The Bounded and Pragmatic Consultant: Fiscal Impact Analysts as Rational Actors

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Abstract: This article examines how fiscal impact analysts retained by municipal governments across the United States approach their work. Consistent with theories of rationality found in the extant literature, the results suggest these third-party consultants do not view themselves solely as technicians responsible for generating the most accurate studies possible. Rather, they rely on heuristics to enhance the defensibility, interpretability, and tractability of the reports they produce, while recognizing political dynamics and the need to build consensus. These reflections add the voice of the fiscal impact consultant to the planning research—a voice surprisingly absent to date.

Keywords: fiscal impact analysis; land use; municipal government; consultants; rationality

Introduction

Municipal governments across the United States are increasingly in a position of institutionalized resource scarcity, with general and special fund revenues struggling to keep pace with public service and infrastructure demands. Real estate development informs the fiscal position of these governments, making the evaluation of its fiscal impacts a critical task for those involved in policymaking (Dekel 1995; Kalkuhl et al. 2018; Paulsen 2013). Such evaluation requires the reduction of the complex public-private interaction between development and public services into a simplified empirical model. Many municipal governments lack the capacity to perform such evaluations independently (Kipfer and Keil 2002), and instead rely heavily on outside consultants to deliver technical information used to support public action (Hood and Jackson 1991; Linovski 2018; Saint-Martin 1998; Ylonen and Kuusela 2018). In fact, research indicates approximately a quarter of municipal governments engage third-party consultants to complete fiscal impact studies on their behalf (Edwards and Huddleston, 2010). The practices of these consultants are therefore central to the understanding of land use policy decisions.

Many studies of this topic focus on descriptions of, recommendations about, and critiques of increasingly sophisticated cost estimation techniques (e.g., Burchell and Listokin 1978; Bunnell 1997; Edwards and Huddleston 2010; Weisbrod and Duncan 2016). While useful for developing best practices, this leaves a substantial gap in knowledge about fiscal impact analysts. Raja and Verma (2010) used fiscal impact analysis as a way to illuminate the lack of normative considerations in the production of public-oriented technical knowledge, directing their treatment at theoretical argumentation. Questions therefore remain about the decision-making processes of such consultants and about their interactions with elected officials and government staff. What rules of thumb inform their selection of estimation methods? What is the nature of the principal-agent relationship with those who retain their services? In short, what is the rationality of the fiscal impact analyst, as viewed from the perspective of that analyst?

Similar to Loh and Arroyo (2017), this paper uses in-depth, semi-structured interviews with ten third-party consultants to begin answering these questions. The approach is inductive and interpretive, following in the vein of a study of management consultants in government by Momani (2013: 2) to "uncover meanings, perceptions, and values [and bring] out the agential dimension." And while the study is limited by the number of consultants interviewed, it serves as a useful starting point because the sample is comprised of individuals who have analyzed the fiscal impacts of diverse types of development for a heterogeneous group of municipal governments across the United States. Thus, the study offers needed insight as to how planning tools and technical knowledge influence policy decisions (Albrechts 2003; Reese 1997; 2006).

The article begins by discussing the tradeoffs analysts must make when conducting fiscal impact analysis and how theories of rationality found in the planning literature can contribute to the understanding of these tradeoffs. Attention is next turned to existing studies on public service outsourcing to illuminate some of the unique pressures third-party consultants face when their services are retained by municipal governments. This is followed by a summary of the data and methodology used in the study at hand to examine fiscal impact analysts' perceptions, a presentation of the results, and a discussion of the implications for planning theory and practice.

Fiscal Impact Analysis

Municipal governments across the United States rely on fiscal impact analysis to gain a better understanding of the direct and current effects of real estate development on their cash flows (Edwards and Huddleston, 2010). Such an understanding can be obtained in any number of ways, but most modeling techniques used for the purpose today trace their roots to the influential work of Burchell and Listokin (1978; 2012), who were among the first to put forth standardized procedures for predicting how changes in the built environment effect public sector revenues and costs (Estill and Means, 2018; Raja and Verma, 2010). Both the average and marginal cost approaches presented in their books have received a significant amount of attention, with ongoing debate surrounding the question of whether it is appropriate to assume municipal costs increase in a linear manner as new residential and commercial real estate projects are delivered to a market to accommodate population and workforce growth (Kotval and Mullin, 2006).

Average cost approaches that assume a linear relationship between municipal costs and growth are convenient because they are relatively easy for analysts to use and produce outputs that are relatively easy for stakeholders to interpret (Deller, 2005). Marginal cost approaches, on the other hand, tend to be more complex and labor intensive (Griffen and Gerhard, 2015), yet accommodate nonlinear relationships between these variables that may exist due to the unique characteristics or location of real estate development projects (Clapp et al., 2017; Lieske, 2015) or economies and diseconomies of scale in the provision of select public services and infrastructure (Edwards and Xiao, 2009). These factors leave fiscal impact analysts with the challenging task of evaluating average and marginal cost approaches to determine which offers the right combination of sophistication, tractability, and defensibility (Lamie et al., 2012).

Choosing between average and marginal cost approaches is but one example of a decision fiscal impact analysts must make to balance the aforementioned competing interest. This is the case because technological advancements and data availability now allow for the construction of complex econometric and spatial models capable of capturing the nuanced effects of real estate development activity on municipal budgets (Carruthers and Ulfarrson, 2003; 2008; Garrett and Leatherman, 2000; Lieske et al., 2012; Lieske, 2015; Geertman and Stillwell, 2012).

These models are powerful, but may nonetheless produce fiscal impact studies that do not achieve the goals of the municipalities who commissioned them because they are difficult to interpret or based on a host of questionable assumptions (Edwards and Huddleston, 2010). Given the choices fiscal impact analysts must make, and the heterogeneous contexts in which their work is done, it is not surprising that this type of modeling has some shortcomings. Burchell and Listokin (2012) reviewed more than 120 fiscal impact studies and reached rather troubling conclusions. They found twenty percent of the reports were unfinished, logically impenetrable, or contained fatal errors; sixty percent could not be replicated without consultants and stakeholders; and fifty percent could not be deciphered by those commissioning the work.

Several other authors have emphasized that producing credible fiscal impact studies is a difficult task because it typically requires analysts to resolve tensions between precision, speed, and comprehensiveness (Edwards and Huddleston 2010; Paulsen 2014). Raja and Verma (2010) note that these technical practitioners must incorporate normative considerations into their work by reflecting on-the-fly about the information they generate, its utility, and its externalities. The takeaway from this body of research is that fiscal impact studies can be flawed, and that fiscal impact analysts must deal with competing claims on their rationality. But what is the nature of this rationality? Few studies address the question directly, but insight can be obtained from theories of rationality found in the planning literature and studies of public service outsourcing.

Theories of Rationality

Several theories of rationality, each with some grounding and influence in the work of practitioners, serve as touchstones in the planning literature (Whittemore, 2015). These touchstones exist on spectrum including instrumental rationality theory, bounded rationality theory, and communicative rationality theory (Sager, 1999). All can be used to examine the decision-making processes of public officials and the consultants working on their behalf.

Instrumental rationality theory assumes individuals have perfect information about the consequences of the various courses of action available to them and use it to identify optimal solutions to problems (Dixit and Skeath, 2015). Optimal solutions maximize utility, and for planning professionals, this involves advancing the interests of the communities they represent through analytical decision-making based on privileged data (Forester, 1982). As Friedmann (1987: 97) remarked, instrumental rationalists "lean heavily on the scientific nature of their calling [and] [t]his belief accounts for their ambivalence toward planning."

Bounded rationality theory relaxes strict assumptions found in instrumental rationality models in an effort to square with reality. More specifically, it suggests individuals do not rely on perfect information, but rather make decisions in the face of uncertainty that reflect the amount of time and energy they have available and their intellectual capacity (Simon, 1990). This often leads to the use of heuristics (i.e. rules of thumb) that are context specific, informed by past experiences, and reflective of social norms and political considerations (Sager, 1999).

Communicative rationality theory conceptualize planners as organizers of dialogical processes, rather than technicians, who help people reach agreement about collectively held values and norms (Forester, 1993). By doing so, they contribute to heavily participatory planning processes that require consensus building among stakeholders who may have very different interests and objectives (Innes and Booher, 2004). The challenge lies in making sure deliberative discourse is informed by factual evidence rather than pure opinion or speculation.

The theories of rationality presented in this section have clear implications for the study of fiscal impact analysis. Instrumental rationality theory offers reasons to believe analysts will seek out the best data and analytical tools available in the hopes of enhancing the legitimacy of the reports they produce, whereas bounded rationality theory indicates they are more likely to rely on heuristics. Communicative rationality theory suggests consensus building may be the analyst's highest priority of all. Since consultants are often retained by municipal governments to conduct fiscal impact analysis (Edwards and Huddleston, 2010) and may orient to any of these poles, it is useful to look to the literature on public service outsourcing for further guidance.

Public Service Outsourcing

Public service outsourcing is by no means a trend limited to the United States and can be seen in advanced economies across the world at all levels of government (Perl and White, 2002). Municipalities may find it advantageous because it provides opportunities to collaborate with highly-skilled individuals, access efficient production techniques, avoid bureaucratic red-tape, and leverage competition among service providers (O'Looney, 1998). Similar to outsourcing in the private sector, the objective is to obtain higher quality services in less time and/or at a lower price than possible by hiring someone to do the work internally (Christensen and Laegrid, 2001).

Despite the potential benefits, transaction cost economics suggest the cost of negotiating and monitoring the work of third-party contractors may impinge upon the efficiency of public service outsourcing arrangements in some situations (Warner and Hefetz, 2012). The greatest risks appear to exist when the service of interest is complex or poorly understood by those making outsourcing decisions (Hefetz and Warner, 2004; Williamson, 1999). In cases such as these, public officials must carefully consider whether they have the wherewithal to organize and evaluate the work of the service providers they engage (Milward and Provan, 2000).

Another factor complicating public service outsourcing in deliberative democracies is the need for municipal governments to operate in an efficient manner, as well as one that promotes accountability, transparency, and public participation (Raco, 2014). This can be challenging when profit motives limit the extent to which private sector service providers are committed to public sector values (Linovski, 2019; Loh and Arroyo, 2017). To address this concern, a number of scholars have called on public managers to actively promote citizen engagement when public services are outsourced (Nalbandian, 1999; O'Looney, 1998; Warner, 2012) and ensure information is available as to why key decisions were made (Ferreira da Cruz et al., 2016).

Principal-agent problems may be particularly pronounced in the domain of planning consulting, which analogizes well to the work of fiscal impact analysts. Consultants working in the field frequently interact with clients in both the public and private sector, and as a result, may find themselves in positions where they simultaneously feel pressure to provide impartial advice to municipal governments and advocate for real estate development interests (Diefenback, 2009). And while these consultants have an obligation to conform to the same standards of professional practice as their peers working in the public sector, this can be challenging when their experiences and financial interests push them to make decisions that accommodate or accelerate development activity (Linovski, 2016; 2018; Read and Leland, 2011). Efforts to promote and protect public sector values may be all the more important in such scenarios (Linovski, 2019).

Whether planning consultants are more strongly motivated by profit motives or the public sector values espoused by the municipalities they represent largely remains an unanswered question due to gaps in the extant literature (Cleave et al., 2017; Loh and Norton, 2013; 2015; Momani and Khifran 2013). However, it is clear that competing claims on their rationality can contribute to behaviors that are consistent with any of the planning theories previously discussed. The research that has been done on the topic supports this contention by demonstrating that planning consultants view themselves as having context specific expertise and autonomy, which they use to establish relationships needed to execute professional tasks (Loh and Arroyo, 2017). The qualitative analysis that follows builds upon these findings by focusing specifically on the perceptions of third-party consultants who conduct fiscal impact studies.

Materials and Methods

In-depth interviews were conducted with a targeted group of ten third-party consultants who regularly participate in fiscal impact analysis. These consultants were chosen not only because of their expertise, but also because they work for firms with an established track record of conducting fiscal impact studies on behalf of both municipal governments and real estate developers asked to procure them in support of proposed development projects. In the aggregate, the consultants reported that their firms had conducted over 3,000 fiscal impact studies for municipalities large and small across the United States. Each consultant additionally estimated that he or she had personally participated in dozens of fiscal impact studies, with some completing several hundred over the course of their careers.

All of the semi-structured telephone interviews lasted approximately an hour and were guided by a series of prompt questions provided to the interviewees in advance. The questions asked the consultants to reflect not only on their approach to fiscal impact analysis, but also on the steps they take to assess their clients' needs, define the parameters of the work, and choose between average and marginal cost estimating techniques. Consistent with an inductive and interpretive approach, language of the theories of rationality outlined in the preceding section of this article was purposefully omitted from the prompt questions and interviewees were given considerable latitude to discuss issues they deemed most relevant. Transcriptions of the interviews were reviewed by the research team at the end of data collection to identify any themes informing the understanding of fiscal impact analysis as a land use policymaking tool.

Results and Discussion

Before delving into detail, it is useful to highlight a few key findings. Interviewees generally regarded themselves as having marginally greater technical knowledge than the end users of the fiscal impact studies they produced, yet rarely spoke as technicians tasked simply with providing the most accurate model outputs possible. They also revealed an awareness of context, and even the political dynamics of their work. These perceptions encouraged interviewees to use heuristics that err on the side of defensibility, interpretability, and tractability; work to build consensus among stakeholders engaged in real estate development and public service provision; and focus fiscal impact studies on issues clients deem most relevant. Each of these themes are unpacked in turn.

Erring on the Side of Defensibility, Interpretability and Tractability

All of the interviewees stated in some form or fashion that marginal cost approaches are generally more reliable than average cost approaches when estimating public costs brought about by real estate development. However, several also noted that they liberally use average costs as a starting point for adjustment processes that can only be described as more art than science. As one interviewee said: "We go through all of the expenses, separate them out, and use our experience to adjust the average costs and come up with a more realistic impact. It's an imperfect science and it really comes down to whether the analyst or consultant made reasonable assumptions." Other interviewees acknowledged that "rules of thumb," "judgement calls" and "educated guesses" have a greater impact on the magnitude of these adjustments than statistical models or data-driven analysis. Many interviewees maintained that their firms have the capacity to estimate marginal costs in a much more scientific manner, but contended that such an approach was rarely what their clients wanted.

Analytical rigor and comprehensive modeling were seldom identified as the most pressing client concerns. Defensibility, interpretability, and tractability, on the other hand, consistently topped the list. "Public officials don't want to be put in a position where they have to explain or describe the results [of fiscal impact studies]," opined an interviewee with over thirty years of consulting experience, "They want a deliverable they can easily summarize that includes a clear explanation of how we got to the final answer. So long as the analysis is defensible and resilient to scrutiny, they always prefer simple over complex." Demand for simplicity was not reported to constrain the marginal cost estimating strategies available to fiscal impact analysts, but it was said to reduce their incentive to "think outside the box" or "push the envelope" when examining the relationship between real estate development and public costs. An interviewee frustrated by this market reality lamented: "Nobody wants to read anything anymore. Nobody wants to look at data. People just want easy answers to difficult questions and don't worry too much about oversimplification."

That's not to say fiscal impact analysts do not work diligently to estimate the marginal costs of real estate development using the diverse array of data available. Most interviewees indicated that they triangulate subjectively derived marginal cost estimates with average cost data from similar municipalities and per capita multipliers obtained from third-party data aggregators. However, few outlined processes or procedures involving advanced economic analysis discussed throughout the fiscal impact literature. More interestingly, the interviewees offered scant commentary to suggest their clients regularly demand such services.

On a related note, interviewees indicated that their clients typically have little to no interest in the logic underlying marginal cost estimating decisions, so long as the decisions themselves are transparent and do not lead to outcomes inconsistent with their a priori expectations. Only in select situations was the presentation and discussion of alternative marginal cost estimating strategies perceived to be important at all. "If a community is sensitive to a specific [public service cost] or it is one that has created conflict in the past, we will work harder to define the alternatives and explain the reasons why we chose the methodology we chose," said an interviewee asked to reflect on this issue, "but usually it is more important to clearly state your methodology and make sure it is out there and visible." Interviewees welcomed the professional discretion afforded by not having to justify all of their marginal cost estimating decisions, while nonetheless recognizing that a lack of scrutiny can result in fiscal impact analysis that is not as logically sound as it could be.

Some interviewees argued that preconceived notions about the fiscal merits of various types of real estate development can muddy the water even further by encouraging analysts to adopt simple marginal cost estimating strategies that may not be appropriate for a given consulting project. The following statement illustrates the point: "Every jurisdiction has a ballpark number they quote. Some councilperson heard somewhere that every single-family housing unit costs a community this much money. They number is almost always completely wrong, but it does influence the way they interpret the results of fiscal impact studies." Preconceptions such as this one were said to be dangerous when they prevent analysts from considering robust marginal cost estimating strategies that have some likelihood of producing results that are difficult for their clients to believe or accept.

Preconceptions about the fiscal implications of real estate development were not anticipated to be limited to elected officials. Planning departments in particular were said to frequently lack the human resources necessary to carefully critique complicated marginal cost estimating strategies. "The fiscal consequences of planning decisions are often poorly understood," said an interviewee agreeing with this overarching proposition, "Most planners don't end up in the profession because they have extremely strong quantitative skills. They see the cost of providing public services in a simple way and they have difficulty moving beyond per capita or per dwelling unit multipliers. If [fiscal impact analysts] are engaged by planning departments and they aren't talking to finance departments they are missing things because finance departments usually have a much better grasp of the fixed and variable costs of growth." This suggests the accuracy of marginal costs estimates may be influenced to some degree by the skill set of the party procuring a fiscal impact study.

Engaging Stakeholders Primarily to Build Consensus

When asked to describe their efforts to balance client demands for defensibility, interpretability, and tractability, a majority of the interviewees spoke at length about the importance of talking with municipal department heads before estimating marginal costs. Going through the budget "line-by-line" was identified as a key step in the process, as was "presenting development scenarios" to department heads and asking them to discuss the potential effects on each expenditure category. Information obtained from these conversations was perceived to be valuable not only because it helps fiscal impact analysts refine marginal costs estimates, but also because it serves to build consensus among stakeholder groups that have the ability to cast doubt on a fiscal impact study's legitimacy. "You better think about making assumptions everyone can agree on," suggested an interviewee adamant about the need to build consensus, "That's the standard of care when you are doing this type of work and you have to be aware of it." The comment suggests the political dimensions of fiscal impact analysis should not be taken lightly.

Opinions were quite mixed in regards to the question of whether bringing multiple parties to the table actually improves the accuracy of marginal cost estimates. While there were those who saw input from municipal department heads as an indispensable part of sound fiscal impact analysis, there were also those who saw it as just another data point worthy of modest consideration. Where interviewees fell on this spectrum was largely dependent on whether they perceived municipal department heads to overstate the fiscal impacts of development to garner additional resources. For example, three interviewees respectively described municipal department heads as "pretty thoughtful about fiscal impacts," "opportunistic on occasion," and "definitely biased" by the fiscal position of their own departments. Pragmatic and optimistic interviewees alike recommended a "trust but verify" approach due to the significant resource constraints municipal governments face, as reflected in the following quote: "There are very few cities that feel they have enough money to run government the way they'd like to run it."

A multiplicity of factors appear to make it difficult to leverage feedback obtained from municipal department heads even under the best of circumstances. For example, bureaucrats working on behalf of smaller municipalities with relatively unsophisticated information technology platforms may simply be unable to satisfy data request, whereas those employed by larger or better equipped municipalities may be reluctant to do so because they have concerns about how the results of fiscal impact analysis will be used. Furthermore, numerous interviewees suggested that municipal department heads working in some areas just aren't in the habit of thinking about the services they provide within the context of the built environment. "Sometimes you are asking department heads a question they haven't thought about before," said one interviewee, "because a lot of departments aren't planning for their future needs based on changing land use patterns or development activity."

While one might ask why fiscal impact analysts spend a significant amount of time interviewing municipal department heads when they fear the information they can provide is potentially limited and subject to bias, the answer arguably lies once again in the need to build consensus. "You don't want to evaluate a project using assumptions people haven't already agreed upon," concisely stated an interviewee, "The people delivering the services have to believe the assumptions you've made." In many cases, the need for "buy-in" was reported to extend to city managers, budget directors, and other finance personnel who were frequently consulted by those completing fiscal impact studies. One interviewee noted that his firm often goes as far as asking people to sign off on assumptions in writing to "avoid surprises" down the line. Statements such as these suggest building consensus for the marginal cost estimates included in fiscal impact studies may be just as important to ensuring they are technically sound.

In both direct and indirect ways, interviewees acknowledged tensions and conflicts of interest that can arise from the need to build consensus among stakeholder groups. Municipal clients procuring fiscal impact studies were described as being deferential to the expertise of their consultants, while nonetheless expecting them to include many different parties in the process. These demands were perceived to create a need for fiscal impact analysts to take steps to maintain their independence. One interviewee emphasized this point by noting: "We aren't using [feedback from municipal department heads and other parties] to direct our efforts. It's just another piece of information that we use to estimate impacts. They give us their opinions and we have our own." The interviewee went on to contend that one of the greatest challenges in fiscal impact analysis is maintaining your independence as a consultant, while still making stakeholders feel like they have meaningful voice.

Focusing on Issues Clients Deem Most Relevant

Although comments made by many of the interviewees suggest stakeholder engagement is largely about consensus building, there were situations where input from municipal department heads and other subject matter expects was thought to be of substantial value. This was perceived to be the case when a municipality's built environment is changing and analysts need help understanding how the design, density, and location of anticipated real estate development is likely to affect the cost of providing public services. There were also interviewees who believed analysts generally require input from a host of parties to accurately predict the fiscal impacts of intra-jurisdictional demographic shifts brought about by the availability of residential and commercial space in areas where it did not previously exist. These are undoubtedly challenging questions to answer, so what is perhaps most interesting about the interview results is that they indicate many clients procuring fiscal impact studies are not asking them for a variety of reasons both economic and political.

An interviewee asked to discuss the aforementioned issues offered the following: "Larger cities have the resources and they are interested in the details. Density, design, and location come into play because they realize allowing different types of development across a scattered landscape is going to increase the cost of maintaining service levels and infrastructure in the future. Smaller cities with fewer resources are just looking for growth and whatever development comes along. They usually aren't thinking or asking about the long term cost of different development patterns." This comment suggests clients send fiscal impact analysts signals about the cost considerations they think are important, which savvy analysts correspondingly respond to when doing their work.

Another interviewee put forth a different, yet related, perspective: "When you talk about residential development, community leaders are running the costs in their heads because all they can think about is school-aged children and social services, whereas with commercial development they are running the benefits in their heads without really worrying about the costs.

They focus more acutely on understanding the costs of different types of residential development as a result." Market responsive fiscal impact analysts were therefore said to spend more time evaluating the nuanced relationships between public service costs and the design, density, and location of residential real estate development projects than they do for various types of commercial real estate development.

Similarly, there are compelling reasons to believe clients often put little pressure on fiscal impact analysts to explore the impact of intra-jurisdictional demographic shifts on public service costs. "Sure real estate development projects can generate change, gentrify neighborhoods, and bring in people of different races and income levels," said one interviewee, "These changes certainly have fiscal impacts, but they raise more questions than most people want to answer. The issues are politically sensitive, and even when questions are worth answering, they usually aren't asked." The interviewee noted that even when fiscal impact studies devote considerable attention to the fiscal benefits of gentrification they rarely include an exhaustive exploration of the potential costs.

Discussion and Conclusions

Because the research is not comparative in nature, this inductive study offers limited insight as to whether fiscal impact analysts employed by private sector consultancies are more strongly motivated by economic interests than those employed by municipal governments. However, it does provide strong support for the contention that public values such as accountability, transparency, and public participation influence private sector behaviors when fiscal impact analysis is outsourced. It also offers new insights as to how third-party fiscal impact analysts conduct their work and understand its significance vis-à-vis land use policy. Where analysts acknowledge awareness of their existence in a political milieu and carefully adhere to the terms and questions of their contracts, their work highlights contours of both bounded rationality and principal-agent problems.

Furthermore, the results speak to the existence of a tension between technical information and public action (Friedman 1987). However, differing from Raja and Verma (2010) who contend this tension can be explained by a lack of clarity about the relationship between technical information and decision-making, the interview data suggests a gap between the aspirations of the fiscal impact analysis literature and the realities of practice. Put another way, where the literature articulates and advances increasingly complex econometric and spatial-econometric models to more accurately estimate the marginal costs attendant to proposed real estate development, practitioners conduct their work in ways that are sensitive to the political climate of opinion and the capacity of end-users to interpret fiscal impact studies.

This gap between the aspirations of the literature and the realities of practice is important as it illustrates the need for more systematic integration and conversation between research and practice. There is little doubt that the methodological advances recounted in the academic literature offer more precise pathways to estimating the dynamic costs of anticipated real estate development. However, as the third-party consultants observe, decision-makers may not be in a position politically or otherwise, to explain, describe, or defend the highly technical outputs of these models. Academics and practitioners should work together to bridge this gap which constrains the use of technical information. Pathways to a remedy could include more empirical education of students pursuing land use, planning, public policy, and public administration degrees. They could also include more science-practice dialogue.

The gap is also important because it illuminates a unique challenge of relying upon econometric models. Long an obstacle to bridging research to practice, econometric models are, at their root, necessary simplifications of complex phenomena that look backwards. They are shaped by the dual goals of explanation and parsimony which exert force on the modeler to include sufficient information to explain the phenomenon without over-fitting the model. Where models rely on data from the existing building stock and prior municipal budgets, they only improve analysts' ability to explain the past. To wit, they do not, despite advances in technique and availability of data, become any better at predicting future municipal costs. These limits connect fiscal impact studies to the findings from Linovski (2018) who revealed ways in which the work of third-party consultants shapes the realm of potential public policy options.

Together, the findings point towards important caveats about the utility of fiscal impact studies noted by Burchell & Litsoken (1978; 2012). The models, in and of themselves, do not answer questions about how a community should grow, where, and what that growth should look and feel like. Where Burchell & Litsoken (2012) stress the limitations of fiscal impact studies, the third-party consultants interviewed in this research point to the reality that land use decisions include fiscal components as well as quality of life, economic competitiveness, levels of service, design, and land use law components. Interviewees participating in this study noted their recognition of the politicality of fiscal impact analysis and their tendency to adhere strictly to their contracts and to the fiscal impact questions identified therein. This recognition and behavior appear to be attempts to hedge criticism like that leveled by Bunnell (1997; 1998) and others arguing fiscal impact analysis plays too great a role in land use policymaking.

After analyzing the reflections of those producing fiscal impact studies, this paper contributes to the literature in many other ways as well. It adds the voice of these third-party fiscal impact consultants to the literature—a voice surprisingly absent to date; illustrates ways theories of rationality found in the planning literature can be applied to fiscal impact analysts;

and summarizes reflections about how these agents conduct their work and understand its effect on broader political conversations about who and what a community might become.

These contributions are limited, though not invalidated, by the inductive nature of the study and size of the sample. However, where only ten consultants were interviewed, the expertise of the interviewees, the geographic coverage of their work, and the consistency of the sentiments they expressed suggest the qualitative results are green shoots to be explored more deeply in future research. A logical next step would be to expand this research to a broader sample and to more actively plumb the ways in which variation in context correlate to variation in the assumptions and techniques used to complete fiscal impact studies. The theories of rationality discussed throughout this study provide a framework for such a research agenda.

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