



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-193281

March 26, 1979

Robert A. Anthony
The Administrative Conference
of the United States
2120 L Street, N.W.
Washington, D.C. 20037

AGC 00594

Dear Mr. Anthony:

In reply to your February 27 request, we would like to make the following comments on the [revised draft recommendation on the use of cost-benefit and similar analyses] in regulation prepared by the Administrative Conference Committee on Agency Decisional Processes. We are pleased to offer these suggestions because we strongly support improved analysis in support of regulatory decisionmaking.

We wish to reiterate our earlier comment included in our letter of October 24, 1978, that the draft recommendation does not adequately recognize the distinction between quantitative analyses and qualitative analyses. Cost-benefit and cost effectiveness analyses are quantitative, objective decision tools which, in their purest forms, yield numerical estimates of the costs and benefits of alternative actions. Qualitative analyses, or non-numerative balancing, on the other hand, is much more subjective since some or all of the costs and benefits of alternative actions cannot be measured. This distinction is important because qualitative and quantitative analyses are not necessarily interchangeable.

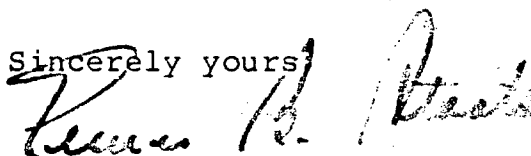
Furthermore, this difference affects an agency's ability to comply with other recommended procedures. For example, paragraph two recommends that "a statement of the weight given the cost-benefit or similar analyses should be included in the decision record and made available to the public." While it is difficult to specify how much weight has been given to one component in a long and complex decisionmaking process, it becomes even more difficult to do so when a qualitative decision tool is used.

We find the third recommendation which states that "each agency using cost-benefit or similar analyses in decisionmaking should, whenever feasible, adopt generic regulations or policy statements describing the use of cost-benefit or similar techniques where they are likely to be employed" to be unclear.

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We are also concerned that some agencies may construe this in a very narrow manner and adopt restrictive rules defining the types of procedures and methodologies to be employed in performing the analyses and governing the uses of these analytical techniques. Such an interpretation would be unfortunate since cost-benefit and similar analyses are highly technical and complex and involve constantly evolving methodologies and techniques.

Sincerely yours

A handwritten signature in cursive script, appearing to read "Kenneth B. Atchefs".

Comptroller General
of the United States