is often very informative to the practicing policy analyst: it surely helps to know how well or

how poorly a policy has been working, and why. But future circumstances are generally different from those in the past, and policy analysis will utilize whatever information is helpful to making predictions about the future effects of policy alternatives under consideration.

The new schools providing training in policy analysis found their graduates in high demand. Initially the demand was largely at the federal level, but it spread quickly to state and local levels as well. Many other universities began to add similar graduate programs, and over time most programs also expanded substantially in size.⁵ The Association for Public Policy Analysis and Management (APPAM) was formed in 1979 to promote the intellectual exchange of ideas among the faculties of these schools and practitioners of policy analysis. Since its founding with fifteen institutional members (largely universities but several think tanks as well), APPAM had grown to ninety-five institutional members by 2014.

Of equal importance were the changes occurring in the graduate schools of public administration that predated the policy analysis movement. Beginning in the first half of the twentieth century, these schools trained civil servants, generally emphasizing skill in administrative procedures but not the policy-analytic skills of the new APPAM institutions.⁶ The public administration programs belonged to the National Association of Schools of Public Administration and Affairs (NASPAA). In response to the growing demand for policy-analytic training, most NASPAA schools have gradually revised their curricula to offer policy analysis as an option if not a requirement. They have also expanded their training to include the analytic management tools that encourage public managers to lead their agencies in creating services of higher public value and to pro-

duce services more efficiently. In 2014, there were 280 NASPAA member schools (some of which are also APPAM members).

Finally, it is important to note that while the modern-day policy-analytic movement had its birth in the United States, it has increasingly spread to countries around the globe. A number of current members of both APPAM and NASPAA are from programs outside of the United States. Indeed, in recognition of the growing globalization of many public policy problems that cannot be addressed by any single country alone (e.g., climate change), NASPAA has recently changed its name to Network of Schools of Public Policy, Affairs and Administration, dropping “National” from its name, and notes that its members are now from fifteen different countries. APPAM, in addition to its annual U.S. conference, sponsors one international conference each year. There are many fine schools of public policy outside of the United States that are not current members of either NASPAA or APPAM.⁷

It is difficult to measure the growth in the use of public policy analysis with any precision. Using data from CBO (2007), I estimate that federal government employment of policy professionals with master’s degrees or higher—a group somewhat broader than simply those who have graduated from public policy schools—reached roughly 225,000 by 2005. This number, however, excludes all of the professional analysts employed by state and local governments, the nongovernmental sector, and those outside of the United States.⁸

A different measure of growth is simply the number of schools and programs that produce policy analysts. As a baseline that predates the public policy movement, Henry (1995) reports a U.S. national survey undertaken in 1959–60 that identified approximately one hundred public administration programs

with total estimated enrollment of 3,000 graduate students. Henry mentions that almost all of these programs were quite small, many located within traditional political science departments; the average enrollment reported of only 30 students per program is consistent with this. NASPAA was founded in 1970 with 65 member institutions, and as already mentioned that number had grown to 280 by 2014. Of APPAM's institutional members in 2014, only thirteen universities were not also members of NASPAA. So another measure of the growth of the public policy analysis movement is to treat the new members (those above the base of one hundred older programs) as the new public policy programs: the 193 degree-granting programs that largely started after the 1959–60 survey—an average of three to four new university programs per year up to 2014. This understates the growth rate of policy analysis, as it does not include the growth of the policy-analytic curriculum within the hundred base institutions, nor does it count the new programs that have not become APPAM or NASPAA members.

The above measure of institutional growth also does not account directly for the changes in the number of students. Thus a different measure is the annual number of graduate students enrolled in these programs. NASPAA has in recent years been undertaking an annual survey to measure this. It reported 25,120 graduate students enrolled for Fall 2013 classes among 191 responding programs, which averages to 131.52 enrolled per program. This is more than quadruple the enrollments per program in 1959–60, and of course the number of programs is much greater. While there is uncertainty about the total number of these students because not all institutions respond to the surveys, it seems clear that there are at least ten times the number of annual graduate students now than there were in 1959–60.⁹ If

this annual flow of graduate students turns into jobs at a rate similar to those trained in graduate civil engineering (also primarily a two-year professional degree), then in 2014 we would expect something like 440,000 people trained in public policy analytic skills to be employed and using these skills in the United States.¹⁰

Not all of these jobs are directly with government. In 2013, NASPAA reported that 51 percent of graduate placements were governmental, 28 percent were in nonprofit agencies, and 21 percent were in private sector agencies.¹¹ The nonprofit and private sector placements are generally in institutions that advise governments (e.g., think tanks and consulting agencies like RAND, the Urban Institute, Mathematica, MDRC, or Abt Associates) or partner with governments or have other close relationships with governments (e.g., the Ford Foundation, OECD, UNICEF). Thus one does not necessarily need to be employed by government to utilize policy-analytic skills intended to further the public interest.

THE EFFECTS OF THE POLICY ANALYSIS PROFESSION ON POLICY

While analytic resources have grown considerably, they remain small in relation to the value of goods and services that they seek to enhance through better public policies.¹² They remain small in relation to the resources of special interests that also work to influence public policies, typically in different directions. What difference does it make to actual policies to have these highly trained policy analysts working year after year to improve them? This turns out to be a very difficult question to answer, with relatively scant research effort devoted to it. While