

Many states have revolving door regulations that restrict the private sector employment of former public sector employees. These regulations are often applied to government workers responsible for regulating industries such as utilities. The purpose of these regulations is to prevent government employees from providing favorable treatment to potential future employers (i.e. prevent regulators from being “captured” by potential future employers). Enforcing these regulations is costly, but if these laws ensure that public sector employees are focusing on the objectives of the public, then they may be warranted.

Recent research by Marc Law and Cheryl Long, however, suggests that revolving door regulations have consequences that may not have been taken into consideration by lawmakers who create them. In [“Revolving Door Laws and State Public Utility Commissioners,”](#) Law and Long show that revolving door regulations may have an effect on the quality of the employee that the government is able to attract. In particular, Law and Long find that states that have revolving door regulations have public utility commissioners that “have less expertise, serve shorter terms, and are less likely to be subsequently employed by the private sector” as compared to commissioners in states without these regulations. Therefore these laws do not simply constrain the behavior of the government employee during and after his or her time in public service; they may also affect the decision to enter public service or not and how long to serve. If job experience and expertise are useful for performing the job well, then these laws may be affecting the quality of the work performed in the public sector.

Furthermore, in [“What Do Revolving-Door Laws Do?”](#) Law and Long show that although the revolving door regulations affect the characteristics of the utility commissioners, they do not appear to have much effect on how regulators behave while in office, specifically their decisions over utility rates. If utility commissioners in states without revolving door laws are “captured” by the utilities they regulate because of the potential for future employment, then we should expect to see higher utility rates in those states. On the other hand, if revolving door laws reduce utility commissioners' incentive to set rates favorable to the companies they regulate, the introduction of revolving door regulation should result in lower utility prices. In an analysis of the effects of the adoption of state-level revolving door regulation on electric utility prices, Law and Long find at most a temporary dampening of electricity prices in response to the implementation of a revolving door law, and only in the case of industrial electricity prices. They find no effect for commercial or residential prices.

Regulations should not be based on intentions alone but also need to be evaluated for their impacts, both intended and unintended. In the context of public utility regulation, the evidence suggests that revolving door regulations do not have the intended effect of altering the rate-



setting behavior of commissioners, but may have other costly unintended consequences in terms of the quality of employee that the commissions can hire and also in terms of enforcement.

