

POLICY DEVELOPMENT

Decision Making for Results

Policies are conceptual "road maps," reflecting aspirations, values, intents, commitments, and priorities. They are select courses of action that guide governmental decisions affecting the lives of citizens. Policies usually address complicated issues or problems that cross functional and organizational boundaries. They frequently encompass a complex set of programs and activities. Policies are generally stated in terms of goals or outcomes for whole groups of people. Often they represent an agenda or set of priorities for state actions or spending.

Policies are formulated by the governor, legislature, other elected state officials, boards and commissions, and (consistent with the vision, policies, goals and priorities of the governor) department heads appointed by the governor. Policies may be set directly by the people; voters may affirm or reject proposed constitutional amendments through constitutional referenda. Gubernatorial or legislative policies often cross department lines. Department policies frequently require coordination among various programs within the department and have implications for policies and programs in other departments.

Several statewide strategic planning and policy development initiatives have been established recently by statute, and with gubernatorial support, to address major policy issues or areas that involve multiple departments, agencies, and programs. These include:

- Louisiana Economic Development Council, which has produced *Louisiana: Vision 2020*, a twenty-year master plan for economic development.
- Louisiana Workforce Development Commission, which coordinates state programs related to job training and preparation.
- Louisiana Children's Cabinet, which is responsible for the development of a strategic plan for coordination of state programs related to the well-being of families and children.



Where can you get a set of state policies? You can't. Not if you want a single, comprehensive document called "Louisiana State Policies." State policies can be found in many places--most obviously, the state constitution, Louisiana's revised statutes, legislative resolutions, and governor's executive orders. Policies are also expressed in gubernatorial addresses, appropriation acts, and council/commission and department strategic plans. Unfortunately, these policies rarely are labeled as such. To frustrate the policy detective even more, some state policies are implicit. They can be inferred from program activities, rules, and regulations, and state budgets but they are not stated explicitly.

Fortunately, a more clearly articulated policy framework for program planning and implementation is emerging from such mega-efforts as the Economic Development Council (*Vision 2020*), the Workforce Commission, and the Children's Cabinet. Further, legislative policy intent is being more clearly expressed as the components of performance-based budgeting are implemented.

Policy development is decision making for results. It includes a range of analytic and often highly creative activities that seek to meet public demand for positive response to increasingly complex and volatile issues. Effective policy making involves two related operations:

- the executive decision-making process; and
- the policy planning process that supports and informs the decision.



It is also essential to recognize what policy development is not. It is not the formulation of administrative guidelines. Policy development involves decisions made at the highest levels about whether or not the state will undertake a course of action and what results are expected, not management policy--philosophies defining the work environment or procedures governing the workplace.



Policy development and strategic planning are linked. Effective policy development follows the same process as strategic planning. It simply addresses issues at a broader conceptual level and delves less deeply into operational levels than strategic planning. An organized set of explicit state policies can, in effect, form a state-level strategic plan. Within this policy framework, departments and programs can conduct strategic planning more effectively. In the same way, department policy decisions guide, support, and coordinate program strategic planning.

Put simply, policy development is issue-oriented decision-making based on the same four questions that are asked and answered during strategic planning:

- Where are we now?*
- Where do we want to be?*
- How do we get there?*
- How do we measure our progress?*

Programs carry out policies. Programs are usually designed by managers and staff; that is, once policy parameters have been set, program managers, planners, and staff members work out how programs will operate to carry out the policy. Policy decisions do not always require the development of new programs or changes to existing programs, but they often include both. For example, Louisiana state government assumes a more direct responsibility than other states in

assuring the accessibility of quality health care. This state policy provides a framework for planning conducted by the Department of Health and Hospitals and the Louisiana State University Medical Center - Health Care Services Division. Policies established by these agencies, in turn, guide program strategic planning in the Office of Public Health and at individual state hospitals, developmental centers, and medical centers.

Since policies are issue-oriented, policy development may occur at any time. The catalyst for policy development may be a new governor's agenda, legislative action, or some other initiative (such as a futures program). Frequently, policy development is prompted by the emergence or exacerbation of a specific issue or problem. Policy development is not finite; policies are subject to change. Moreover, policies and the programs that carry them out should be periodically reviewed and reaffirmed, revised, or eliminated. In that sense, policy development is more a cycle than a linear progression.

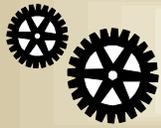


Payoffs: The Benefits of Effective Policy Development

All too often in state government, events take control of a chief executive's time and attention. The immediacy of issues and problems—many of them unexpected—overwhelms decision makers and their staff members. A cycle of crisis management begins. Without an effective way to anticipate issues and problems, delegate responsibilities, and build a cohesive approach to problem solving and decision making, chief executives—the governor, other elected officials, and appointed heads of departments—can find themselves in a reactive state of operations. By taking control of the process through which policy is developed, communicated, and implemented—by setting the ground rules for policy development—a chief executive can reduce or avoid crisis management and emphasize his or her long-range goals and priorities.

It has been said that policy is developed every time a state official makes a statement. While this may exaggerate the point somewhat, it is important to note that forethought is an important consideration in policy development. "Off the cuff" policy making can lead to disaster.

An effective policy development process, coupled with strategic planning, helps define and accomplish the chief executive's agenda. It provides sound analysis on other important issues to ensure that the executive is informed of and meets all his or her responsibilities, avoids surprises, and responds positively to external forces. Finally, it prepares the chief executive for future issues. The beginning of an administrative tenure is generally marked by a flurry of policy decisions. However, policy development is an ongoing executive function; policy decisions must be made as issues emerge or needs arise. Therefore, the earlier an executive can implement an effective policy planning and development process, the better.



Basics of the Executive Decision-making Process

The buck has to stop somewhere. Chief executives are generally called upon to make decisions regarding difficult and complex issues that have broad, often emotional, impacts on the public and private sectors. Values and priorities are tested; and ultimately, most decisions involve the allocation or reallocation of resources. Policy decisions have a direct relationship to the budget.



The responsibility for making policy decisions is not always restricted to a chief executive. In some departments or agencies, policy making is the prerogative of a board or commission.

Information for Decision Making

Good decisions are based on good information. Decision makers need to know (or be aware that they do not know) at least five pieces of information. These are:

1. **Summary of the issue or problem.** Provide a brief statement of the facts, tailored to the decision maker's current understanding of the issue, the nature of the decision, the chief executive's authority, and the reason for making the decision now.
2. **Summary of alternative courses of actions and the recommended course of action.** Briefly explain options (including maintaining the status quo), with a brief assessment of each and their consistency with the chief executive's goals and priorities.
3. **Rationale for the recommended course of action.** Explain why this strategy or set of strategies is recommended.
4. **Method of implementation.** Explain how the organization will implement the recommended course of action. Include information on communications and timing; the means to accomplish (current authority or needed authority); and who will be responsible.
5. **Accountability.** Explain how performance will be monitored and how positive or negative results will be communicated.

This checklist of necessary information may be customized to meet the needs and preferences of individual executives. Consideration should be given to the format in which information is presented to the chief executive and the way in which records concerning executive policy decisions are maintained. Forms or reporting formats may be developed to promote consistency in the process and to record and maintain the information for future reference. However, avoid making the process so paper heavy that it becomes counterproductive.



Key Participants in Decision Making

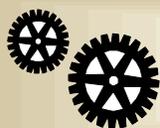
Chief executives may have preferences as to who should be involved in decision making. For example, a governor generally has policy advisors, executive assistants, legal counsel, and cabinet members who may be involved in major decisions. A department head often has a management group or senior executive team (SET), usually made up of senior department executives (deputy secretary, undersecretary, and assistant secretaries) and other individuals who have extensive knowledge of department programs. However, chief executives also may consult other key staff members or external groups on an as needed basis.

Therefore, thought should be given to the following: Who should be involved in some or all important decisions? Who will be included in internal deliberations, who will be required to check off on recommendations, and who will be consulted on an as needed basis? What external individuals and/or organizations should be consulted, on what basis, and by whom?

Finally, it should be decided who will coordinate the chief executive's decision process to assure that analysis is complete and decisions are timely. For example, the governor's chief of staff often assumes the role of policy coordinator. Some departments may have policy planning and analysis sections that coordinate policy decision making for the secretary. In others, the department secretary may have a confidential assistant who handles this function. Policy-making boards or commissions generally have an executive director who fills this role.



This is not a mandate to create or add positions to carry out policy planning and analysis. Rather, it is suggested that, in those departments that do not have existing policy planning and analysis units, knowledgeable professionals from program areas be identified and included in policy planning and analysis functions. These professionals may be used on a regular or ad hoc team basis.



Basics of the Policy Planning Process

The policy planning process provides a disciplined way of thinking critically about public policy problems and evaluating alternative responses in order to help policy makers choose the most advantageous course of action. The policy planning process supports and informs the executive decision-making process.

Effective policy planning depends upon: foresight, goal setting, accountability, and communications. These functions are embodied in both policy planning and strategic planning. Both processes ask and answer the same questions. The two processes are interactive. Statewide policies developed by the governor and legislature provide an overall framework of goals and priorities against which departments can develop effective strategic plans. Departmentwide policies provide a similar framework for program strategic plans. Each process must take the other into account. Strategic planning must reflect established policies; new policy decisions must consider the course already charted by the strategic plan.

Characteristics of an Effective Policy Planning Process

An effective policy planning process has the following characteristics:

- ✓ It identifies important issues early.
- ✓ It gains input from many levels and perspectives and includes a mechanism to surface good ideas up through the departmental hierarchy or from outside the hierarchy without unpleasant consequences. However, it includes explicit rules about information flow. Key information is not dumped into the process at the last minute unless there is a legitimate reason.
- ✓ It has adequate technical support--data processing and communications capabilities that ensure prompt access to important data elements.
- ✓ It has a person who is aware of the "big picture" to serve as a focal point and coordinate efforts.
- ✓ It is politically sensitive and stays aware of the political and policy landscape.
- ✓ It is realistic about goals, objectives, resources, and outcomes. It is not too risk averse but recognizes constraints, such as public accountability, visibility, short time horizons, personnel issues, and budgetary trends.
- ✓ It is insulated from crises. High policy priorities still receive attention as crises are resolved. However, the process does not allow staff to become too insular or idealistic and keeps staff responsive to the real world environment, trends, and issues.
- ✓ It maintains a disciplined approach but includes a streamlined or fast track process for the chief executive's key issues. Exceptions are made to rules to accommodate new priorities introduced by the chief executive.
- ✓ It has a process or strategy for resolving conflicts among stakeholders.
- ✓ It coordinates department/program efforts and encourages cooperative interaction among departments/programs in overlapping policy areas.
- ✓ It establishes and enforces both internal and external accountability for outcomes.
- ✓ It is convincing. It develops and conveys compelling evidence for its recommendations. It uses innovative communications strategies.
- ✓ It affects resource decisions in the budget.
- ✓ It is used by the chief executive to support his or her decision-making process.

Components of the Policy Planning Process

Policy planning begins when an issue or problem is identified. Issues may be identified in a chief executive's vision for the future. Issues may be chronic or may emerge seemingly from nowhere to demand immediate attention. The issue or problem must be analyzed and the context in which the issue or problem has arisen must be understood ("*Where are we now?*"). Accordingly, policy planning is supported by:

- **Internal/External Assessment:** An analysis and evaluation of internal and external data and factors that affect the organization and the issue or problem that is being addressed.
- **Foresight:** Explicit efforts to systematically identify, monitor, and analyze long-term trends and issues that are likely to affect an organization's future environment and to examine the implications those trends and issues may hold for the organization's future.
- **Issue analysis:** An identification and analysis of strategic issues--problems or concerns of critical importance to the organization and its customers, other stakeholders, and expectation groups.

After an issue or problem has been identified and analyzed, desired outcomes or solutions ("*Where do we want to be?*") and a course of action ("*How do we get there?*") must be determined. This is accomplished through the same components found in the strategic planning process (see [STRATEGIC PLANNING](#).)

- **Goals:** The general end purposes toward which effort is directed.
- **Objectives:** Specific, measurable targets for accomplishment.
- **Strategies:** The methods used to accomplish goals and objectives.

Policies must be reviewed and evaluated periodically ("*How do we measure our progress?*") in order to determine whether or not they are working as expected. Therefore, policy planning and development builds in:

- **Accountability:** The methods used to measure results. (See [ACCOUNTABILITY](#).)

Policy accountability requires information that can be gauged against publicly stated objectives. These measurements may also be used to compare the performance of policies in Louisiana to those in another state. Outcome data are interpreted in the context of the policy objectives as well as the prevailing conditions (external factors such as economy, demography, and political climate).

Most policy decisions affect:

- **Resource Allocation:** The determination and allotment of resources necessary to carry out strategies and achieve objectives. That is, policy decisions affect budgeting.

For example, a policy decision may call for the creation of a new program or the enhancement or downsizing of an existing program. Policies provide a framework for budget decision making during the annual operating and capital outlay budget development cycles. Policy decisions that arise in midyear may require budget amendments to shift resources.

Successful implementation of policies is dependent, to a large extent, on effective communications. Therefore, effective internal and external communications strategies must be developed to "market" policies and gain support for them.

HOW POLICY PLANNING WORKS (A GENERIC MODEL)



Step One: A vision of the desired future is expressed or an issue or problem is identified. (Sometimes issues or problems seem to appear out of the blue. However, foresight activities will help identify emerging issues.)



Step Two: Problems and opportunities are assessed. The causes and effects of an issue or problem are identified and analyzed.



Step Three: A set of rationales for and an approach to government intervention are developed. First, it is decided whether or not government should address an issue or problem. Based on a positive determination, it is decided how government should be involved.



Step Four: A set of policy goals and objectives is developed to provide the framework for specific actions or interventions (programs or activities).



Step Five: Strategies or program operations are designed to carry out the vision or to intervene or solve the issue or problem.



Step Six: Internal and external communications strategies are employed to gain support.



Step Seven: Accountability mechanisms are developed. Evaluation methods and performance measures are selected.



Step Eight: Resources (funding, staff, space, supplies, etc.) are allocated to the programs or activities that will address the issue or problem.



Step Nine: Program operations are implemented.



Step Ten: Performance is measured to see how well the programs and policy(ies) are working and to inform the next round of policy development.

HELP**HOW TO: Foresee or Anticipate Issues**

The environment in which government operates is changing rapidly. For example, demographic shifts, economic swings, technological innovations, and changing social values and lifestyles require alterations to government policies and strategies for service delivery. To avoid crisis management and wasted resources, state leaders must be able to anticipate issues, problems, and opportunities. Foresight leads to better decision making, policy development, and strategic planning. To decide where the organization wants to be in the future, it helps to have an idea of what the future operating environment will be.

Foresight involves explicit efforts to systematically identify, monitor, and analyze long-term trends and issues that are likely to affect an organization's future environment and to examine the implications those trends and issues may hold for alternative organization goals and possible organization actions.

Foresight methods often involve one or more of the following methods: issue identification, trends analysis, futures programs, and alternative futures.

- Issue identification involves methods to identify policy issues that are likely to occur in the future. It is usually associated with scanning activities. Scanning is a periodic and systematic assessment of the social, political, economic, and physical external environment, with an eye for changes that may affect state government over time.
- Trends analysis, which is often used in demographic, economic, technological, and social forecasting, analyzes trends and attempts to project future developments. Trends analysis is more statistically oriented than other foresight methods.
- A futures program usually starts by identifying a preferred future and working its way backward to identify the means necessary to bring about that future. This generally results in a broad policy framework or strategic plan that drives more detailed strategic and/or operational plans. Futures programs are often linked to a highly visible date or event (for example, a major upcoming anniversary or the turn of a decade or century).
- Alternative futures is a method that uses scenario building to investigate possible or probable future paths. It allows executives and management teams to simulate various future conditions and explore the probable outcomes of various courses of action. For example, linked with trends analysis, different scenarios could project futures with "if the trends continue" (a reactive approach) and "if we alter the trends" (a proactive approach) alternatives. In difficult fiscal times, organizations might construct scenarios reflecting different levels of funding.

HELP**HOW TO: Analyze Issues**

An issue is a matter in dispute--a point of controversy. Examples of issues are: state-subsidized day care for economically disadvantaged families; gun control; mandatory prison sentences for particular offenses; and provision of certain industrial tax exemptions.

State executives and managers are frequently faced with issues that arise unexpectedly and possess an unpredictable life span, have multiple causes, originate outside state government, have constituencies (which sometimes are ill-defined, involve unlikely coalitions, or present no easy conduit for communication), and cross program lines. Unfortunately, few governments recognize an issue until public attention has been aroused and there is little room left for maneuvering. The result is crisis management, with decision makers responding to one demand after another without the luxury of being able to step back and get a broader, longer range perspective.

The life cycle of an issue involves several stages. The number of people involved in an issue increases as time passes and the issue matures. State policy makers need a way to get ahead of the public attention curve; they must be able to get a jump on issues while they are still emerging and remain malleable. Additionally, governments frequently fail to recognize when an issue has peaked and begun to lose its vitality and constituency. As a result, not only are governments often slow to respond to new needs, but they have difficulty abandoning outdated programs.

Environmental scanning and foresight activities allow management to: (1) anticipate emerging policy issues; (2) identify unanticipated side effects of proposed policy; (3) understand emerging trends and crossover effects of policies; (4) support accountability (oversight and evaluation); and (5) identify and involve customers, stakeholders, and expectation groups.

Before an issue can be addressed, it must be analyzed or diagnosed. That is, the facts must be determined. This involves the following:

1. Define the issue or problem and determine its parameters. For example:

- How is the issue or problem described? Who is describing it and what biases do they hold?
- What are the facts about the issue or problem? How reliable are the facts? What do the facts suggest? What else might they suggest?
- How broad is the scope of the issue or problem? Is it a local, statewide, regional, national, or global issue or problem?
- What is the role of government in this issue or problem? Why is this an issue or problem that should be addressed by state government in general and this state agency in particular? Is some other government agency involved? Should some other government agency be involved?

2. **Understand who (customers, compliers, other stakeholders, expectation groups, and/or the organization) is affected by the issue or problem and how they are affected.**
 - Who benefits? How?
 - Who is adversely affected? How?
3. **Determine how serious and immediate the issue or problem is.** For example:
 - Why is this a serious issue or problem now?
 - How long has this been an issue or problem?
 - How long is it likely to remain an issue or problem?
4. **Project future trends for the issue or problem.** For example:
 - Is the issue or problem likely to get better or worse? What is likely to happen if nothing is done?
 - What trends influence the issue or problem? How might these trends fluctuate over time?
5. **Determine the underlying causes of the issue or problem; identify and verify the key cause(s).** For example:
 - What are the perceived causes of the issue or problem? What can be documented?
 - What are the key elements in the environment that influence the issue or problem? What explains their presence? What other explanations might there be?
 - Are there any helping or ameliorating forces? Are there any positive factors that could be leveraged?
6. **Assign a priority relative to other concerns.**
 - How does this issue or problem compare with other issues or problems?
 - Will solving this issue or problem also lead to the solution of other issues or problems?

End of HELP Topic



**HELP****INFORMATION AND ASSISTANCE**

To obtain further information on policy planning and development, contact the Planning Section of the Office of Planning and Budget by telephone at (225) 342-7410 or by fax at (225) 342-0906.