

THE BROOKINGS INSTITUTION
THE HAMILTON PROJECT
RESULTS FOR AMERICA

INVESTING IN WHAT WORKS:
THE IMPORTANCE OF EVIDENCE-BASED POLICYMAKING
(EXCERPT)

Washington, D.C.

Wednesday, April 17, 2013

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

PARTICIPANTS:

PANEL 2: USING EVIDENCE TO DRIVE PUBLIC DOLLARS
TOWARD WHAT WORKS:

Moderator:

ROBERT E. RUBIN
Co-Chair, Council on Foreign Relations
Former U.S. Treasury Secretary

Speakers:

ALAN KRUEGER
Chair
President's Council of Economic Advisers

THE HONORABLE RON PORTMAN (R-OH)
United States Senate

THE HONORABLE MARK WARNER (D-VA)
United States Senate

* * * * *

P R O C E E D I N G S

MR. RUBIN: We are honored today to have with us two truly distinguished Senators, members of the United States Senate, Rob Portman of Ohio and Mark Warner of Virginia; and then Alan Krueger, Chairman of the Counsel of Economic Advisers. And they all, as you know, have had a long history, a very serious involvement with the issues of evidence-based decision making. I kind of think of it more as evidence-informed decision making, when you consider all the other factors involved, and all of them have had a lot of serious thought and involvement with the question of how to take values, non quantifiable factors and evidence, to weigh benefits against cost to make better decision making.

And that, certainly, is a critically important question when we're faced with the fiscal constraints that we will be faced with, I suspect,

indefinitely. I will repeat any of the materials in your packets, you have their distinguished careers and their resumes, let me just make one observation, if I could, though. Each of these two distinguished Senators has worked across party lines with members of the party to develop proposals to try to move forward in these areas.

And it seems to me that exemplifies the kind of bipartisan, working to find common ground that we are going to have to have if our federal government is going to be effective in meeting the critical challenges that we face. With that, let me pose a question to each of the panelists, and then we'll have a discussion amongst all of us, and then we'll turn over the Q&A, questions and discussion to all of you.

Let me start with Senator Portman. Rob, when you were head of OMB, and a very successful head of OMB, you did a great deal of work in this

area, including your program assessment rating tool. When you did all this, how did you deal with the question of making this real and effective? That is to say, of instilling it in the cultures of the agencies with respect to their programs, with respect to their regulatory functions, instead of simply being, or becoming very quickly a paper filing, an impediment rather than an aid to better decision making?

MR. PORTMAN: Great question. And, frankly, by the time I got there, the program was already up and going, which was great for me, because part of the answer to your question is time. And it took some time. So I got there in 2006, and the Partnership Program was already in place. And, honestly, I think a lot of folks who had been in the agency departments for a while were sort of waiting for the next reform to come. Does that sound familiar? You know, this, too, shall

pass. (Laughter)

But then people sort of got into it, and part of what we did was find a whole bunch of different people at OMB -- are there any former OMB folks here, career folks? Raise your hand high.

MR. RUBIN: I think you'll find quite a few.

MR. PORTMAN: I mean, it's the best and brightest, it really is a great group.

MR. RUBIN: I thought Treasury was, but okay. (Laughter)

MR. PORTMAN: We're leaner and meaner at OMB. It's only 500 people, I mean, it's a really small agency to have the oversight responsibility and obviously putting to the budget. But don't you think it's fair to say that we help people up who are in those positions? Because that was part of our issue, too, is how to get people at OMB excited about this. Cass Sunstein, who just left Ohio,

wrote a book called "Simpler" recently, and he uses as a reference for this notion of evidence-based legislating, regulating, or I should say just programs of -- the example of "Money Ball," he talks about, is it Billy Bean, the manager, who is a young guy, who is sitting around with the scouts.

And one of the scouts says, oh, this guy is great, that guy is great, and he talks about -- this guy is great, we've got to bring him on, we've got to trade for him, we've got to do anything, because he's got a beautiful swing, he's got a great swing. Billy Bean is so great, he's got a great swing. If he's such a good hitter, why are his statistics so bad? It's like he's such a great hitter, why doesn't he hit better?

This scout, who's been at this for 50 years, says, you just don't understand, it's all about how it looks, you know. So part of it is that mentality, it might look good and sound good,

the program is well intended and all that, but it some point, you have to say, okay, not just what's the input, but what's the outcome, what's actually happened to change people's lives? And at a time of budget austerity, I know I'm not supposed to use that word, but I will, because that's what we're facing, we've got to be sure that every dollar is spent in the most efficient, effective way possible.

Mark and I are doing some legislation together, as I think you know, Bob, with regard to agency's generally, this is the Accountability Act, on encouraging cost benefit analysis in a rigorous way, more evidence based, more transparency, also least burdensome alternative, and we've also got one at independent agencies, which I think is very possible for us to get done in a bipartisan context.

And then the Data Act, which I'll let

Mark talk about, which is all about this, how to be sure that this information is not just out there in the agency's departments, but the transparency. So part of the answer is time, part of the answer is the culture change, part of the answer is, with (inaudible), we actually put this stuff online, and I think that helps, too, because you get citizen engagement and involvement, then, and some more buy in.

It ain't easy, but the alternative is worse, which is that we continue to spend, I think 3,000 federal programs now, a \$3 trillion budget on programs, money in ways that's not effective. And we just cannot afford to do that.

MR. RUBIN: Let me ask you a question, Rob, before I go to Senator Warner. It would seem to me that this should be something that bipartisan coalesced, so it would be pretty easy -- it's never easy, but it should be sort of a natural, because

spending dollars more effectively, whether you're a Democrat or a Republican is probably something that falls into your, into the gambit of that which you believe in.

And, yet, it does seem very difficult to get ledge -- I know you all have both been very constructive, here, but it seems very difficult, even on this, which everybody should be able to agree on, to get legislation and to move forward effectively on the legislative basis.

MR. PORTMAN: Well, in the Q&A, we'll hear some of the challenges, I'm sure, because there are folks in the room who are concerned about, particularly on the benefits side, also on the cost side, you know, who is going make the decision, who does this mean, is this too subjective, and particularly on labor and environment and some other sensitive issues, it's not easy.

I'm not suggesting it's easy, but it doesn't mean that we shouldn't be doing a better job. And just to give you an example, independent agencies, have been, what, 21 major rules in the last year. We can only find one, only one where there have actually been benefits assessed in any quantitative way, evidence-based way. I think there were six on the cost side where you can say at least part of it was tested in terms of cost.

These are big rule makers, \$100 million or more impact. So we've got a long way to go, I'm not suggesting there aren't issues that are going to come up, and there are friction points at some point in the process, but, frankly, the opportunities are so great right now to just have to government working more effectively, more efficiently for the taxpayer dollars that are going to become increasingly scarce.

We look at our budget problems, and Bob

has been a leader on this, in looking at the mandatory side of the spending. On the discretionary side, there's more and more squeeze. And partly because we won't take on the mandatory side in a serious way, and that's going to result in us having to get that dollar stretched even further. So I think this is an area ripe for bipartisanship, and should be something that, in addition to what Mark and I are working on, that we'd look at it in every program.

John Bridgeman talked earlier about the Drug Free Communities Act and the stuff we've done with drug prevention, and what we were able to do at the federal level, I think it's fair to say, not to be immodest as a federal official, because, look, it's not a top down, it's more of a bottom up approach on drug prevention. But if they wanted the federal money, they had to go to an evidence-based approach. And guess what's

happened, literally thousands of coalitions around the country now, they're talking about data and looking at outcomes and measuring results and using matrix.

So I do think the federal government can help with regard to some of these issues, not just at the federal, but all the state and local level, to encourage best practices, more evidence-based approaches that will help, not just to save money, but actually, in this case, to help people be able to lead fulfilling lives through getting kids off substance abuse and through prevention and treatment.

So, anyway, that's what we'll hear probably later in some of the Q&A, because there are some rubs, here, and yet there's a lot of opportunity.

MR. RUBIN: Senator Warner, let me ask you the same question. You did this in the private

INVESTING-2013/04/17

sector, and then, as I recollected, when you were Governor of Virginia, you won an award, I don't remember, but I think it was the highest --

MR. WARNER: Best managed state in the country. (Laughter) I can remind everybody --

MR. RUBIN: I had a funny feeling you would remember that.

MR. WARNER: Best state for business, bring them all out --

MR. PORTMAN: The Warner for Governor campaign.

MR. RUBIN: Oh, you're running again for Governor, Rob said. I'll leave that between you and Rob. If you take your private sector experience and you take your state experience, and the state, you must have had the same problem which I was going to actually ask Rob about, which I didn't get a chance to; there's an asymmetry, it seems to me, for state employees or federal

employees, which is, that if you do something and it works, there's a limit on what you can get, in terms of incentives and rewards.

And if you do something and it fails, because I can remember my own experience, there are all sorts of potential negatives. So that asymmetry you don't have in the private sector. So, having taken all that and putting it together, what are the lessons you think can be taken from the private sector and your state experience that relate to trying to make this constructive and real, as opposed to paper shuffling and paper filling, and the like?

MR. WARNER: Great question. Thank you, Bob, for giving the Hamilton Project an opportunity to do this. Particularly with Alan, but also particularly with Rob, Rob and I have got a lot of things that we are working together on. I do think it's a little weird to be in Washington where you

can find somebody of the opposite party, you work together, you're immediately called a gang member. (Laughter) The only place where gang membership is good is on Capitol Hill.

And, on this subject, and I appreciate all the good, a special shout out to Michael Greenstone who's helped educate me on just how glaring, especially at the federal level, these challenges are. Let me start with the state process. One is, I think this stuff, and I'm so happy to see all of you here, because this kind of regulatory reform, cost benefit analysis, this is a fairly esoteric subject, and lots of politicians talk about it, but nobody really wants to focus on it.

I remember when we, as Governor, we would start leveraging all of our purchasing power and completely reform the way we did real estate, the way we did purchasing, and I brought out the fact

that we lowered the price of light bulbs in Virginia from \$.33 to \$.22. It doesn't seem a lot, but we buy a hell of a lot of light bulbs in the commonwealth of Virginia. But after the first kind of round of press announcements, I would go back and try to generate more interest in this subject from legislators or the press and you got a big, giant yawn and eyes glazing over.

And I think it then becomes even harder, as you said, at the federal level or particularly at the state level, like Virginia, where we have this crazy rule where you rotate governors every four years. If you're trying to come in and save your state work force, hey, I really mean it, they say that's got to go, it will be gone. And what we found in Virginia was, it took me two years to realize that simply sending out executive orders wasn't enough.

The only way I could actually get it was

when it was minority business procurement, whether it was results in our high schools. I literally had every line item manager report up on a weekly report on their performance matrix. For example, principals, every principal in high school around the commonwealth had to report on what they were doing for those students who were falling through the cracks. So, at some point, you've kind of got folks, and they say, oh, my gosh, well, we need it this time, and I think actually kind of empowers the work force.

At the federal level, this problem is exponentially harder because the enterprise is so much larger. I remember when I first got here, because I'm on the budget committee, which I didn't realize at first how little input that actually has. (Laughter) It may be an oxymoron to say budget committee in Congress. But I thought, well, let me take a low hanging fruit, and we tried to

identify those OMB programs in both the Bush administration and Obama administration had identified for elimination.

I thought, well, there shouldn't be anything hard about this, 16 programs, a billion dollars. Man, you thought I'd, like, asked for the destruction of the whole federal government, the amount of blow back I got from both sides saying, even though both Bush and Obama agreed these programs ought to go, it was hard to get traction. We did, I will say, three years, four years later, we got 11 out of the 16 gone. Because many of them sounded great, many of them in areas that I cared deeply about, public broadcasting or school programs.

I finally got the public broadcast guys and said, I've always been supportive, but behind closed doors, they acknowledge, well, maybe these do need to go. But there's a kind of not a

sexiness to this. I would raise the littlest bill that nobody's ever heard of that I believe will build on the good work that Rob and others did with Part, and every one of these kind of management forums, something called GPRA, Government Performance and Results Act, which, to my mind, does three things that are important, if we're going to elevate this kind of evidence-based discussion.

One is, it says to every government agency, every government program, if you've got 30 or 40 goals, you don't have any goals. If you can't limit your priorities to three to five -- and, let's face it, Congress is the worst at continuing to add on, then we're really, you're not going to have focus. So try to limit your goals and objectives, from a management stand point, which always is the tail on the budget dog. Management is always the secondary thought to a

more focused level, number one.

Number two, it does say, to your point, how do you take, we said let's start eliminating some of these reporting requirements. We are always additive in Congress, on a regulatory standpoint, I want to come back to that on the second round of questions -- but on just a reporting standpoint, you keep adding, adding, adding, you never take away. So we said we've got to at least eliminate ten percent of reporting requirements. So now we've got, GO came out recently with a 300-odd different reporting requirements that ought to be eliminated. So showing that to the federal work force that, hey, we're going to actually, if we add, also subtract, makes some sense.

And then, finally, what we did with this legislation, and this was the hardest, candidly, OMB fought us on this one. Which was to say to

agencies, okay, you have to identify within your policy area, not only your top performing programs, but your least performing programs. You talk about something that's a radical, OMB usually gets stuck with that task, but to really push an agency, an agency head, an agency manager to identify which programs that he or she thinks is getting the least value for the dollar, that, everyone wants to talk about their good kids, nobody wants to talk about their challenge kids.

And we're now three years into this, right, and we're yet to get that list. I think it's supposed to be coming -- we've got out now, it just came recently in the last 30 days.

MR. RUBIN: Last 30 seconds.

MR. WARNER: Yeah. (Laughter) But I think this area is going to become of increasing importance. I agree with Rob that we've got to deal with the mandatory programs, or we're going to

continue to squeeze discretionary spending. I also think we have to deal with the other side of the House, we can't take \$4.5 trillion out of the revenue stream and double defense spending, go to war, ageing population, without putting some of that revenue stream back in.

But, regardless of that, if we don't do both sides of this, my fear is, from your background as Treasury Secretary and in the private sector, if we don't have a growth component of our economy, then all the taxing and cutting in the world isn't going to get us there. And the challenge I have, again, taking off my partisan hat, but just from a business guy's standpoint, the approach that has come out of the House that would cut domestic discretionary spending from about 16 percent of our federal spending down to less than 5 percent.

I would never have invested in a company

that spent less than 5 percent of its revenues on its workforce, infrastructure and R&D. It is not a business plan that would be competitive in the world economy, and no other industrial country in the world has that business plan. So I think, again, it forces us back to this question of how we get better value for our dollar, and the good work that you guys are doing with this report.

MR. RUBIN: Let me ask this question of both of you, because I think you both sort of said the same thing, unambiguously and unarguably right that we've got to get better use for our money when you have such limited resources.

Do your colleagues relate to this? When you legislate this, are you going to be able to include in that legislation some little piece for evaluation? Will there be a willingness to engage in evidence-based, evidence -- and more broadly question that evaluation up front? Or will you do

things the way we usually do often, and have legislation being affected by lobbying interests, special interests?

The allocation of infrastructure, for example, has enormously reduced the rate of return on federal infrastructure that you would have if it were done on an economically rational basis? Go ahead with how your colleagues relate to all this.

MR. PORTMAN: I think our colleagues are open to it. I mean, I think there's an appetite for it. I don't think there's a lot of work that's been done on it, frankly. We had Secretary Sebelius before the Finance Committee today, and I was talking to her about this issue, the mandatory spending side, so moving from the domestic programs you're talking about to our important, but unsustainable entitlement programs.

And the question was, what has worked in Part D that got the cost down, relatively. It's

down about 40 percent. The last three years, OMB has said it's \$100 billion less than they thought it was going to be. What is that? Is that competition, is it some of the governmental mandates that have been in place in terms of negotiating. So that's, honestly, it will be easier, I think, on the domestic side for Mark and I to promote this kind of legislation we talked about where you look at cost benefit, you look at the least burden some way to get there, you look at ways to do more with less.

More difficult on the mandatory side, it's now 65 percent of the budget in the past, there's important programs going over 100 percent probably in the next ten years, according to CBO, 95 percent, but probably more. So that's really the same discussion we're having, although it's harder, which is to say, what are the outcomes? Instead of paying a doctor for volume or input, was

the actual measurement of quality of care coming out at the other end?

And, obviously, this is something that we will continue to struggle with, I'm sure Alan has some thoughts on this, I know CBO has been struggling with it. But if we don't get to that issue, all of the good work that we're talking about today, as important as it is on the domestic, discretionary side, maybe for naught, because we may have to make such major adjustments in those programs that it won't be a matter of saving \$.20 on the dollar, it will be cutting that dollar by \$.25 in order to accommodate all this other spending that is on autopilot.

So I may be not answering your question precisely except to say this is also about receptivity on the part of our colleagues, Democrat and Republican alike, because nobody wants to touch this area, to be honest with you. People say

Republicans can't wait to go after mandatory spending; not true. It's the third rail of American politics, it's the electrified one in the New York subway system that you don't want to grab.

But we've got to figure this out also, the same empirical data based approach on health care, because if we don't do that, the important health care programs, which, by the way, together, go 110 percent over the next ten years, based on CBO, will swamp the rest of the budget.

MR. RUBIN: Go ahead, Mark, then I'll talk to Alan. Alan is one of the world's leading authority on evidence-based decision making, but it's interesting, I mean, you all very quickly relate evidence-based decision making, cost benefit analysis to the entitlement area, which is true, and the revenue area, and it's all sort of one package, even though we were focusing, really, more on the discretionary side of the budget, I guess,

than anything else. But, of course, you're right, they all relate to each other.

MR. WARNER: Well, I think -- let me try to answer it, as well. I think there is an opportunity, here, but I think an area that should not be kind of full of partisan or ideological difference. You're talking about real, true evidence. What could go against that, data driven decision making? But we do have to have, I think, in both political parties, there's a group on the Republican side that says that every new program, by definition, must be bad, and every additional regulation, by definition, must be bad.

And you've got, I think, overreactions that say, so let's get rid of all regulations, or let's have moratoriums regardless of what science tells us. On the other side, on my side, you've got people who say even that my privately acknowledged program has outlived its usefulness,

but because it's got a good title description means you can never get rid of it, or if you try to change any regulations, thousands of small children are going to fall through the cracks.

Both of those are not, are old style thinking. So I think, from both program outcomes and regulatory, there's three buckets, there are three areas we need to address. Rob and I are working on one of them. One is how do you do the cost benefit analysis on the front end, both regulatory and programmatically, who does it, and where should that be housed?

Second is, and this is, again, something that Michael educated me on, how rarely, if ever, we ever go back three or five years after the fact to see did the regulation ever achieve its goals? Because, quite honestly, right now, I don't believe the agencies or industry on any subject, because I think both are cooking the books. But we've never

gone back on an evidence based and say, well, did that environment regulation, did that safety regulation, did it really cost a gazillion dollars or save a million lives?

There's no retrospect involved. And then, officially, to the point that you raised, Bob, and this is one that I had some ideas on that have been shot down quickly that I'm not even sure Rob will go with, how do you kind of get the incentives right so that good working people inside the government, who have no benefit by taking anything away, can only get criticized by taking anything away, have no incentive to say, well, if I can get 90 percent of the value at 98 percent of the cost versus 75 percent of the value for 30 percent of the cost, they're always going to go with the higher regulation, because there's no downside, to them, on incentivizing.

So the Brits have got this one-in,

one-out theory, you had a regulation that you take one away. That stirs a lot of controversy, but is a realignment of incentives that could be part of the discussion. So I'd put those down, pre cost benefit analysis, post retrospective review, and then how do you align the incentives so that folks inside government, who are operationalizing the laws we pass, have got the right balance?

MR. RUBIN: I would think if you could solve the last part, Mark, it would be responsive to the problem. But how do you avoid just being paper filling out as opposed to being real? Alan, you're one of the global, universally recognized experts on evidence-based, evidence-informed decision making -- you're agreeing with me.

MR. KRUEGER: Well, and until you got to the basic part, I'm an expert on evidence, I'll accept that.

MR. RUBIN: Okay. Let me ask you this;

when you take a look at the use of evidence, as we discussed, it would seem imperatively important to move forward on this. How do you deal with some of the issues that people raised, for example, evidence doesn't measure, non quantifiable factors, the value of human life, or I happen to be a fly fisherman, so the value of a great stream or a wonderful stream and preserving it?

How do you deal with the question -- I think Rob may have mentioned it -- of who interprets this data, and how it gets interpreted, and how do you avoid people bringing other agendas to the interpretation? Data can often be ambiguous, so how do you deal with that, and what other areas you might like to identify so that with can really make effective and fully informed and fully constituted -- if there was such a word, which there isn't -- but the use of all this that takes into account all of the factors that should

be taken to account?

MR. KRUEGER: It's a great question, it's one I grapple with all the time on my job. I don't need to tell you about that we live in an uncertain world and we have to --

MR. RUBIN: Yeah, that's a book that I published and is still available in paperback.

(Laughter)

MR. PORTMAN: 1-800 --

MR. RUBIN: No, you just call Amazon, that's okay.

MR. KRUEGER: There will always be a certain level of uncertainty that we can't reduce, but it doesn't mean that we shouldn't make the best decisions that we can make, given the information that we have. So, on your first point, how do you quantify, what do we do about things that we think we can't quantify. In some sense, progress in science involves quantifying what was previously

unquantifiable.

So take the value of human life, which is a subject which is probably hard to think about, usually you think that's something that philosophers should think about, but if you're thinking about regulations which reduce casualties, and there's a cost to those regulations, you have to, the benefit is on the other side. And to make coherent choices, to make consistent choices across regulations, one needs an estimate of the value of reducing the risk.

And, there, I think economists have been ingenious. Going back to Adam Smith and the Wealth of Nations, Smith explained why wages vary across workers, and one of his explanations was, some jobs are more dangerous than others. He used as an example coal miners are paid more than blacksmiths, even though being a blacksmith is a higher skilled job, because coal miners face much greater risk and

also work most times underground.

So what economists have done is to try to look at what's the price of the marketplaces at risk. One way to do that is by looking at the labor market, how much is the compensating wage differential for accepting a job which carries a greater risk. Then what one can do is extrapolate from that the risk of a job, one percent on one job, two percent on another job, to extrapolate from the income differentials associated with those risks, holding other factors constant, to the value of a statistical life.

Now, not surprisingly, you get a range of investments when you do this. You can also do it in other ways, you could look at Michael's teacher, my colleague, Orley Ashenfelter, looked at driving behavior and if you drive at a faster speed, it increases the chance of a fatal accident; how much time do you save, what's that worth. So there are

other ways of getting a value of risk. And the estimates range from roughly \$5 million for a statistical life to \$9 million, which, in the scheme of estimates is not all that wide.

There is inconsistencies across agencies about what value they use, and some of those differences might make some sense, if you're talking about people who are at different ages, different groups, but some of that variability, to an economist, doesn't make that much sense. So one way to, I think, improve our regulations is to have more uniformity across those kinds of evaluations. But I don't want to leave you with the impression that the investments are easy, there are lots of potential confounding factors.

Even when there are experiments done, the gold standard, when we can use randomized assignments, there are threats to the evaluations. But that doesn't mean that we shouldn't do them,

and we shouldn't use them to inform our decisions, along with other information that affects government policy.

One thing I want to highlight, and I think this is an evolution building on the progress from when Senator Portman was at OMB, it's in our budget, we're very clear about requirements for agencies to set priority goals. They're listed on the web, if you go to performance.gov, the goals are there, the accountable person, the person that is responsible for trying to meet that goal is there, a description of the strategies that they're using, and progress they're making towards those goals.

And some of those goals will affect mandatory programs like reducing hospital-based infections by 25 percent, or some of the key infections, that's one of the goals I noticed that HHS had set. So we're trying to use the evidence

that's out there, it comes in lots of different forms, some of it is stronger than others, and if the evidence is stronger, we should put more weight on it. Where it's weak, we need to develop better evidence. But what the administration has been trying to do in grant making to support more grants in areas where the evidence supports the kinds of programs that people are applying for, and then to develop better evidence in other areas.

We're trying to use this approach to influence the way that the government is operating. And not only will they, I think, make better uses of our resources, I think it should give the public more confidence that the government is a good steward on their dollars, that we're trying to deliver the best services we can for their hard-earned tax dollars.

MR. RUBIN: Let me add one more piece to that, Alan. How do you deal with the question of

time lines in measuring particularly in benefits? Cost, too, both of them. You have short term costs, you have long term costs. Long term costs and benefits are highly unpredictable, how do you incorporate the question of time frames in your cost benefit analysis?

MR. KRUEGER: Well, it would be similar to what a business would do. When you have costs up front and then you get revenue stream down the road, you need to discount the future. And there are standards for how one discount, there's a big debate amongst economists what discount rate is the appropriate one for environmental damage, things like that.

The other thing I would mention is, as you get new evidence, what you want to do is using. John Maynard Keynes once had this great line when someone asked him, last week you argued the opposite. He said, when I get new evidence, I use

it, what do you do with it. (Laughter) We're trying to continually integrate the evidence that's coming in, so it's not all evaluation work, some of the else is more exploring the data and seeing where it looks like there were bottlenecks.

And then the last thing I want to mention is, I think the point is well taken that we do regulations prospectively, when it's much harder to calculate the cost of something which hasn't been put in place, or the benefits. The President signed an Executive Order called the Look Back Initiative, which encourages the public to submit regulations that they think, given the experience that we've had, no longer meet the benefit cost test, and encourage agencies to review their regulations and say which ones are no longer necessary, either because we've learned more in the meantime, or because technology has changed so there are cheaper ways of accomplishing the same

goal.

And there, indeed, have been some regulations that have been rolled back.

MR. RUBIN: Do you have a sense, Alan -- and I have questions for the two Senators; but do you have a sense, I'm aware of the Look Back, I think it was an Executive Order in 2011, if I remember correctly, do you have a sense of how effective that has been, either rolling back, which is, as you just described, or in changing regulations or not putting forth regulations prospectively?

MR. KRUEGER: I can't give you a total for the cost of the regulations that were rolled bang, but there were some significant ones. One I remember is deicing of airplanes and how the fluids that are used to deice airplanes was of significant savings to airlines. What has surprised me a little bit is when I go around and talk to groups,

and sometimes I hear general complaints about regulations, I point out that the President signed this Executive Order. One of the things -- this was my suggestion -- you don't expect this from economists, but I recommended that he do a video explaining this, a YouTube video, and it went viral, which means that maybe 1,000 people watched it.

So I don't think --

MR. PORTMAN: Half the people in this room.

MR. KRUEGER: I think we probably need to do a better job getting the word out that this is something that we are open to.

MR. WARNER: Can I add one thing on that?

MR. RUBIN: You can do whatever you'd like.

MR. WARNER: I've found the same with somebody who comes from a private sector background

and a state background where we pride ourselves as being very probusiness friendly, so I have far more on the line, you know, prove it to me before we simply add on to the regulations. One of the things I've found curious as I sit with lots and lots of business groups, and I was looking at regulatory reform; how rare you could get any business group to say, all right, what would you actually -- give us a list of what you want gotten rid of.

And I don't know if that's a case of, well, was it because they've already built in the cost and adjusted their processes, get used to it, or is it a case of these regulations were not nearly as nefarious and costly as they projected and said beforehand. But I have been surprised, quite honestly, that, as I've tried to solicit this, there's not been just -- it's been in the tens, not in the hundreds of thousands of

regulations.

MR. RUBIN: It's an interesting comment. Something struck me, I really hadn't thought about until I was talking to Michael about something, if there was any way of substantially increasing the focus on this and the culture of both private sector and the public sector, the savings could be enormous, and then that would be responsive to a lot of questions of how do you deal with the politics, how do you deal with the incentives and so forth.

Rob, I remember when we used to deal with you when you were in the House, remember the House, and you were very thoughtful. We disagreed, and you had your reasons, and you actually responded with reasons as opposed to just disagreeing.

MR. PORTMAN: We actually disagreed sometimes.

MR. RUBIN: We did, but you were a

reasonable and sensible person, it's possible you were even right sometimes. (Laughter) But, as you take your experience at OMB and you look at the federal government and you think of how much more effectively we could function, if you were King, what would you do?

MR. PORTMAN: Wow. Mark mentioned the private sector. One thing would be, without being critical of what the Obama administration has done on Look Back, is to bring that private sector mentality into the government at every level, it can't just be OMB. OMB has got a very important role, here, but, as you know, the agencies have to be willing to go along with it. And I think if Cass were here, or even Jack Liu were here, he would say that some of this Look Back has been challenging with some of the agencies, frankly.

There's one in particular, won't name any names, I'm on the Governmental Affairs Committee,

and when we ask this question you asked earlier, it's like, well, we've had this progress here and there, but this agency, there's a lot of push back. So it has to be cultural, but every major company in America, and most smaller companies, given what's happened in the last four years, particularly, have had to do this, if they weren't already doing it.

Which means look at their efficiencies, look at their expenses, figuring out to do more with less. Unfortunately, it's meant, in many cases, more technology leads to fewer workers, but it hasn't decreased productivity, which is one of our challenges, as you know, on our employment side. So that is the general answer. But I do think, as I said earlier, although we'll probably hear Q&A about some specific concerns people have on some of the cost benefit analysis, the benefit side, how to quantify, and so on.

You mentioned the value of a statistical life, well, what's a statistical life, you know, every life is different. But let me give you one example. Right now, I am working with Mike Bennett on worker retraining. We entered this legislation last year, and it's down Warner's alley, so it will get Mark engaged, too, but it says, okay, there are 47 different worker retraining programs in the federal government, they're spread over nine different agencies and departments.

The GAO has looked at this and said that only five of them have been subject to any outcome analysis, meaning any really evidence-based analysis since 2003. So we spend between \$15 and \$18 billion on this, it's not pocket change, it's substantial spent, and there's just very little information out there. So for those who say, gosh, the government's already doing this, and so on, I mean, if I were King, I'd say something like that.

We're put in place some pilot programs, that's the best we can do on a bipartisan basis, to be frank, to look at some of these programs and force them to be accountable, meaning giving states the flexibility to require accountability. What are your outcomes, longitudinal studies, what happened two years, five years, six years out, did you actually get someone a job, were you connected with the industries in your local region?

I see some of you shaking your heads, no, they weren't, because somebody who is involved with this work force training, it's very -- as I look at it back in Ohio, it is dependent on the local community, really, and their relationships almost between the business community and the community college, or the career center, or whatever. But there's a lot of waste and inefficiency of these dollars.

And at a time when we have 100,000

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

people in Ohio looking for a worker, 100,000 jobs available and 400,000 people looking for work, what a great place for our government to say, we can spend this, in the case of Ohio, a quarter trillion dollars, a quarter million dollars much more effectively, because we spent \$275 million in Ohio every year. So, were I King, I would go into these kind of programs where you see big dollars, big effects.

And the other one, of course, is health care. When I left OMB, I was asked by the reporters what did you learn during your time there. I wasn't there very long, I admit, I wish I had been able to be there longer. But the question was, what did you learn, was it the wars, was it the tax cuts, is it the inefficiency in government, what is really our biggest fiscal problem? And I had to say, you know, it's health care.

And when I was there, I tried to hire

more people. And one point, someone said to me, Rob, you know, 25 percent of your employees ought to be in health care, and it was about nine percent. And they were right in the sense that, if we don't involve this problem and apply some of these same principles, not to get back to that same point. Whether it's federal retirement health care, whether it's Medicare, whether it's Medicaid, dealing with these issues has to be a priority if we're to deal with this larger fiscal problem we face.

MR. RUBIN: Well, the overall health care system.

MR. PORTMAN: And the private sector health care system, a great point, because we're seeing a little sticker shock now, and we will for the next nine months, I believe, and this is affecting our competitiveness. So, were I King, I'd put a lot of focus there.

MR. RUBIN: Let's open it up to everybody. Who would like to -- let's see. Way, about half way back, would you stand up, say who you are, who you're with. Are there microphones? Yeah. Maybe there are not. Why don't you just yell.

MS. REAGAN: My name is Paulette Reagan, I'm a communications consultant, and while I work primarily in international development, I would be interested in asking your opinions about applying evidence-based to that area of allocation. And it occurs to me I'd rather ask how you would view cost benefit analysis in terms of deciding whether or not to go to war.

MR. RUBIN: Well, that's probably a somewhat complicated question. Would anybody like to take that on?

MR. PORTMAN: I would guess Alan is the one. (Laughter)

MR. RUBIN: Alan? Alan does look like he wants to respond, go ahead.

MR. KRUEGER: Thank you. I hate to admit, I actually wrote something on this once. I tried to do a benefit cost analysis of the Iraq war, and I was citing work by professors at the University of Chicago, I used to write for the New York Times --

MS. REAGAN: I can't hear.

MR. RUBIN: You better talk up.

MR. KRUEGER: Anyway, what you do is, you try to identify the benefits of the costs.

(Laughter)

MR. RUBIN: That's how you do your cost benefit analysis? (Laughter)

MR. KRUEGER: That's the way it starts. And value security is hard, but obviously, you can reduce future risks to our international security, that's a benefit. And the costs are also hard to

quantify because they can grow over time. You look at the Vietnam war and the veterans' disabilities that we're learning about were related to exposure that the veterans had there, that's taken quite a bit of time to estimate.

I wanted to go back to one thing, which came up earlier, about the value of statistical life, and everybody's life is different, which is obviously correct. Where we do better at estimating averages, we do pretty well when we look at training programs and saying, on average, what are the benefits from the Job Corps program, and there was a major study that was funded in the early 2000s to look at Job Corps. Where we do less well, and where we, I think, need to do more analysis is, well, why did this center do better than that center, why did this community college do a lot better than that community college, why did this hospital seem to do a lot better than that

hospital.

And that's a harder question to raise. For one thing, you have many fewer observations, you only have a certain number of people at each hospital or each Job Corps center as opposed to 20,000 in the whole sample. So you can look at groups and you can say is this program is more effective for that group, which is something that I think we've learned from Job Corps that the older participants benefitted more. But one of the things which OMB is trying to do is to use the data that's coming in the programs to say what are the best practices.

Why does it seem that recidivism is lower from this prison or that prison, why does it seem that crime rates are lower on this reservation than that reservation to build that in. And there's, I think, a lot of potential on the health care said to save money there.

MR. RUBIN: Any questions other than going to war? Yes, sir, I'll try to front of the room, we'll see how we come out there.

MR. BARON: You might say --

MR. RUBIN: You might say who you are and who you're with.

MR. BARON: John Baron with the Coalition for Evidence-Based Policy. In domestic social policy, the administration has been advancing a number of major evidence-based initiatives in areas like employment and training, and K-12 education, and crime prevention, which are described very thoughtfully in the President's budget, and have high evidence standards. And the Bush administration advanced some of the earlier pilots for this in home visiting and elsewhere.

But one area in the President's agenda that seems to be an evidence-free zone is in health care financing and delivery. There was a recent

report by GIO that found that the CMS Center for Innovation, which is trying all sorts of new innovations on how to pay hospitals for performance, and so on, are using methods like propensity scores and other things, which have been shown not to be particularly rigorous, and in some cases, produce unreliable methods.

The same thing is true in all of the waivers that are going forward in --

MR. RUBIN: Let me ask you this; how would you reduce that -- that's a very thoughtful observation -- how would you reduce it to a question?

MR. BARON: Reduce it to a question is what gives? Why is this area, an important area of domestic social policy not using rigorous approaches that are going forward in other areas?

MR. RUBIN: Rob, you mentioned health care before, would you like to start on that?

MR. PORTMAN: And defend the administration? Look --

MR. RUBIN: I meant in a broader sense.

MR. PORTMAN: I tend to agree with the question, understanding that this is not easy, and there are some subjectivity to it. Some of you are aware of the Dartmouth Atlas where they show what Alan refers to as a statistical imbalance, where you have areas of the country where costs are so much lower than others, and some so much higher than others. And these are hospitals treating people the same sort of age cohort, there's all the, you can sort of equalize it to get an apples to apples comparison.

Still, you have these big differences. What we haven't done is that next step, okay, how do you take these best practices and apply them so that, in Minneapolis, where costs are actually relatively low more the same procedure as Miami,

you figure out why in Miami these costs are so much higher. By the way, these are not just because there are more seniors in Miami, because they can adjust to that.

So I think there's a huge opportunity there, in terms of these programs. Generally, on the health care side, you're right. I mean, if you look at the proposals that came out in the President's budget recently, there is some discussion, as you know, of, for instance, for means testing, there's some discussion of Part A and Part B coming together, there's some things, obviously, being done in terms of the accurate measure of inflation, which would be the CBI discussion.

So I'm not suggesting there's nothing in there that affects the mandatory side, but there's not this rigorous analysis. So maybe it's a better question for Alan, but I think it's an area, as I

said earlier, that we're going to have to address. Because the consequences of not addressing it, given our current economy, given our current budget situation, based on all the forecasts that we've seen would indicate you're going to have a shrinking and shrinking part of the part of the budget that Bob cares a lot about; research, education, national security, and so on.

MR. WARNER: Let me just jump in here. One, back on the work force side, I absolutely do agree with Rob. As governor, I tried to rationalize our work force programs, great a great campaign line, but you couldn't rationalize it, because there were all these federal funding flows that retarded your ability to consolidate and localize. And, actually, some of the work that your project has done recently in terms of just being able to publicize data that shows, you know, three years at UVA versus an Associate's degree at

a community college.

It's better to get a two-year Associate's degree or one year of certification than three years of UVA if you don't finish. So there's lots of kind of the ability to just price what's in the market and show the folks. I mean, I can show you more high schools around Virginia where you have a huge preponderance of folks in the career and technical education, virtually women, than cosmetology programs. We don't need that many cosmetologists, yet you don't price out all of the other things.

So there is data that you'll get out, and I think there will be some consolidation efforts, here. I actually think around health care as somebody who voted for the Affordable Care Act because, while imperfect, I knew the status quo was going to bankrupt us. I think that there was a lot of effort in that legislation to move away from fee

for service based into outcome-based medicine. We had a series of, actually, amendments, a group of the freshman centers, it was the only ones that were bipartisan to try to push more ability to experiment on cost containment. I think we could have gone further, candidly.

But I think some of the push back -- and I would agree, I think Rob is, I give full credit to the administration, here -- put out change CPI, to put out consolidation of Medicare Part A and B into a single deductible. So you've already got some skin in the game on every component, so there's not this kind of mishmash of copay some areas and not in others. And I think, having spent a lot of time with Sebelius and Marilyn Tavenner, who I think is trying to push, I think there's some resistance that is more kind of institutional CMS-based and actual health care system-based than it is the administration trying to kind of push

new, more cutting edge models.

MR. KRUEGER: I guess I don't accept the premise, I think the ACA did take into account research that was available. If you look at readmission rates for hospitals, the census has changed, the readmission rates have declined considerably since ACA passed. Health care costs remain, I think, our primary budget problem, but if you look at CBO's forecast, they've lowered them over the past few years.

And I think that --

MR. WARNER: Lowered it to the point (inaudible) and I don't know whether this is recession, Obama Care or --

MR. RUBIN: Behavioral.

MR. WARNER: -- or fairy dust. But it's \$500 billion less on the ten-year projection line for Medicare than it was four years ago. That's fairly reasonable.

MR. KRUEGER: And it doesn't look like it's all recession, because it continued after the recession ended. And when we look across states, the areas where the recession was less bad also had commensurate drop in their health care costs, so I think there is something that's changing in practices. Also, there was the effort to have the IPAB, which would try to develop evidence on cost effectiveness.

I wanted to say one other thing about the budget. What I think the President's budget does is it demonstrates that we can get on a fiscally sustainable path, while at the same time, make key investments. And those key investments were a result of evidence. Preschool for all. The work that was done on the prepreschool program and in other non experimental studies, I think, helped to inform the biggest new initiative in the President's budget.

MR. RUBIN: Yes, ma'am? Is there a microphone? Good.

MS. WERTHEIM: This has been a great suggestion, thank you. I'm Mitzi Wertheim with the Naval Post Graduate School. As a citizen, I wish the government informed us better about all the things you're doing. I worked for the Center for Naval Analysis, a think tank, and we always had to put out thick reports. Nobody ever read them because nobody has any time.

I think Congress should require that, for all reports that are not classified, they do what the National Intelligence Counsel just did; which they did their 2030 report, they put it into a two-pager, and you can know what were the ideas, and if you want to then go read 80 or 100 pages, you can do it. The fact that you do so many good things that none of us know about it because you drown it with so many words, that's a really hard

job to get it concise.

But there are people that can do that,
and I think you owe it --

MR. WARNER: Not politicians. (Laughter)

MR. RUBIN: I was thinking the same
thing, I thought it was impolite to say it. I
guess that's --

MS. WERTHEIM: I'm trying to give you a
compliment.

MR. RUBIN: But it's a good question.
Why do you all think that there isn't more, or do
you think there should be or could be, or how would
it get done?

MR. PORTMAN: Absolutely. First of all,
there are too many reports required, in my view,
and now that I'm on the Senate side of it rather
than the administration side of it, I have a little
different perspective, but I'm trying to maintain
some objectivity and say there are just too many

reports, regardless.

MS. WERTHEIM: They're also too long.

MR. PORTMAN: And they're too long, and people don't read them. In fact, members of Congress don't read them, their staff don't even read them often, because it's easy to say do another report rather than legislating, it's sort of like a way to get around dog maybe what you ought to be doing, which is requiring something or letting it go. So that's one, in my view. And there's some data on that, by the way, in terms of the number of reports increasing, reports that have been required, in Bob's view, in Treasury.

But, two, you know, it's not only that it's important if the tax dollars are going into it to see this information, some of it is very useful, but it makes a difference when citizens see it. So when I was at OMB, we put all earmarks online, which made me very unpopular with my former

INVESTING-2013/04/17

colleagues. Luckily, at that time, I got back into the legislative branch, there was then a sense there would be no earmarks, so I wasn't blamed as much. But at the time, it was sort of, this was 2005 or '06, it was something that people really objected to.

The result was a lot fewer earmarks, because citizens had access to where these earmarks were by ZIP code, which identified them, and they had to know, and we also had to identify what the agency department was or nonprofit, NGO, received it, how much, and so on. And that had a salutary effect. Grants and contracts, I've actually gone back to it to figure out what the impact was, and maybe Mark can talk to this, but this was actually a covert Obama bill that was done in 2006 also, and we put in OMB all grants and contracts, I think it was over \$10 million, online.

And what an amazing treasure-trove of

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

information for people who care, which is, people distributed about 500 more, we figured out. But, really, people back home, wow, I didn't realize that this is where this money was being spent, this program, this grant. So I think it really is, it's part of taking advantage of this incredible online resource we have now to be able to allow citizens access to good information.

I think there ought to be fewer reports, but I think we ought to use the information that's out there already, what is the government spending, how is it spending it, and let citizens see it, and it will have a salutary effect.

MR. RUBIN: Mark.

MR. WARNER: Let me give you three specific suggestions. One is GAO just came out with a report that showed 300-plus reports ought to be eliminated. I got legislation that would eliminate most of those. Let's do it, let's not

just take the suggestion, let's actually do it. Secondly, I go back to my little Gipper Bill where I think the idea of that kind of short report is a good idea.

But the notion, and Alan has mentioned it, we're initially starting to do this, if an agency or program has only got three to five goals, those ought to be fairly clearly identified. And if we actually have a review, not just from OMB, but from the agency itself, of those programs that are over performing and under performing, that will at least motivate. First time it's ever happened was just recently, and we need to get it out.

MS. REAGAN: It's out now --

MR. WARNER: It's just out now, it was in the last, maybe, last 30 days. We've got to get it out to them. Third is, we've got legislation, Rob and I have been talking about this, as well, called Data, that would build upon this Obama/Coburn

report that says let's make sure we not only follow the money, and, actually, Treasury has been pretty good at this, but let's make sure that we have it in a way that's more clearly understandable.

And what is in one category of grant and another category in expenditure needs to true up, there are 2,000 separate financial systems just inside DoD. Now, we're not going to, I learned business accounting, I learned state and government accounting, I don't think I ever would have the time to learn federal budget accounting. But it is an arcane, to kind of hide the ball. This Data Bill says let's take the next step on transparency and at least start to see if we can do some consolidation of some of these financial systems so we really are comparing apples to apples.

Coburn/Obama, great first step, this is the next step, iteration.

MS. REAGAN: Thank you.

MR. RUBIN: We have time for one more question, and then I'm going to ask half a question. So why don't we -- yes, sir.

MR. CHEKHOV: Barry Chekhov, Chekhov Communications. Data costs money, and we're in a budget austerity time now. How much -- before, we were talking about non profits, I've been working with non profits for 30 years, they're just struggling to keep their doors open, a lot of them. When I talk to them about collecting data to create their stories, they just don't get it. Not that they don't get it, but they just don't have the manpower.

On the national level, is there a lot of blow back in Congress for this? In other words, nobody wants to fund this kind of research or data?

MR. RUBIN: It's a very good question.
Yes, Alan.

MR. KRUEGER: In some sense, doing

research, evaluation and collecting data are public goods, and the private sector doesn't provide enough public goods, I think we see that in a number of areas. When it comes to data, the federal government has just barely been keeping up with the changes in the economy. One of the things that we've been trying to do in the Obama administration is take more advantage of the administrative data that are coming in.

This does not impose additional burdens on the private sector, and there are some restrictions. So one of the things that we supported in the budget is an act called Data Sync, which would allow the Census Bureau and the Bureau of Labor Statistics under appropriate confidentiality privacy restrictions to be able to sync up their data through data that's coming in through IRS. And the IRS data is the basis for a number of the surveys, and there is potentially

some documentation that would improve the quality of the data.

So there are some things that can be done at very little cost, if any cost, which will help to improve evaluation and improve the quality of the key economic statistics that businesses and households rely so much on.

MR. RUBIN: Let me take advantage -- oh, did you have something?

MR. WARNER: I just wanted to comment briefly on the nonprofit side. Before I got in this business, I helped start here in the greater Washington area called Venture Plans for Partners, and it was to try to help build the infrastructure of a lot of non profits. I know every nonprofit wants to spend that extra dollar helping that additional kid, but candidly, well, they're wasting a lot of money.

You think it's hard to consolidate in the

federal government area, you ought to look at the salvation and nonprofit work, where we never eliminate anything. And I honestly believe we're going to have to have the kind of rigor that's starting to be expected at the governmental level in the nonprofit sector, as well.

MR. RUBIN: All right. Let me, I'm told I have a minute and a half left, let me ask half a question. And it occurred to me as I was listening to all this, is there any way to separate the question of evidence-based, evidence-informed decision making cost benefit analysis from the larger debates about theories of the case with respect to growth.

There is a case with respect to revenue, there is a case with respect to entitlements, so that Congress and the administration, for that matter, can put in place measures that promote evidence-based decision making independent of the

debates, the larger debates which are so stifling our political system today.

MR. PORTMAN: I'll give you a half-answer.

MR. RUBIN: Well, it was a half question, so that's fair.

MR. PORTMAN: Again, I go to an example, because I think it's, for this group, you want to hear some specifics. But during the budget debate, you may recall, those of you who were up at 3:30 in the morning watching it, which is probably half of you, but there was discussion of having more evidence, since you mentioned taxes, and what the impact is of tax changes, specifically, tax reform. And the question was on an amendment that I offered that Mark was actually very helpful with in committee, although I don't think we were able to get it out of the committee on a bipartisan vote.

But the notion is to have a way that to

join tax committee typically analyzes tax legislation as the official score. And that includes some behavioral changes, but not the macroeconomic changes. So the behavioral changes that come from macroeconomics, which Bob has spent a lot of time on, are important to know. And the amendment simply said that we, as members of Congress, would have information, both as we are analyzing what tax reform to use.

Because the next year many of us hope there will be a solution to this budget crisis that will include entitlement reform and tax reform, but also as it's working through the legislative process, to have a score that's the alternative score based on macroeconomics. Not wild, dynamic scores maybe from the outside, but there is a macroeconomic model that's used by the Joint Tax Committee, the Committee on Taxation, and by the Congressional Budget Office.

And the Joint Committee on Taxation uses three different models, and argue which model is best, but I think we need that information, we don't have it now. In the end, on the floor of the Senate, in a very partisan atmosphere, we have seen activity. Now, it's just in the budget, so it's not binding, because the President doesn't sign it, it's not a law, but I thought it was a good step forward.

Again, I'm not saying replace the official score, what I'm saying is, let's get the information. And I think, actually, on the spending side. Republicans may disagree with me on this, but it would be good to have the information. In other words, you mentioned Keynes earlier and his comments about new evidence, there's sort of an Keynesian approach that we Republicans criticize sometimes, let's see it, let's see the different models, different analysis.

In other words, if you spend a dollar for infrastructure, what do you get back? So I think, Bob, the answer to your question is, no, those shouldn't be inconsistent, we should be able to have our ideological battles over the role of government, over the effect of tax increases, over, frankly, the degree to which we want to have an economy that spends at a certain level GDP versus one that is more traditional to what we've done.

We can have all those arguments, but those should be informed by more evidence, and I think there is, based on that vote on the floor, evidence that, on a bipartisan basis, that there is an eagerness to have that data.

MR. RUBIN: Rob, I think that's a terrific -- I'm told our time is up -- but that is a terrific, terrific note to end on. Let me thank --

MR. WARNER: Let the --

MR. RUBIN: I'm sorry, Mark, did you want to respond?

MR. WARNER: I was just going to add --

MR. RUBIN: I apologize.

MR. WARNER: Time's up.

MR. RUBIN: No, no, we would rather hear from you.

MR. WARNER: I hope that there is, we can do this, I've worked with Rob on this issue, I also think that this was all the rage eight or nine years ago at the state level. When I was governor, I remember Washington state had the real lead. We tried it in Virginia, put a counsel together to see what our policy goals should be, then we'd argue about how we get there, but tried to set some evidence-based standards first.

And, quite honestly, I have heard less about that successful state models in the last couple of years. Maybe it's out there and I need

to be informed of that, but I think the place where this could be experimented with, I wish we had better models of working within states.

MR. RUBIN: Alan, we have actually finished, but if you would like to --

MR. KRUEGER: I just wanted to add something. To some extent CBO has answered your question, and CBO is --

MR. RUBIN: That's a good point.

MR. KRUEGER: -- one of the jewels of your government, not only on infrastructure, but also on education, for example. We know that there are benefits to society as a whole that don't necessarily get reflected in the conventional budget. But, if you look at the work that CBO does, as an economist, I continually find it to be kind of straight down the line supported by evidence.

MR. RUBIN: CBO is one of the jewels of

our government, and it's probably worth noting the last two directors of the Congressional Budget Office have been former directors of the Hamilton Project. And, with that, we thank you all for coming.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190