



Conference Highlights & Future Directions

Over the course of a day and half and seven themed panels, the *Unleashing the Power of Social Benefit-Cost Analysis: Removing Barriers* conference had many highlights and revealed several directions for the future.

Panels I and II focused on barriers to the use of benefit-cost analysis (BCA) and cost-effectiveness analysis (CEA) in public health and medical decisionmaking, including valuation challenges. Overall, the panels asked attendees to consider whether there was something about medical goods and services that makes BCA more suspect, or subject to greater resistance. The discussion focused on how to manage the willingness to pay (WTP) concept in healthcare, as well as discussing how to improve quality-adjusted life-years (QALYs) and other metrics for valuing health. Several presenters noted that WTP is not static, nor is cost-per-QALY. Other challenges broached included how to move away from the sense that these analyses result in a yes/no decision without discussion, and how to avoid rationing and the fear of rationing. Challenges to the acceptance of BCA and CEA in the healthcare field, as distinct from other fields, included the role of physicians, the politicization of the issue, and differences in the pattern of research and development.

Panel III considered behavioral approaches to policy, which is likely to become even more important given several prominent behavioralists in the current Administration. The two conflicting views of the human agent—the rational agent and the behavioral model—were contrasted. Panelists discussed how opt-in versus opt-out program choices affected outcomes, as well as the effect of the number of choices. Three styles of policy design—nudges, information and discussion framing, and choice architecture—were put forward with their concurrent effects on how “correctly” people chose in terms of BCA. The discussion also included people’s inability to correctly compute discount rates in the future, whether decisionmaking by officials was more rational than individual decisionmaking, and how to make costs and benefits more clear to facilitate decisionmaking.

Panel IV delved into BCA and education. This eclectic panel included research on the connection between housing prices and school quality, and discussion of constitutionality of state funding for public education. It also included discussion of the difficulties of and future opportunities for measuring costs and benefits in education. In addition, the panel discussed how to use costs and benefits information to pursue policy change in the political arena.

Panel V focused on ongoing research by Dale Whittington and F. Reed Johnson on





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estimating Americans' WTP for childhood poverty reduction. This panel was in a workshop style, and focused mainly on the assumptions, methods, and construction of ongoing research to improve this creative approach to solving big societal problems through BCA.

Panel VI focused on furthering the shadow price scholarship for BCA, particularly with regard to social programs. Part of this discussion is the current inability to look *across* social policy domains to determine whether a certain housing program, for example, is more effective than a certain education program. This discussion included BCA of the costs of crime, including the significant research that is needed in this area. Particular challenges discussed include whether to value all crime the same, the extremely situational effects of crime, and political challenges when changing policy.

Panel VII, the concluding panel, focused on barriers to policymakers' use of rigorous research and benefit-cost findings. Panelists focused on barriers in specific policy areas, such as education, and on more general challenges, such the problem of causal inferences and the inability to easily create counterfactual situations. Panelists advocated increased experimentation, including implementing regulations that facilitate evaluation, perhaps through small-scale trials or staggered roll-outs. Other suggestions included independent review boards and automatic sunset or expansion provisions, coupled with developing and applying a code of ethics for BCA. The concept of "economic" and "political" BCAs was also introduced, highlighting the different concerns that academics and politicians may be facing when considering research and policy. Creating an independent set of best practices was suggested as a strong step towards greater incorporation and use of BCA.

Future Directions

Over the course of the conference, several themes reoccurred, suggesting how to remove barriers to the increased use of BCA in a variety of arenas. A set of ethics or standards for conducting BCA, as well as agreed-upon values for common outcomes were among the most prominent. Finding ways to clearly and correctly present material to those less familiar with BCA—for example, nonprofits, officials, decisionmakers and the general public—was also a strong call. Certain internal theoretical conflicts also need to be resolved for the field to gain more widespread acceptance. Perhaps most importantly, in order to gain acceptance in highly charged areas such as healthcare, BCA proponents will need to work to ensure that BCA is perceived as a means of providing information to guide decisionmaking, rather than providing a mechanical yes/no decision.

