MEMO #8

IMPLEMENTING POLICY INITIATIVES: Successfully Vetting and Strengthening Major Initiatives before Launch

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Presidential candidates make many promises. These typically are in the form new policy ideas, often not very detailed, that add to the array of current policies in place to address a major policy objective. When Presidents are elected, they must govern. The record of recent Presidents illustrates how Administrations suffer when complex policy interventions are launched without first being vetted and further refined based on a careful assessment of potential risks, implementation challenges, and other roadblocks to policy success.

Whether it be the Obama health reform or the Bush Administration's response to Hurricane Katrina, Presidencies can be tarnished by failures in policy design and execution. Success at governing, as we have seen over and over, involves more than working with Congress to turn campaign promises into legislation. Success requires thinking through how a new initiative would work with or replace the portfolio of existing programs, tax preferences, and regulations – not only at the federal level but at other governing levels. It involves examining the research evidence on what has worked or failed in the past and why. Success also requires detailed work to ensure that resources are applied where needed, with the proper administrative support, through the budget and appropriations processes, so that policies can be adequately resourced and effectively managed. Most critically, success is more likely when the complexities of policy design and implementation are addressed systematically *prior to launch*.

The potential risks of policy failure have increased exponentially as public policy has become more complex. Advancing more ambitious policy goals requires multiple interventions and collaboration with a wide range of actors outside the federal government. The government's work has changed from relatively straightforward administrative tasks like delivering mail or social security benefits to changing social behavior and economic outcomes by means of complex social and educational programs.

Using higher education policy as an example, success is increasingly defined as government working with partners – universities, states, parents, and financial institutions, among others – to expand educational opportunity while minimizing financial burdens and pursuing other important policy objectives, such as increasing the Nation's economic competitiveness. Accordingly, an Administration needs not only sophisticated public officials, but also the right analytic tools and processes to help protect against downside risks and policy disappointments (Kamarch, 2016).

To some extent, every candidate is a prisoner of his or her campaign promises, but following the election, any campaign proposal must be reconsidered in light of the electoral calculus of a rough and tumble campaign. It also may need to be reconsidered after the election in light of budget and political constraints that are not in focus during the campaign. Careful analysis then can offer a new Administration a fresh chance to improve and reshape its policy ideas before it launches an ambitious proposal.

Look Before You Launch: A Test and Demonstration

The next presidential administration should employ a policy vetting approach to give early proper attention to the details of policy design and implementation. This approach, if replicated for each major policy initiative, could increase chances for successful implementation of the Administration's policies and thereby ensure that promised results are achieved. Evidence presented to Congress that the initiative has been properly vetted and refined prior to the transmittal of any required legislation also might improve chances for the legislation's enactment.

The vetting approach could be piloted for a major policy initiative of the new Administration – for higher education access or another policy objective – during the transition period following the November election or immediately after the Inauguration. To test the approach, a small group of experts could be assembled to deliberate: analyzing the initiative's components on the basis of the available evidence, which we would help them assemble and review beforehand; addressing a set of questions (outlined below) designed to assess, further define, and help refine the initiative; and then, based on this analysis, recommending ways of dealing with threats to the initiative's successful implementation.

The group could include those who know the evidence on what works, understand the relevant policy portfolio from a variety of perspectives, and understand the challenges of implementing complex policies. The group would systematically address a series of pointed questions about the initiative, such as the following:

1. How do these initiatives build on, complement, or displace the portfolio of existing programs, tax policies, and regulations?

2. If enacted, how would their introduction affect the behavior of other governments, private actors, recipients, and others that will partner with the federal government or receive benefits and services?

3. What resources would be required for specific administrative activities to support effective management, including collaboration with other actors?

4. How could details of policy design, or introduction of complementary policy changes such as modification or termination of existing federal efforts, affect the results achieved and minimize their cost or possibly yield budget savings?

Answering questions such as these requires a review of the existing portfolio of spending, tax policies, regulations, and other policies aimed at the same policy goals. It requires a systematic review of the research on how and why current policies – at the federal level or elsewhere – have succeeded or failed. It involves a careful prior assessment of the risks at all stages to effective management and oversight.

Below is a brief illustrative case, showing some of the problems identified with one candidate's proposals for higher education access as presently described and how proper vetting prior to launch might increase chances of successful implementation and thereby the achievement of its aims.

An Illustration – Candidate Clinton's Proposals for Student Aid

Like others, we were watching on July 6 when Hillary Clinton proposed an expansive new program of tuition assistance for students at state public universities, designed to reduce debt and increase the enrollment of students in in state universities, and other initiatives for higher education financing.

Some proposals rest on incremental footings, which limit ambition and reach to relatively well known parameters. This proposal, on the other hand, constitutes a major policy departure that would transfer power and financing to states whose higher education policy commitment and financial capacity have proven inconsistent at best in recent years.

Analysis and vetting would raise pesky but necessary policy analytic questions that must be answered by an Administration ready to make such a major policy commitment. For example, the process we have in mind could test and compare the current portfolio of federal incentives and tools – including the full range of programs and tax policies – with a state-based model along the lines of the new Clinton proposal. The process would help policymakers more explicitly understand the implications of undertaking such a major shift in power in our federal system over who does what, where, when and how.

The review we have in mind for the Clinton tuition proposal would address some of the following concerns that have undermined and limited comparable transfers of power from national to state levels of government for major policy initiatives:

- Growing polarization between many states and national governmental constituencies has been shown to constrain and undermine national policies that rest on state participation for their impact. Whether it be Medicaid expansion, Race to the Top, or Real ID, some polarized states march in different directions, often drawing in the courts as potential allies in resisting national policies and power. While the proposed Clinton initiative would offer generous federal grants to entice the states, if Medicaid's overwhelming financial incentives failed to lure over 20 states to expand that program, it is not clear that this proposal will stand any better prospects.

- National policymakers desiring to impose a more uniform set of subsidies across the states can, ironically, serve to exacerbate those differences. Raising all states up to a national minimum can create a windfall for states with significant prior investment in higher education subsidies for parents. To correct this, the Clinton proposal might incorporate a maintenance-of-effort provision that would lock in the higher funding that these states have already been providing. Yet such a provision would guarantee continued disparities in tuition subsidies between those states ahead of the innovation curve and those near the bottom of the policy commitment scale.

- There is a high likelihood that the proposal might come to exacerbate equity issues across the states. First, the proposal's maximum threshold of $125,000 for families to benefit from free tuition would have very different effects in different states. Thus, such a formula might cover a far greater share of families in West Virginia than in California. Moreover, differences across states in their fiscal capacities and policy priorities could be expected to lead to substantial differences in the willingness and ability of states to generate the additional matching funds required by the proposal.

An Illustration – Candidate Clinton's Proposals for Student Aid (continued)

- University price and cost responses – our health care system has already shown us how enriching funding from a third party can increase the costs of services. Once universities learn that they are guaranteed a larger demand from a universalistic government subsidy program, it is likely that their costs and prices will rise, not fall. We have already learned much from existing subsidies such as federal loans and tax credits, where research suggests that the introduction of subsidies reduces the price sensitivity of prospective students and families, paving the way for tuition increases. The consequences could be to increase pressure on federal and state budgets, pressed to fund higher costs than would otherwise occur. Alternatively, states might decide to limit subsidies, thereby reigniting the equity issues that the Clinton proposal is designed to solve.
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- Most broadly, the efficacy of higher education subsidies with thresholds of $125,000 endorsed by the proposal raises economic questions that research can help answer. Parents well below this level of income will experience a potential windfall in many cases, enabling them to, in effect, supplant private resources devoted to university tuition to other economic activity. While many families are likely to be stimulated to invest more in higher education with its higher social rate of return, others are likely to go in reverse. The shift from a more targeted to more universalistic financing model for higher education will have many implications but none more important than how it leverages private choices across competing economic goods.

A vetting analysis could raise and consider implementation issues. For instance, the lines of authority within states differ across states, with some states giving the Governor authority to manage such a program while others assigning the responsibility to an independent board. There are differences across states in the independence that universities enjoy in determining their own fees, charges and cost structures. Such "details" could have significant impacts on the roll out and ultimate impact of these proposals.

For any policy initiative selected for vetting, these and other issues should receive attention in the analysis. Its use would allow the Administration to assess and mitigate threats to the successful implementation of initiatives such as this proposed during the campaign. It would help identify ways to mitigate these threats to success through variations in policy design, through the budget process, and through proper administrative support. In our view, such analysis would provide the kind of comprehensive and insightful review by officials and staff needed before introducing any major new policy initiative.[23]

The proposed approach to vetting new policy initiatives also could reinforce and inform the work of a task force that NAPA's Transition 2016 Strategic Foresight Panel recommends be formed by the president-elect's transition team (see Kamensky essay in this volume). That panel has proposed conducting foresight-risk assessment of the top 5 to 10 future challenges that could derail a new Administration's top priorities. It would apply the results of foresight analysis and risk assessments to 5 to 10 key policy commitments to inform the development of agency strategic reviews, leading to revised strategic plans and budgets.

[23] The proposed approach builds on previous and ongoing work by its authors. In previous writing and congressional testimony, they have suggested a portfolio approach to budgeting. Building on growing executive branch experience with strategic analysis and reviews, this approach would use policy makers' time more efficiently by helping them focus on the biggest opportunities to adjust policies and resources to accelerate the achievement of major national goals and identifying breakthrough gains in productive use of resources. For a selected policy objective, budgeting would begin by identifying the set of federal policies, spending programs, regulations, tax preferences, and other activities that constitutes the relevant *policy portfolio* for analysis and budgeting. The relevant portfolio would cut across agency boundaries, policy tools (spending, tax provisions, and regulations) and congressional committee jurisdictions. This idea is described in a recent Brookings policy brief by Redburn and Posner at http://www.brookings.edu/research/papers/2015/09/30-portfolio-budgeting-new-approach-redburn-posner and in more detail in the National Budgeting Roundtable working paper on budgeting for national goals at http://psc.gmu.edu/wp-content/uploads/New-Ideas-for-Federal-Budget-Working-Paper-No.-2.pdf .

Recommendations

We have seen how Presidents' initiatives can be thwarted or even doomed by failure to do implementation analysis and management assessments to stress test proposals before roll out. Based on our analysis, we recommend that a new Administration take the following actions:

- Pilot the proposed approach to vetting major policy initiatives prior to launch, starting either during the transition or immediately after January 20, 2017;
- Conduct a foresight-risk assessment of the top future challenges to success of the Administration's top priorities, and use the results of this assessment when vetting major policy initiatives; and

- Routinely employ internal teams of experts to vet major policy initiatives prior to launch, and use the results of these assessments to adjust the details of the proposed policies and to identify resource and management requirements for their success.

References

Kamarck, E. C. (2016). *Why Presidents fail: And how they can succeed again.* Washington, DC: Brookings Institution.