

Policy Analysis as Problem Solving

A Flexible and Evidence-Based Framework

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n Development

**Rachel Meltzer and
Alex Schwartz**



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DEVISING ALTERNATIVE POLICY OPTIONS

A policy recommendation can be no better than the policy options under consideration. If an option is not "on the table" it cannot be recommended. Policy analysis involves the identification and comparison of different ways of addressing a particular problem. While the analysis should arrive at the best of these policy alternatives, there can always be an alternative that is better still, but was never considered. It is therefore crucial to identify a wide range of possible options and select the most promising of these options for further analysis.

The number of possible solutions to a problem is limited by one's imagination—as well as by the time available to conceive of them. Ultimately, the goal of the analyst should be to develop a portfolio of options that would address the problem in distinctive ways. In identifying possible options, it is always important to ask how they would address the problem, or how they would meet the objectives you've established for addressing it (Hammond et al. 1999: 50). In asking *how*, you can home in on the mechanisms inherent to the alternative that would enable it to achieve your objectives. Otherwise, you run the risk of proposing alternatives that are tangential to the issue at hand. They may be interesting, and perhaps address some aspect of the issue, but do not get at the heart of the matter.

In Chapter 2 we discussed how problems can be framed in many ways, and that the way in which problems are depicted reflects the values and goals of policy analysts and their clients. The same is true

for the presentation of policy alternatives. While there will be times when the policy analyst and/or the client has no preconceived notion of how a particular issue should be addressed, and is open to a wide range of possible options, there may be others when the analyst or client seeks to promote particular approaches, and/or keep others out of consideration.

The names given to alternatives, and the contrasts between the alternatives under consideration can influence how they are perceived in ways that supersede their actual analysis. Deborah Stone, for example, discusses how the names given to possible policies can trigger positive or negative emotional responses (Stone 2012). For example, calling the inheritance tax a “death tax” implies that such taxes are fundamentally unfair, as if the government is taxing, or exploiting, everyone at the moment of their death—even though the federal inheritance tax is currently (as of 2017) subject only to estates worth more than \$5.49 million—less than 0.2 percent of all estates.¹

Also, the juxtaposition of alternatives can help persuade others of the analyst’s desired outcome. We started this chapter with the observation that if alternatives are left “off the table” they will not be subject to analysis or considered as potential solutions. Therefore, one strategy is for the analyst to omit policies that might otherwise be viewed as credible alternatives to his or her preferred approach. In addition, the analyst can couple his or her preferred policy option with ones that are blatantly undesirable so that the client or other audiences will be drawn to the former. In other words, the analyst may pose the alternatives as a “Hobson’s choice” between one realistic option and others that are seriously flawed and unacceptable (Stone 2012).

In this book we assume that policy analysts recommend policies based on a good-faith assessment of their strengths and weaknesses. That said, we also recognize that the choice of alternatives to be considered is always subject to the values and priorities of the analyst and his or her client. The range of alternatives to be considered is never comprehensive, and is always circumscribed in some way. In the following sections we assume that the analyst and client wish to examine multiple options for addressing a problem, and we introduce several ways of identifying and developing them.

Approaches

Policy analysts, in devising options, can choose from a range of options. Some options are the analyst’s only options, and others start by identifying a range of options.

The analyst can then narrow down the range of options. In some cases, the analyst can identify a single option, or a range of options, that can be adopted (or modified). In other cases, the analyst can identify multiple, mutually exclusive options that can be adopted (or modified multiple times). Moreover, the analyst can identify a range of options that can be combined elements of different options.

How do analysts identify the range of options? They can consider various possibilities, and then narrow down the range of options. They can develop a range of options by making adjustments to existing policies or policies that have been developed in other contexts. They can also use analogies to identify a range of options. For example, the analyst can identify a range of options by examining a range of existing policies or by examining a range of existing policies that have been developed in other contexts. The analyst can also identify a range of options by examining a range of existing policies that have been developed in other contexts.

Box 3.1

- Status quo
- Incremental changes
- Client-centered approaches
- Policy-based approaches
- Past practices
- Analogies

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Approaches for Generating Alternatives

Policy analysis usually involves comparison of three to five or so alternatives, including the status quo. Consideration of a larger number of options can quickly become unwieldy. However, that three to five options are subject to a full analysis does not mean that these were the only options to be identified or considered. It is almost always wise to start by identifying a large and wide-ranging set of possible options. The analyst can then choose among these options for further analysis. In some cases, two or more potential alternatives can be combined to form a new alternative; conversely, other options might be split apart to form multiple, more narrowly defined options. Sometimes, alternatives can be adopted in whole cloth from other contexts (places, organizations, times). More often, they must be adopted to fit local circumstances. In some cases, analysts must design policy options from scratch or combine elements of two or more approaches.

How does one identify possible policy options? There are numerous possibilities. In this chapter we discuss several ways to identify and develop policy alternatives. Some of these methods involve incremental adjustments to the status quo or the identification of programs or policies adopted in other places or at other times to address similar or analogous issues. Other approaches are more inductive in nature, involving adaptation of basic modes of government intervention, various kinds of “thought experiments,” or the application of principles from such fields as behavioral science and design (see Box 3.1 for summary of approaches). We conclude the chapter by considering possible alternative policies to reduce child support debt.

Box 3.1 Common Sources for Ideas About Alternatives

- Status quo
- Incremental changes to the status quo
- Client suggestions
- Policies in other places that address similar issues
- Past policies addressing similar issues
- Analogous policies

- Dimensions: turning one alternative into several
- Standard modes of government intervention
- Brainstorming
- Building off an ideal
- Behavioral economics
- Design thinking

Modeling Alternatives on Existing or Previous Programs and Policies

Status Quo

One option that should almost always be considered is the status quo of sticking with the current policy and letting current trends continue. Policy changes could cause conditions to worsen. Some problems may prove to be temporary or random. For example, a town might be better off choosing not to build new schools to reduce overcrowding if the school-age population is projected to shrink in the near future. At minimum, the status quo should be considered as a baseline for comparison with the projected outcomes of alternative policy options.

Incremental Changes to the Status Quo

Besides the status quo, analysts may also consider small incremental changes to current policies. Indeed, Charles Lindblom in his classic essay “The Science of Muddling Through” (1959), argues that, in practice, policy analysis focuses mostly on incremental adjustments to the status quo (see Chapter 1). For example, one might modify the eligibility criteria for a particular program, change the amount of a subsidy, or stiffen a penalty for violating a regulation. Patton et al. (2013), building on the work of Alex Osborn, offer the following ways by which existing programs or policies might be modified:

Magnify: make larger, apply more often, duplicate

Minify: make smaller, narrower, omit, split apart

Substitute: change location, change sponsor, change components, change financing

Combining
Rearrange
change

Client Suggestions

Often the client will have ideas for policy changes. In some instances, the client may have a particular policy or program in mind that they would like advice on. In other cases, the client may have an argumentation strategy in mind, or critiques of existing policies or programs. Officials, lobbyists, and advocacy groups may put the analysis in a particular light that the client doesn't view as accurate. Chapter 8 focuses on how to handle these situations.

Policies in Other Countries

Another common way to approach policy analysis is to look at what is done elsewhere. Analysts can look at what is done in other countries or other parts of the world. For example, they may look at how other countries handle particular issues, such as the use and abuse of antibiotics. Analysts may also look at how other countries approach particular issues, such as how they handle environmental problems. For the client, this may involve looking at what is done in other countries, cities and states, and even within the client's own organization. From the analysis, the client may be able to learn what other countries or cities are doing, and how they are approaching particular issues. This can help the client make informed decisions about how to approach particular issues.

Past Policies

Besides investigating what is done elsewhere, analysts may also look at what has been done in the past. This can help them understand what has worked and what hasn't. It can also help them identify what has been done in the past that may be relevant to the client's current situation. For example, if the client is looking at how to handle a particular issue, they may look at what has been done in the past to handle similar issues. This can help them identify what has been done in the past that may be relevant to the client's current situation.

Combine: combine approaches, combine sponsors
Rearrange: change sequence, change timing (speed up/slow down),
change locations (centralize, decentralize; mobile vs. permanent)
(Patton et al. 2013: 233)

Client Suggestions

Often the client will have ideas or suggestions of possible policy options. In some instances the client may want analytic support for a particular policy or program. When this occurs, the client is less interested in advice on how to solve a problem than in receiving evidence and argumentation in support of a particular course of action, and perhaps critiques of other potential solutions that other actors (e.g., government officials, lobbyists) might favor. These circumstances can, of course, put the analyst in a difficult ethical position, especially if he or she doesn't view him- or herself as an advocate (Jenkins-Smith 1982). (See Chapter 8 for a discussion of the ethics of policy analysis.)

Policies in Other Places That Address Similar Issues

Another common method is to explore how the issue is addressed elsewhere. Analysts can look at the programs, policies, and other initiatives of other governments and organizations to address similar problems. For example, in researching how a city might stem growth in opioid use and abuse, analysts could look at how other cities and states are approaching the problem, and how their approaches might be adapted for the client. In addition to canvassing efforts undertaken by other cities and states in the United States, policy analysts could also learn from the activity of nongovernmental organizations as well as international jurisdictions. In Chapter 7 we will discuss various research methods and information sources for identifying and developing policy alternatives.

Past Policies Addressing Similar Issues

Besides investigating how other places and organizations are currently contending with the issue, it is also important to look at how the issue, or issues similar to it, has been addressed in the past. For example, perhaps

previous efforts to reduce substance abuse (crack, heroin) might offer lessons for today's opioid crisis.

Analogous Policies

In addition to exploring how the same or similar issues are or have been addressed elsewhere, it is also helpful to consider how policies or programs that address quite different, even unrelated, issues could be adopted to the issue at hand. For example, one might think about how methods used by the armed forces to recruit volunteers could be adopted for the purpose of recruiting young adults for a youth mentoring program. Similarly, in considering ways of reducing child support debt, analysts might look to policies and programs aimed at educational, medical, and credit card debt as potential models.

A Cautionary Note on "Best Practices"

Oftentimes, analysts refer to the efforts taken by other governmental and/or nongovernmental organizations to address a particular issue as a "best practice," implying that it could be a model for the client. Unfortunately, it is usually impossible to know if such efforts are indeed "best" or even "good." Few programs are subject to rigorous or any evaluations, so it is simply impossible to know with any certainty that programs that have not been evaluated are actually effective. While analysts may be excited to discover other programs that are designed to tackle the same or similar problems, the existence of such programs does not denote success. Even if administrative data suggest positive outcomes, such as reductions in opioid-related hospitalizations, these results may not be indicative of success or effectiveness.

Even if a program has been thoroughly and rigorously evaluated, it still may not be a "best practice" for the current situation. If it was implemented in a much smaller (or larger) jurisdiction with a very different political culture, with different population characteristics, or with different technical and financial capabilities, the program or policy may not be appropriate or suitable—although certain modifications to reflect differences in the overarching context might make it so.

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Bardach and Patashnik (2015), in their discussion of “smart practices” emphasize the need to isolate the key factors and causal links that make a given program or policy successful. By focusing on these factors and the elements that support them, analysts may be able to see whether the policy or program can be adapted to fit the demographic, political, and institutional context of the client’s jurisdiction.

Bardach and Patashnik stress the need to identify the basic mechanism through which a program or policy achieves its success. Analysts must then distinguish between the basic *functions* “involved in getting the mechanism to work and the particular features of the programs that embody those functions” (Bardach and Patashnik 2015: 132). Whereas the functions are usually indispensable, the features are not. For example, Bardach and Patashnik point to Riverside County, California’s Greater Avenues for Independence (GAIN) welfare-to-work program of the early 1990s. The program distinguished itself from other welfare-to-work programs of the period by setting high expectations about work for its participants. It emphasized societal norms and expectations about work and economic self-sufficiency and it signaled in various ways to participants that program staff were confident that they would succeed in obtaining a job and leaving welfare. These two features (expectations, confidence) constitute the basic mechanisms of the GAIN program. However, the specific program design features that impart these mechanisms may be adapted in various ways.

Dimensions: Turning One Alternative Into Several

Any policy alternative can be modified into multiple variations. It is sometimes useful to think about how a given policy option might be altered, or to create two or more separate alternatives based on the same basic option. In modifying an alternative or creating multiple variants, one varies one or more key components. For example, one can change the eligibility criteria for a program, the fees that would be charged, the scale of its operation, the timing of its implementation, its geographic scope, and many other elements.

Inclusionary zoning provides a useful example of how choices about key design elements can lead to quite different programs. Inclusionary zoning (sometimes termed “inclusionary housing”) refers to programs

established by state and local governments to leverage private real estate development to produce affordable housing (housing affordable to low- and/or moderate-income households). Inclusionary zoning requires or offers incentives to designate a portion of the housing units in new developments for low- or moderate-income households.

Here are some of the key program elements:

Mandatory versus voluntary: Should the program apply to all eligible private housing development without exception, or should it be a voluntary incentive?

Minimum development size: What is the minimum size of the development subject to inclusionary zoning? Five units? Fifty?

Tenure: Should both rental and condominium units be subject to inclusionary zoning? To what extent should the affordable housing produced be rental or for homeownership?

Affordable set-aside: What percentage of the units in the development should be reserved for (made affordable to) low- and/or moderate-income households?

On- or off-site provision of affordable units: Should the affordable units always be included within the market-rate development, or should developers have the option of providing the units elsewhere? If so, under what conditions?

Income targeting: What income groups should the affordable housing be targeted to? If the units should be designated for a mix of incomes, what incomes, and in what proportion?

Longevity of affordability: For how many years should affordability requirements remain in effect? Should affordability be permanent? Should longevity of affordability differ for rental and owner-occupied housing?

Program oversight and management: Who should oversee compliance with the program and ensure that affordable units are created and allocated to qualified households and remain in compliance over time?

Reflecting the number of design elements, inclusionary zoning programs vary widely in the United States. Some are voluntary, providing incentives to developers if they provide affordable housing; others are

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mandatory for all development over a designated size. Some apply only to very large developments; others apply to smaller properties as well. Some apply only to rental housing developments while others involve all multifamily residential development—rental and condominium—above a specific size. Some require all affordable units to be provided on-site while other programs allow developers to build affordable units at other sites or to contribute to a housing trust fund that can enable other developers to build the affordable housing. Some target moderate or even middle-income households while others give priority to lower-income households. Affordability restrictions can vary from a few as five years to perpetual affordability. Some governments oversee inclusionary zoning programs directly; others contract with nonprofit organizations for this purpose. The flexibility makes it easier to tailor the program to the needs of the municipality.²

Alternative Strategies for Developing Alternatives

Researching how other governments and organizations are currently addressing the issue and have done so in the past can yield various potential models and precedents for the case at hand. However, some of the most creative and perhaps most effective ideas may emerge from less empirical means.

In this section we examine several additional ways to devise potential alternatives. These methods are more inductive in nature than the approaches outlined in the previous section. Rather than adapt existing or previous programs or policies that aim to address issues similar to the one at hand, the approaches outlined next require the analyst to construct potential alternatives by adapting principles and ideas from various fields, or by exercising one's imagination. We begin by discussing how the analyst can base alternatives on various generic governmental functions. We then review strategies to imagine potential alternatives. Next, we discuss how principles from behavioral sciences and design can be used to inform potential alternatives.

Standard Modes of Government Intervention

One way to identify potential solutions to a problem is to draw from the standard toolkit of government: the various ways by which it can influence behavior, provide services, and raise revenue. As illustrated in

Box 3.2, governments write laws and regulations to restrict certain types of behavior on the part of individuals and businesses and impose penalties for violating these laws and regulations; governments may provide direct subsidies to support or encourage certain kinds of activities and services; they can incentivize or sanction certain activities through the tax code; they can provide services directly, or decide to contract with nonprofit or for-profit organizations to deliver these services.³

Box 3.2 Standard Modes of Government Intervention

Taxation (e.g., Income Tax, Property Tax, Sales Tax, Gas Tax, Excise Taxes, Liquor Tax, Commuter Tax)

Purpose: encourage or discourage certain activities; raise revenue.
 Examples: introduce new tax; eliminate tax; change terms of existing taxes (change tax rates, change income levels subject to particular tax rates; exempt certain goods from sales taxes; increase taxes on specified goods such as liquor ("sin taxes"); offer tax incentives (credits, deductions) for investing in specified activities or locations.

Grants and Subsidies

Purpose: provide funds to encourage certain behavior.
 Examples: grants for medical and scientific research; subsidies for low-income housing; below-market rate loans; loan guarantees.

Criminalization/Decriminalization

Purpose: make certain activities illegal; increase penalty for violating laws and regulations; reduce or eliminate legal sanctions against certain behavior.
 Examples: legalization of recreational and medicinal marijuana use; minimum prison sentences; increase in statute of limitations for prosecution of certain crimes.

Regulation

Purpose: require people and businesses to adhere to specific standards to ensure health and safety or meet other social, economic, or environmental goals.
 Examples: zoning, building codes; product safety regulations; privacy protections; calorie-content requirements for restaurant menus; automobile mileage standards; privacy protections for social media users.

Service Provision

Purpose: provide services

provide them.

Examples: public services; cling; change environment

Health care illustrations bring this toolkit to life. The Commonwealth Fund 2017 report "The Health of Americans and After the Passage of the Affordable Care Act" is an arena open to several interpretations.

Box 3.3 Policy Options

A wide range of government policies address climate change. The federal and state governments have enacted by motor vehicle manufacturers requirements for makers to reengineer greenhouse-gas-guzzling vehicles. Similarly, governments have sought to reduce the use of hybrid and battery-powered vehicles. The government of battery technology to make vehicles fuel efficient.

Another option has been implemented by several states, which allow able green bonds and other bonds.

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Service Provision

Purpose: provide public services directly or pay other organizations to provide them.

Examples: public schools; public hospitals; after-school programs; recycling; change eligibility standards for services.

Health care illustrates the many ways by which government can bring this toolkit to bear. The Affordable Care Act of 2010 (The Commonwealth Fund 2018; Henry Kaiser Foundation 2018; Starr 2018) embodies several distinctive forms of intervention, and debates before and after the passage of the legislation highlight other potential means of governmental action. (See Box 3.3 for an example of another policy arena open to several kinds of intervention.)

Box 3.3 Policy Application: Greenhouse Gas Emissions

A wide range of generic policy interventions is also evident in efforts to address climate change by reducing greenhouse gas emissions. Federal and state governments have long debated how to reduce carbon generated by motor vehicles and by electric utilities. By increasing mile-per-gallon **requirements** for cars and trucks, the government required automakers to reengineer their products so that motor vehicles burn less greenhouse-gas-generating fuel while traveling the same distance as before. Similarly, most states require annual **inspections** of all motor vehicles to, among other things, ensure that exhaust emissions comply with environmental standards. Another way by which government has sought to reduce greenhouse gas emissions is to encourage the use of hybrid and battery-powered vehicles. They do so, for example, by offering income **tax credits** for the purchase of battery-powered vehicles, thereby offsetting some or all of the higher purchase price of these vehicles. The government can also help **subsidize** research and development of battery technology and other means of making motor vehicles more fuel efficient.

Another option, proposed by the first Bush Administration and implemented by several states, is “cap and trade”—whereby the total amount of allowable greenhouse gas emissions are capped at a set amount. Utilities and other businesses receive credits for reducing their greenhouse

gas emissions, and can sell these credits to other businesses that exceed the allowable standards, essentially setting up a **market** for emissions.

Yet another option, that advocates propose but that has not been implemented, is to significantly increase **gasoline taxes**. If gas taxes in the United States approached that of most European countries, consumers might seek out more fuel-efficient vehicles, including battery-powered ones. In addition, some advocates argue that if higher gas prices were an established reality, land use patterns might change over time so that there is more integration of residential and commercial uses, and higher density of construction so as to reduce the amount of daily vehicle miles driven.

Coal-powered electric plants are among the single largest sources of greenhouse gas emissions. Controversy rages at present about how and whether coal-powered electricity should be curtailed. The federal and state governments could simply issue **regulations or laws** banning the use of coal as a fuel for electricity generation, going into effect after a specific period of time, as have such countries as Canada and the United Kingdom (Plumer and Popovich 2017). Governments could impose a **tax on carbon** generated by electric utilities and other users of carbon-based fuels. The tax would add to the cost of relying on carbon-intensive fuels such as coal, and encourage utilities to change over to natural gas, solar, wind power, and perhaps nuclear power.

The Affordable Care Act combines different types of **subsidies** and **regulations** to expand health insurance coverage and to lower the growth of health care costs. Until Congress repealed this aspect of the Act in 2018,⁴ it **mandated** that all people acquire health insurance. It **expanded** the Medicaid program to cover all people with incomes of up to 138 percent of the poverty line (although the Supreme Court ruled that the expansion of the Medicaid could be decided only by the states) and it provided **subsidies** to help cover the premiums for individuals and families with incomes up to a certain level. The Act also involves numerous **regulations**: including, among many other things, requiring all individuals to obtain health insurance; setting minimum standards of coverage for all insurance policies; requiring insurance companies to cover dependent children up to the age of 26; prohibiting insurance companies from denying coverage to people with preexisting medical conditions; and eliminating lifetime caps on insurance benefits.

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The legislative debates prior to the passage of Affordable Care Act and the critiques that have been leveled against it afterwards highlight other alternatives that might have been considered to attain the same objective of universal health care but were not put on the proverbial legislative table. For example, the government could **insure health coverage directly**—as is done in many other countries such as Australia, Canada, and most of Western Europe, and as the United States does in its Medicare and Medicaid programs. At minimum, if a “Medicare for All” policy isn’t possible, states could be allowed to offer a “public option” of state-administered insurance to compete with private, for-profit insurance.

The child support case also illustrates the application of several standard modes of government intervention. As discussed in Chapter 2, the government defined the problem in terms of the refusal of parents to provide financial support for their children, deeming such parents as “dead-beats.” Federal and state government agencies responded to the problem in the 1980s and 1990s by imposing stiffer **penalties** against parents who fail to pay child support, and to make it easier for governments to track down these parents and secure child support payments from them. The sanctions governments imposed against parents who owe child support included suspension of drivers licenses, professional licenses, passports, and in some cases, incarceration. State and federal governments agreed to **share information** on the identities of parents in arrears and to **require** employers to share with child support agencies the identities of all new employees so that their wages can be **withheld** for child support. Financial institutions were similarly required to share information on their accounts so that the government can tap into the accounts of delinquent parents. Finally, the government **increased funding** for genetic testing to verify the paternity of noncustodial parents (Brito 2012).

Brainstorming

Brainstorming is the spontaneous, unfiltered generation of ideas. In thinking about how to address a problem (any kind of problem, not just policy issues), it’s often helpful to imagine and free-associate all sorts of potential solutions. Brainstorming is usually most productive when

done in collaboration with others, so that each can build on the other's suggestions. The point of brainstorming is to generate lots of ideas, not to evaluate them or specify them in detail. Just keep a running list of them. Afterwards, you can decide which ones are worthy of further development.

IDEO, an influential design firm, offers the following "rules" for successful brainstorming:

1. Defer judgment. You never know where a good idea is going to come from. The key is to make everyone feel like they can say the idea on their mind and allow others to build on it.
2. Encourage wild ideas. Wild ideas can often give rise to creative leaps. When devising ideas that are wacky or out there, we tend to imagine what we want without the constraints of technology or materials.
3. Build on the ideas of others. Being positive and building on the ideas of others take some skill. In conversation, we try to use "yes, and . . ." instead of "but."
4. Stay focused on the topic. Try to keep the discussion on target, otherwise you may diverge beyond the scope of what you're trying to design for.
5. One conversation at a time. Your team is far more likely to build on an idea and make a creative leap if everyone is paying full attention.
6. Be visual. In Brainstorms we put our ideas on sticky notes and then put them on a wall. Nothing gets an idea across faster than a sketch.
7. Go for quantity. Aim for as many new ideas as possible. In a good session, up to 100 ideas are generated in 60 minutes. Crank the ideas out quickly and build on the best ones (Ideo.org 2015: 95).

Building off an Ideal—or Imagining Policies Without Constraints

Another useful way of envisioning potential options is to think about the ideal solution to the problem, suspending consideration of costs, political feasibility, and other constraints. One can then consider ways of modifying this solution so that these constraints could be addressed. It

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also may be possible to envision ways of eliminating some of these constraints so that the ideal solution becomes viable. As Patton, Sawicki, and Clark put it, the value of developing an ideal solution “is not so much in stating a goal to be attained, but rather in causing us to think about alternative means to move toward the ideal” (2013: 230). The field of “futures thinking” also offers techniques for imagining potential solutions to various kinds of problems in the form of scenarios and visioning exercises (Waverly Consultants 2017).

One potential downside of alternatives that derive from brainstorming or similar creative exercises is that their unique or idiosyncratic qualities can make them difficult to assess and compare with other potential policy options. The lack of prior research on novel policy ideas can render it difficult to compare them with more established options. In a related vein, if alternatives are sketched out in broad strokes and leave many details undefined, it can be difficult to assess them credibly. In addition, the interpersonal dynamics in a brainstorming session may impede the generation of creative ideas. For example, more extroverted individuals may dominate the discussion, and participants may feel obliged to adhere to the salient ideas or patterns of thinking (Ballis 2014).

Insights From Behavioral Economics and Related Fields

Behavioral sciences offer a fertile source of ideas for policy alternatives. The closely related fields of behavioral economics and psychology have revealed patterns of perception, cognition, and behavior that can inform innovative policy options. The pioneering research of Danny Kahneman and Amos Tversky, followed by many others, shows that people often act and think in ways that depart markedly from the expectations of traditional economics. Moreover, they discovered that they depart in ways that are systemic and predictable. These insights can help identify and develop potential alternatives—the subject of this chapter—and analyze their potential impact, which is the subject of Chapter 6.⁵

A key insight of behavioral economics and related fields is that humans think in two basic ways. As Kahneman (2011) famously put it, people “think fast and slow.” Thinking fast refers to the mental shortcuts

people take in understanding problems and making decisions—snap decisions, quick assumptions, cognitive biases, intuition, and emotion. Thinking slow, on the other hand, refers to the more considered, deliberate, and analytic approach people may also take in solving problems and making decisions. Kahneman called the former mode of thought “System 1” and the latter “System 2.” Richard Thaler, a colleague of Kahneman and pioneering behavioral economist and co-author Cass Sunstein refer to them as the “Automatic” and “Reflective” systems. The former is akin to a “gut feeling” and the latter to “conscious thought” (Thaler and Sunstein 2008: 21).

Regardless of the nomenclature, the point is that many decisions and actions result from thinking fast instead of slow. Researchers in the field have identified several specific characteristics of System 1, characteristics that often lead to errors, or decisions that would run counter to what System 2 would suggest. Policy analysts have marshaled these insights to devise a wide array of public policies. Before we discuss how behavioral economics and related fields can generate policy alternatives, we review several of the key findings of behavioral economics with relevance to public policy.

Status Quo Bias

People are reluctant to depart from their current situation. More often than not, they stick with their current position and do not change even if such changes would lead to an improvement.

Loss Aversion

The same item is worth more to people when they already own it than when they do not. If asked to sell a possession, they will ask a higher price than what they would be willing to pay to acquire it in the first place. Loss aversion reinforces status quo bias in that it fosters inertia—a desire to stick with current holdings, even if letting go of them, or trading them for other things, would lead to an improved situation.

Framing

Choices are often contingent on the way in which they are presented. People often prefer one option when the choices are framed one way,

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and a different option when they are framed in another way. For example, Sunstein notes that people are more likely to choose to have an operation if they are told that 90 of 100 people who had the operation previously are still alive after five years than if they are told that 10 people are dead after five years—even though the two outcomes are identical.

Anchoring

People’s assessment of things—whether quantitative or qualitative—is often influenced by the context in which they are presented. The starting point of the assessment can influence the conclusion. Initial prompts, even arbitrary ones, can suggest the direction and magnitude of the answer. Thaler and Sunstein give the example of someone being asked to estimate the population of Milwaukee. If that person is from Chicago and knows that Milwaukee is the largest city in Wisconsin, he or she may assume that Milwaukee’s population is about one-third of that of Chicago’s population of about 3 million, amounting to 1 million. However, if someone from Green Bay, Wisconsin, is asked the same question, she may assume that Milwaukee’s population is about three times that of Green Bay, or 300,000. Depending on the anchor (Chicago or Green Bay) one can arrive at very different estimates.

Availability

When asked to estimate the likelihood of risks, people often think about examples of such risks and how recent they were. Perceptions of the risk of a plane crash, for example, tend to rise in the aftermath of a recent crash, and decline afterwards. Perceptions of risk, in other words, can be based much less on probability than on one’s memory of recent events. As a result, risks may be exaggerated or unduly minimized.

Confirmation Bias

People tend to search for information that confirms their beliefs and are less likely to seek out or consider information that runs counter to them.

Representativeness

People often reach conclusions about patterns and things based on their apparent similarity to something else. They often ignore basic probabilities in favor of stereotypes and other preconceptions. For example, people see patterns when the outcomes are random, since they do not appreciate the variety of forms that random sequences can take. Kahneman and Tversky once gave a group of people descriptions of “Steve,” a retiring, shy and withdrawn man with a “need for order and structure and passion for detail.” They were asked if he was more likely to be an engineer or a librarian. They found that people were far more likely to answer “librarian.” His characteristics matched their stereotype of that profession even though men are far more likely to be engineers than librarians (Oliver 2017: 26).

Optimism and Overconfidence

People tend to be unrealistically optimistic about their prospects and future behavior. They tend to believe, for example, that they are less likely than others to experience ill health or financial misfortune. Similarly, people tend to be over confident about their abilities.

Behavioral Sciences and Public Policy: “Nudges”

Although behavioral economics emerged as a field in the 1970s, it was not until the 2000s that it began to influence public policy in earnest. Drawing on the insights of the behavioral sciences, policy analysts have devised policies to address a wide array of issues in many countries. Many of these policies take the form of a “nudge,” a way of steering people into decisions and actions that would benefit them if they had given the matter considered attention instead of automatic reasoning.

“Nudge” was coined by Thaler and Sunstein in their highly influential book of that name, published in 2008. They consider nudges to be a form of “libertarian paternalism.” Nudges are paternalistic in that they encourage people to act in ways that the government considers to be in their best interest—and that people would presumably judge so themselves if they had “paid full attention and possessed complete information, unlimited cognitive abilities, and complete self-control”

(Thaler and Sunstein 2008: 5). Nudges are libertarian in that they do not coerce people to act in the desired way, but always give them the option of acting otherwise. Nudges typically involve policies that leverage the insights of behavioral economics—i.e., the mental shortcuts that underlie many decisions and actions. They usually do not involve subsidies (except perhaps nominal ones), regulations, or penalties.

Many nudges rearrange what Thaler and Sunstein call “choice architecture”—the way in which options are sequenced, labeled, and designed. The sequence by which people encounter various options, and the way in which these options are presented can greatly influence which options are chosen.

The most basic element of choice architecture, the most fundamental nudge, concerns the “default” option. If people are given choices—whether or not to enroll in a retirement plan, and what kind of plan to choose; what type of health insurance policy to join—most will choose the default option, the one that requires the least effort to activate, and in many cases no effort at all. Therefore, a key question for public policy is what that default option should be. Should people be automatically enrolled in a retirement plan—or a retirement plan of a particular type—or should the default option be not to enroll? In other words, the default option can be to “opt in” and allow people to opt out if they choose; or it can be to “opt out” and give them the chance to opt in later if they prefer. Numerous studies have shown that people are more likely to choose to participate in a program or policy if that program or policy is the default option than if they must take the effort to sign up. The strategic use of the default option takes advantage of status quo bias, one of the most persistent and fundamental features of thinking fast.

Governments around the world have recently incorporated behavioral economics into their policy making. In the United States, the Obama Administration appointed Sunstein, co-author of *Nudge*, to serve as the administrator of the White House Office of Information and Regulatory Affairs. In this capacity, he required federal agencies to apply the principles of behavioral sciences in the design of their policies (Halpern 2015; Sunstein 2014).

In the United Kingdom, the Conservative–Liberal Democratic Coalition Government of 2010–2015 established a Behavioral Insights Team

to develop and assess government interventions premised on the behavioral sciences. Soon known as the “Nudge Unit” the team’s remit was to “transform at least two areas of policy; spread understanding of behavioral approaches across Whitehall [the central government], and achieve at least a 10-fold return on the cost of the unit” (Halpern 2015: 54). The Nudge Unit gave itself two years to achieve its objectives. By the end of this period the unit had launched and evaluated numerous policy changes and programs, which were shown to generate revenue and savings well in excess of 10 times the cost of the unit. The unit’s staffing grew steadily, and in 2014 it was spun off from the government into an independent organization that consults governments around the world.

David Halpern, the founding director of the Behavioral Insights Team, chronicles its approach and accomplishments in his book, *Inside the Nudge Unit* (Halpern 2015). In it, he presents a simple framework for applying behavioral principles into public policy:

Easy
Attract
Social
Timely

Easy

“If you want to encourage something,” writes Halpern, “make it easy.” Eliminate as much “friction” as possible. Often, this means modifying the default option, so that people need do nothing at all to achieve the desired result; or it means reducing the number of steps people must take. This can mean reducing the number and complexity of forms one must complete to apply for a program, or pay a tax. For example, the Nudge Unit found that making a small change in a letter sent to taxpayers—including a direct link to a partially pre-filled tax form—increased the proportion of people completing their tax form by 22 percent (Halpern 2015: 74). In another example, Halpern discusses how the Nudge Unit encouraged homeowners to insulate their attics so as to conserve energy. They compared three approaches: a home insulation service at a

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low but standard cost; a home insulation service offered at a substantial discount if any neighbors also hired the service; and a home insulation service combined with an attic clearance service, at a significantly higher cost than insulation alone. The unit found that while the third option cost more to the homeowners than the other two, it generated three times more business than the basic offer. Moreover, homeowners were essentially no more likely to respond to the discount option than to the basic offer. Halpern concludes from this experiment that was not the price of the insulation that was the barrier but rather the hassle of having to clear out one's attic in order to install it. At least in this context, subsidy was less effective as an incentive than a behavioral nudge.

Conversely, Halpern notes, that sometimes policy objectives can be achieved by making actions or decisions less easy—that is, by increasing rather than reducing friction. For example, requiring customers to wait a day before using a credit card or other financial products can make them less likely to borrow beyond their means. Limiting the number of pills that pharmacists can dispense at once can reduce the incidence of overdoses. New York City's former mayor, Michael Bloomberg, in an initiative that was ultimately struck down by the courts, tried to address obesity by prohibiting the sale of soft drinks in cups of more than 16 ounces in restaurants, movie theaters, and other establishments. The law did not prevent people from consuming large qualities of soda, but it made it less easy to do so (Sunstein 2014).

Voting Case: “Easy” and Voting Rights

“Easy,” the first element of the Nudge Unit’s basic framework for incorporating behavioral principles into public policy, is vividly illustrated in current controversies around voting rights in the United States. On one side, governments and advocacy organizations that wish to increase voter participation have promoted numerous ways to make it easier and more convenient to register to vote and to vote. On the other side, certain state and local governments (all Republican) and allied advocacy groups have sought to make voting more difficult. Put differently, one side has tried to reduce the “friction” of the voting process while the other side

has sought to increase it (Rosenberg 2017). Some of the numerous ways to make voting easier (reduce the friction) include the following:

- “Motor Voter” programs whereby citizens are automatically registered to vote when they obtain or renew drivers’ licenses or register their cars, or who otherwise interact with government agencies. Eligible voters are automatically registered to vote unless they decline (i.e., the default option is to register).
- Same-Day Registration. People can register to vote on election day.
- Voter registration at birth (proposed but not enacted). All people born in the United States are registered automatically at birth, with the registration timed to go into effect at age 18.
- Early voting. Registered voters are allowed to vote prior to election day at a time that is more convenient.
- Change election day to Saturday or Sunday (proposed), or make election days a holiday. If elections were held over a weekend or on a holiday instead of on a Tuesday or other workday, it would be easier for voters who work to find time to vote.

Governments and advocacy groups who wish to make voting more difficult—ostensibly to reduce voter fraud, but given the exceedingly low incidence of voter fraud, the actual reason is most likely to suppress voting among low-income and minority groups who are less likely to support Republican candidates (Astor 2018; Levitt 2007; Wines 2016)—do so in the following ways:

- Eliminating Motor Voter and other modes of automatic voter registration as well as same day registration;
- Requiring voters to provide specific types of government identification, such as drivers licenses and passports;
- Reducing or eliminating early voting; and
- Reducing the number of polling places so that long lines may form, discouraging people from voting.

Attract

Nudges can take advantage of the fact the “people are drawn to that which catches their attention and that which is attractive to them” (Halpern 2015: 149). This aspect of behavioral science is commonplace in the private sector (advertising) but much less prevalent in government.



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Halpern emphasizes two aspects of attraction: the need to make something stand out, and to make it attractive or persuasive. For example, a personalized letter that includes the recipient's name will stand out more than a form letter addressed to "To Whom It May Concern." If the language is clear and direct and keeps boilerplate to a minimum, it may also stand out. In addition to the visual clarity, personalization, and other ways of "catching attention," interventions must also be attractive as well. People must assess them positively. Halpern provides various examples of how governments, or nonprofit organizations, can impart positive impressions. Appealing to emotions can be more effective than appealing to reason. The choice of "messenger" can also matter. Halpern writes:

seeing a politician on the news suggesting your kids should be vaccinated may have little impact, but seeing the Chief Medical Officer, or a senior doctor, white coat and stethoscope around their neck, suggesting the same thing is much more likely to be acted on.

(2015: 103)

If the intervention seems novel or fun, that too can make it more likely to succeed. Halpern found that initiatives that take the form of games (e.g., lotteries) can be especially appealing.⁶

Social

Tapping into social norms and networks can greatly influence behavior. Halpern provides several examples of how policy can incorporate various norms and other social dynamics. For instance, if people are informed that most of the population pays their taxes on time, they will be more likely to pay their taxes on time. In another example, Halpern discusses the Nudge Unit's efforts to increase charitable giving. The unit found that a personal email from a colleague, combined with his or her photograph, asking recipients to join them in deducting a portion of their monthly salary to charity produced significant increases in the number of people signing up to have funds deducted automatically from their paycheck to start payroll giving (Halpern 2015). These and similar approaches "triggered a sense of personal connection and reciprocity."

Timely

The final element of the Nudge Unit's framework takes into account several well-documented aspects of behavioral science that concern the inconsistent ways by which people value and perceive time. People tend to focus on the status quo and value the present over the future. As a result, it can be difficult for people to modify their behavior even if they know they would be better off in the future if they did so (e.g., exercising more, eating healthier foods, abstaining from smoking, saving money). Halpern discusses how nudges can take into account three distinct aspects of timing. The first aspect is that early interventions are usually more effective than actions taken later on when habits and behaviors are more entrenched. Second, even when habits are well established, there are certain moments—such as marriage, the birth of a child, the start of a new career, or the purchase of a new home in a new city—when people are particularly responsive to policy interventions. For example, Halpern points out that people who have recently moved to a new home are significantly more responsive than other people to campaigns to encourage people to reduce automobile usage:

If you've just moved house, your journey to work habits have yet to fully form, and you will be much more open to the suggestion of an alternative option than if you have already been driving to work for the last five years.

(2015: 134)

In another example, Halpern recounts how the Nudge Unit added a single line in the email instructions for people intended to take an online qualifying test to join the police. The Nudge Unit was asked to find ways to increase recruitment of ethnic and racial minorities into the police. One obstacle was that the pass rate for ethnic minorities on the exam was one-third lower than for white applicants. The team felt that one reason for the lower pass rate had to do with differences in expectations and motivations among the applicants. To test this possibility, they added a line to the email instructions for the test "asking applicants to reflect for a moment about why they want to join the police and why

it mattered to the community.” This sentence was placed just before the link to the online exam. The unit found that while the additional sentence had no effect on white applicants, it increased the pass rate for minority applicants from around 40 to 60 percent, “entirely eliminating the difference with whites” (Halpern 2015: 138). The timing of the prompt seemed to make a big difference. Halpern doubts that it would have produced results anywhere as large if it had been included in an email letter sent a week before the exam.

The third aspect of timing concerns what Halpern calls “time inconsistent preferences,” or the tendency to prioritize the present. Halpern discusses how policy can help people resist temptations to indulge in the present by enabling them to “shape choices for their future selves” (2015: 141). For example, the Nudge Unit found that asking people to donate money to charity before they received the money was more effective than asking them to donate when they had the money in hand.

Limitations of Nudges

Not all problems are amenable to nudges. For the most part, they deal with issues of behavioral change at the individual level. The emphasis is on “changing behavior to benefit those who are nudged, not to reduce the harms that these behaviors may have on others” (Oliver 2017: 117). In keeping with the principles of “libertarian paternalism” expressed by Thaler and Sunstein, the basic idea is to steer people in the direction they would choose to go if they were to give the matter more thought and consideration, if they would think slow instead of fast. In some instances low-cost changes in the “choice architecture” can be more effective than major regulatory changes or large subsidies.

Nudges and other policies informed by behavioral science are probably less effective in dealing with large-scale, structural issues. Even Halpern, a leading proponent of nudges, recognizes that this approach is unlikely to “make more than a dent on carbon emissions” and climate change. Similarly, it’s highly unlikely that nudges alone can be effective in addressing economic inequality or racial discrimination.⁷

The application of behavioral economics and “nudges” in public policy is not without controversy. Some scholars and policy analysts

are concerned that behavioral approaches can enable governments to engage in manipulative and unethical practices. Robin Hambleton (2014), for example, objects to the idea that “it is acceptable, even essential, to try to change our behavior without us realizing that our behavior is being changed.” Hambleton argues that “psychological tricks” by public servants or their policy advisers to manipulate behavior is inherently offensive. In addition, he believes that nudges and other applications of behavioral psychology “taint the honesty and integrity of government” and violate “basic notions of transparency” in public decision making.

Thaler, Sunstein, Halpern, and other behaviorally inclined policy analysts argue in turn that while their approach may be paternalistic (Thaler and Sunstein indeed call it “Libertarian Paternalism”), it is not coercive. Policies built on behavioral sciences may steer people to certain divisions, but they do not force them to make such decisions. For example, “choice architects” may establish “default options” to encourage certain choices, but they also give people the option of making other choices. Moreover, it can be argued many programs and policies always involve some kind default option, in which case the government is already encouraging some kind of decision or behavior—the question then becomes what kinds of decision or behavior should be encouraged.

Finally, it’s important to note that nudges can vary in their effectiveness in different national and cultural contexts. Different groups may be more responsive to nudges than others. For example, when British taxpayers received notices stating that the great majority of fellow taxpayers paid their taxes on time, a large proportion of the letter recipients paid their taxes, but when a similar letter was sent to US taxpayers, there was no subsequent increase in tax payments. Evidently, US taxpayers were swayed to a much smaller extent than their British counterparts by the prospect of violating social norms (Sunstein 2017). In general, Sunstein notes, automatic notifications and other reminders are effective in most countries, as are default rules. However, when “people begin with strong preferences, and don’t like the direction in which they are being nudged, nudges are going to have a weaker effect” (Sunstein 2017).

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Insights From the Field of Design

Designers offer several innovative ways of envisioning and developing policy alternatives. Some of the methods designers use to solve design challenges can be applied towards a wide variety of social, economic, and environmental issues. As discussed in Chapter 1, the notion of “design thinking” emerged in the 1990s and early 2000s to connote the broad applicability of design methodologies to subjects outside the conventional sphere of design. There is no single definition of design thinking, but most versions refer to similar means of “ideation”—the creation of design solutions, which can include policy alternatives.

Several elements stand out in the incipient literature on design and policy with respect to the creation and development of policy options. These include a need for “empathy,” the “co-creation” of policy ideas with people directly affected by the policy or who would be involved in its implementation, and rapid prototyping and experimentation.

Empathy

Empathy refers to the ability to understand things from the perspective of others; to be able to put yourself in other people’s shoes, to “enter into another person’s feelings” (*Design Thinking for Public Service Excellence*, p. 8). In the context of policy analysis, empathy requires analysts to understand how the issue at stake impacts the people who are most closely affected. This kind of understanding usually involves sustained dialog with a variety of people who would be the focus of the policy. Other skills such as ethnography can also be vital in developing an empathetic understanding of the issue to be addressed (Bason 2014; IDEO.org 2015). Empathy is also essential for co-creation, the second key aspect of design-centered policy analysis.

Co-creation

Co-creation refers to the collaboration of designers (or policy analysts) with a cross-section of individuals who are directly or indirectly affected by the policy issue and/or its potential solutions. The term refers to a broad array of ways by which designers may work with members of the public to discuss the nature of a particular issue and to

explore alternative ways of addressing it. It can involve workshops and focus groups with various stakeholders, on-site visits to communities and organizations affected by the issue. Some designers have found that games, visualization tools, and simulations can be useful ways of generating new and innovative ideas for solving problems in collaboration with representatives of various groups (Halse 2014).

Prototyping

Prototyping and experimentation are integral to design, and to its applications for policy analysis. Prototyping refers to the development, testing, and refinement of possible solutions. A prototype is a preliminary model developed to test designs—or policies. After a prototype has been tried out for a period of time, designers can improve upon it in light of the knowledge and understanding gained from its implementation, or discard it entirely and introduce new prototypes. The concept of prototype underscores the incremental character of policy analysis—and policy making. It is often better to experiment with a variety of approaches, and tinker with them in response to experience rather than to think that one can produce the ultimate solution, and presume that once created it will not require any modification.

The concept of prototype resembles that of a pilot project or program. At times, governments and nonprofit organizations launch small-scale and/or temporary initiatives to test and refine policies and programs. Such pilots may be followed by larger-scale and permanent interventions. However, if the pilot proves unsuccessful, its sponsor may decide against its continuation and pursue other options instead. The main distinction between prototypes and pilot programs is that whereas designers are inclined to prototype virtually all ideas before making a final decision and bringing them to scale, pilot programs are considered less often. While pilots can be indispensable for testing the value and effectiveness of new ideas—and the United Kingdom's Nudge Unit piloted nearly all of its interventions—sometimes policy analysts and their clients face immediate problems and do not have the time to devise and implement pilot programs and wait for the results. Furthermore, policy recommendations that do not involve pilots can almost always be improved upon during the course of implementation.

Summary

In this chapter we develop potential precedents, on **current issues** or **analogous issues** or reconfigured in

Policy analysis is to find potential solutions. We can formulate in these methods about potential solutions. The approach is to consider how principles of **design** can be used.

Ultimately, the options that would offer a few alternative designs among which alternatives a strong assortment consider any option comparing and ranking final recommendations that are put forth, they cannot be ruled out.

Child Support

In Chapter 2 we government recommendations

We also present the relevance and

- Child support is extremely relevant

Summary

In this chapter we have considered a wide range of ways to identify and develop potential **policy options**. Some of these methods draw directly on precedents, on **current or past programs** or policies that address **similar** or **analogous issues**. Moreover, any one program or policy can be modified or reconfigured in almost limitless ways to address the problem at hand.

Policy analysis need not be bound to precedent in devising potential solutions. We have explored several methods by which analysts can formulate innovative options that may not have been tried before. These methods include the process of **brainstorming** and thinking about potential solutions in the absence of various constraints. Another approach is to consider how **generic powers of government** (e.g., regulation, taxation, subsidy) might be adapted. We have also discussed how principles from the **behavioral sciences** and from the field of **design** can be used to devise potential alternatives.

Ultimately, the analyst will want to consider a variety of options, options that would attack the problem through different means. Only a few alternatives will be put forth for detailed analysis, but in deciding which alternatives to consider analysts will want to choose from a strong assortment of options. In reality, the client should be able to consider any option put forward; the analyst provides a strategy for comparing and ranking them. As noted at the start of the chapter, the final recommendation will be no better than the best of the alternatives that are put forth for analysis. If superior alternatives are “off the table,” they cannot be recommended.

Child Support Debt Case: A Recap

In Chapter 2 we devised the *central problem statement: how can the government reduce the debt burden for noncustodial parents?*

We also presented some background to the issue and data to *frame* its relevance and urgency:

- Child support enforcement policy in the United States has often been extremely punitive towards noncustodial parents with low incomes,