

Cost–Benefit Analysis

COURSE OUTLINE: 1-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