COMPETENCY GUIDE FOR PA 511:
PUBLIC POLICY ANALYSIS

PART 1: THE TECHNIQUES OF POLICY ANALYSIS

Determining outcomes
Defining outcomes
Listing ten or more possible outcomes for a given program
Ways of estimating program outcomes before the program begins (i.e., policy analysis tools)
Ways of determining program outcomes once the program is underway (i.e.,   program
      evaluation tools); strengths and weaknesses of each evaluation design
Marginal analysis-- why all estimates must be based on marginal rather than average values

Determining program costs
The importance of opportunity costs
Why sunk costs are ignored, and how this principle is related to marginal analysis

Assigning a monetary value to the determined outcomes
The theory behind monetizing: what determines the monetary value of outcomes
Tools of monetizing: specific ways of assigning dollar values
      Applications and weaknesses of each monetizing tool
Cost-effectiveness analysis: when better than cost-benefit analysis; how used

Discounting
Why discount
The economic basis for determining the appropriate discount rate
      (and why the inflation rate is rarely central to the determination)

Choosing the best option
Which choice and why
Role of sensitivity analysis
Applications of sensitivity analysis, especially beyond the discount rate

Using the tools
Ability to apply any of the above tools to a given program
      (If discounting, a discount table will be provided)

The Politics of Policy Analysis
> Major political factors affecting (and fragmenting) public policy making

Market failures (and government failures)
> Why well-working markets are efficient (i.e. pareto efficiency), with examples
> When markets are not efficient: Five types of market failures and the rationale for
>> government regulation
>>> ------The ability to apply the market failure framework to specific policy areas
> Government failures

Markets, government and quasi-markets: applications to regulation and to service delivery
> Quasi-market approaches to *regulation*
>> Designing quasi-market approaches: effluent charges, tradable emission permits (cap
>>> and trade), safety charges, etc.
>> Advantages of quasi-market regulations vs. command and control
>> Practical and political difficulties of quasi-market regulations
> Quasi-market approaches to *service delivery*
>> The many definitions of privatization including various types of quasi-market
>>> approaches: outsourcing, vouchers, etc.
>> Applying some quasi-market tools: claimed advantages of contracting out, vouchers,
>>> HMOs, etc.
>> Practical and political difficulties of quasi-market service delivery
>>> --analytic framework: principal/agent concepts and how they apply
>>> --specific examples of where quasi-market delivery is most likely
>>>> to incur such problems

Policy Analysis and Distribution
> The ability to discuss and apply to a case:
>> What economic efficiency means
>> Why efficiency and equality are often tradeoffs
> Alternative approaches to dealing with the tradeoffs
> How conservatives (e.g., Friedman) and liberals (e.g., Rawls) disagree about the *facts*
>> behind the tradeoffs
> How and why strong conservatives and strong liberals disagree about the *values* that
>> determine what society should do about the tradeoffs
>>> ---The specific arguments and choices that would be made by
>>>> strong conservatives such as Friedman or Kaldor-Hicks
>>> ---The specific arguments and choices that would be made by
>>>> strong liberals such as Rawls