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 one and disproportionate benefits for group two. 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 must relate to public decisions and 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 non-profit 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 hazard the following simple definition: policy analysis is client-oriented advice relevant to public decisions and informed by social values.
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A plethora of definitions of policy analysis already exists. Why introduce this one? One answer 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 answer 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 measures aggregate welfare fairly well but also because it tends to receive inadequate weight in political systems.

An appropriate starting place for our study is an overview of the profession of policy analysis. How does policy analysis differ from the other 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.


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<thead>
<tr>
<th>Major Objective</th>
<th>Common Style</th>
<th>Time Constraints</th>
<th>General Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Academic Social Science Research</strong></td>
<td>Construct theories for understanding society</td>
<td>“Truth” as defined by the disciplines; other scholars</td>
<td>Rigorous methods for constructing and testing theories; usually retrospective</td>
</tr>
<tr>
<td><strong>Policy Research</strong></td>
<td>Predict impacts of changes in variables that can be altered by public policy</td>
<td>Actors in the policy arena; the related disciplines</td>
<td>Application of formal methodology to policy-relevant questions; prediction of consequences</td>
</tr>
<tr>
<td><strong>Classical Planning</strong></td>
<td>Defining and achieving desirable future state of society</td>
<td>“Public interest” as professionally defined</td>
<td>Established rules and professional norms; specification of goals and objectives</td>
</tr>
<tr>
<td><strong>The “Old” Public Administration</strong></td>
<td>Efficient execution of programs established by political processes</td>
<td>“Public interest” as embodied in mandated program</td>
<td>Managerial and legal</td>
</tr>
<tr>
<td><strong>Journalism</strong></td>
<td>Focusing public attention on societal problems</td>
<td>General public</td>
<td>Descriptive</td>
</tr>
<tr>
<td><strong>Policy Analysis</strong></td>
<td>Systematic comparison and evaluation of alternatives available to public actors for solving social problems</td>
<td>Specific person or institution as decision maker</td>
<td>Synthesis of existing research and theory to predict consequences of alternative policies</td>
</tr>
</tbody>
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Table 2.1 Policy Analysis in Perspective
<table>
<thead>
<tr>
<th>General Weaknesses</th>
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<th>Academic Social Science Research</th>
</tr>
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<tr>
<td>Often irrelevant to information needs of decision makers</td>
<td>Rarely external time constraints</td>
<td>Rigorous methods for conducting research</td>
<td>Construct theories for understanding society</td>
<td>Policy Research</td>
</tr>
<tr>
<td>Difficultly in transforming government action</td>
<td>Sometimes deadline pressure mitigated by issue recurrence</td>
<td>Application of formal rules and professional norms, precedents</td>
<td>Defining and achieving desirable future state of society</td>
<td>Classical Planning</td>
</tr>
<tr>
<td>Wanting in political plans when political processes ground</td>
<td>Little immediate time pressure because deadlines with long-term future</td>
<td>Established rules and professional standards and objectives</td>
<td>Efficient execution of programs established by political processes</td>
<td>Efficient execution of plans by political processes</td>
</tr>
<tr>
<td>Evaluation of failures external to program</td>
<td>The pressure leads to making decisions such as budgeting</td>
<td>Managerial and legal</td>
<td>Systematic compilation and evaluation of alternative evaluation of policy options</td>
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</tr>
<tr>
<td>Lack of analytical depth and balance</td>
<td>Strong deadline pressure—strike while issues are topical</td>
<td>Descriptive</td>
<td>Focusing public attention on societal problems</td>
<td>Focusing public attention on societal problems</td>
</tr>
<tr>
<td>Myopia resulting from client orientation and time pressure</td>
<td>Strong deadline pressure—complex cost-benefit analysis of specific decision strategies</td>
<td>Synthetic of existing research and theory to predict consequences of alternative policies</td>
<td>Exclusion of alternatives external to program</td>
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**Table 2.1 Policy Analysis in Perspective**

**Policy Analysis and Related Professions**

by future events) 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, say, 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 main 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.

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.

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 the most efficient way 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 is 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 production will closely match the wants of consumers. The other is the massive problem of cognition caused by the need to collect and process information for the comprehensive direction and monitoring of numerous economic actors. Although central economic planning has had little currency in the American context, the planning paradigm has been important in narrower applications.

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. Consequently, many urban and regional planning schools now require coursework in policy analysis.

A more recent manifestation of the planning paradigm was systems analysis, which attempted 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 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.

But systems analysis has tended to be both overambitious and reductionist. 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 cloud 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 growth—a report based on a model with virtually no empirical links to the real world. An apparently rigorous model, it purported to show that continued economic growth would soon be unsustainable, 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 environmental degradation. The formalism of the model tended to divert attention from its implicit assumptions.

A more focused application of systems analysis is the planning, programming, and 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.

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.” The ideal is a skillful and loyal civil servant 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 was 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.
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The "new" public administration explicitly abandons the notion that administration should be separate from politics. 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 course work in policy analysis even though its primary focus remains management and operational decision making.

Comparing 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. Because news quickly becomes stale, they 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 people often serve as 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. 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.

In summary, 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, and statisticians. In recent years, however, the policy analysis profession has emerged as an established profession. Positions labeled policy analyst are now more common in government agencies, and 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. Nevertheless, the profession is still young and those who consider themselves members represent only a fraction of those actually practicing the craft of policy analysis.

Practicing policy analysts are 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. 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 those 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 the next chapter. For now, let us look at a few examples of organizational settings in which policy analysts work.

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1. Consider the following: "New Public Administration seeks not only to carry out legislative mandates more efficiently and economically as possible, but also to influence and execute policies which more generally improve the quality of life for all." H. George Frederickson, "Toward a New Public Administration." In Frank M. Manlove, ed., Toward a New Public Administration (Scranton, Pa.: Chandler, 1971), p. 344.


3. Association for Public Policy Analysis and Management, P.O. Box 19746, Washington, D.C. 20036-8746. Information about membership and annual conference can be obtained at the following World Wide Web address: <http://www.a4ppam.org>.

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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 Policy Development 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 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 Advisors (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. 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. 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.15

Policy analysts work throughout the federal agencies. In addition to small personal staffs, agency heads usually have analytical offices reporting directly to them.11 These offices have a variety of names that usually include some combination of the words "policy," "planning," "administration," "evaluation," "economic," and "budget."19 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 subdivisions have analytical staffs that provide advice and expertise relevant to their substantive responsibilities. Later in this chapter, we briefly consider policy analysis in the Department of Health and Human Services 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 General Accounting Office (GAO),19 the Congressional Budget Office (CBO), the Congressional Research Service (CRS), and, until its recent elimination, the Office of Technology Assessment (OTA).20 The analytical agendas of these offices are set primarily by the congressional leadership, but sometimes by the requests of individual congressional members as well. Of course, members of Congress 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.21 Committee staffs, 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.22

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 ... clearly 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.23 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 advisors who do policy analysis. Most states have budget offices that play roles similar to that of OMB at the federal level.24 Personal and committee staffs provide analysis in the state legislatures; in some states such as California, the legislatures have offices much like the Congressional Budget Office to analyze the impact of proposed legislation.

17The General Accounting Office 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, 1996).

21For an account of the elimination of the OTA and a comparison with the larger congressional support agencies that survived, see Bruce Cumber, The Politics of Expertise in Congress: The Rise and Fall of the Office of Technology Assessment (Albany: State University of New York Press, 1996).


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 Policy Development 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 economic and social, consequences of policy options. They often coordinate the work of policy analysts in other parts of the executive branch.

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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 satisfying 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.

The importance of the relationship between client and analyst is extremely apparent to consultants.  Usually, the consultants are paid to produce specific products.  If the clients wish to be rehired in the future by their clients, 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 pandering 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 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 paradigm presented above.  With the explosion in the number of think tanks in recent years, more and more issues attract policy analyses from think tanks.  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.

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 analyses to help determine the impact of the proposed change on the pattern and cost of employee benefits.  The American Medical Association would seek analyses 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.  But 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 the 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 analytic functions identified by the Department of Health and Human Services (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 Health Care Financing Administration, and the Centers for Disease Control and Prevention, to name just a few.  In fiscal year 1997, it administered spending of over $340 billion, issued more grants than any other federal agency, and employed more than 130,000 people nationwide in its constituent units.  As such, it is one of the largest and most complex bureaucracies in the world.  DHHS is of such size and scope that the Office of the Secretary (OS), the central coordinating office for HHS, itself
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employs approximately twenty-four hundred 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, it is useful to 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. (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:

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."28 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."29 Policy development often involves special initiatives within DHHS, but it 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 "firefighting" function. "ASPE spends approximately $20 million a year in both policy research and evaluation funds"26 to carry out this core function. "ASPE has many of the skills and resources of a law firm, but because policy problems are episodic. Some have short deadlines, others extend for long periods. Some are internal to the analysts' organizations, 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.30 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. Chapter 10 focuses 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 six chapters of Part II 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.

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29Ibid., E-1.

30Ibid., E-2.

31Ibid., E-2.

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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.”42 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 show the great variety of tasks that analysts are routinely called upon to perform. Some of these tasks are ongoing, others are episodic. Some have short deadlines, others extend for long periods. Some are internal to the analysts’ organizations, 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?

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38Assistant Secretary, Policy and Evaluation, “All About APSE: A Guide for APSE Staff,” no date.
39Ibid., E-1.
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41Ibid., E-2.
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outcomes; and Chapter 9 reviews generic policy solutions for correcting market and
government failures. These chapters provide a “capital stock” of ideas for categoriz-
ing 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
evaluate more confidently the consequences of alternative policies. The disciplines of
economics and statistics serve as primary sources for these skills. Although we intro-
duce some important concepts from microeconomics, public finance, and statistics in
the following chapters, those readers who envision careers in policy analysis would
be well advised to take courses devoted to these subjects.34 Even an introduction to
policy analysis, however, should include the basics of benefit-cost analysis, the sub-
ject of Chapter 12. Chapters 15 and 16 illustrate the application of benefit-cost analy-
sis and related techniques.

Fourth, analysts must have an understanding of political and organizational be-
havior in order to predict, and perhaps influence, the feasibility of adoption and suc-
cessful implementation of policies. Also, understanding the worldviews of clients and
potential opponents enables the analyst to marshal evidence and arguments more ef-
fectively. 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 strategically about attaining goals (Chapter 13), information-
gathering skills (Chapter 10), and government failure (Chapter 8), and in the case
studies (especially Chapter 15).

Finally, analysts should have an ethical framework that explicitly takes ac-
count of their relationships to clients. Analysts often face dilemmas when the private
preferences and interests of their clients diverge substantially from their own percep-
tions of the public interest. Approaches to the development of professional ethics for
policy analysts is the subject of the next chapter.

34There 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.