

## COURSE OUTLINE

# Cost–Benefit Analysis



## ONE-DAY COURSE

- Introduction
  - » Role of economic analysis in decision-making.
  - » Legislation vs. regulation.
  - » Short history of regulatory analyses via Executive orders.
  - » Executive vs. independent agency requirements.
  - » Role of administrative procedures in economic analyses.
- Rulemaking Process
  - » Who should be involved?
  - » Notice vehicles.
  - » Public comments.
- Circular A-4 U.S. Office of Management and Budget (OMB) Guidance
  - » Market failure: Need for action.
  - » Baseline.
  - » Alternative actions.
  - » Cost:
    - What is cost?
    - How to estimate costs.
  - » Benefits:
    - What are benefits?
    - Valuing injuries, fatalities, and property damages.
- Decision-Making Methods
  - » Cost–benefit analysis.
  - » What is cost–benefit analysis?
  - » Why cost–benefit analysis?
  - » Brief history of cost–benefit analysis.
  - » Uses of cost–benefit analysis.
  - » Factors in determining use of cost–benefit analysis.
- Concept of Present Value
  - » Discounting costs and benefits.
  - » Appropriate rates for discounting.
- Net Benefits vs. Cost–Benefit Ratios
- Issues in Cost–Benefit Analysis
  - » Uncertainty.
  - » Sensitivity analysis.
- Meeting Other Requirements
  - » Regulatory Flexibility Act.
  - » Paperwork Reduction Act.
  - » Environmental review.
  - » Unfunded mandates, energy, etc.
- Controversies Related to Cost–Benefit Analysis
- Use of contractors
- Role of OMB/Office of Information and Regulatory Affairs