Consumer's Guide to Regulatory Impact Analysis

Ten Tips for Being an Informed Policymaker

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This guide is designed for policymakers and others who want to be intelligent consumers of regulatory impact analysis, help them interpret what they read and ask appropriate questions.

Regulatory impact analysis (RIA) weighs the benefits of regulatory proposals against the burdens they impose. Even regulatory policies that are ultimately decided on political, legal, ethical, or other grounds will benefit from the structured evaluation of tradeoffs and alternatives that a good RIA provides.

Although RIAs are a core feature of regulatory practice in the United States and other countries (OECD, 2016) there is increasing concern that they are "used to justify decisions already made, rather than to inform those decisions" (Carrigan & Shapiro, 2016). RIAs often serve as legal documents, running hundreds or even thousands of pages, prepared by agencies in a defensive posture in anticipation of litigation. Observers argue that RIAs "often omit consideration of meaningful alternatives and are so detailed that they are practically indecipherable" (Carrigan & Shapiro, 2016).

U.S. regulatory agencies develop RIAs before issuing significant new regulations, and non-governmental interests may also present their own analyses of how different policies will affect outcomes. Dense or complex RIAs can be challenging for policy officials and interested parties to comprehend and interpret, making it difficult to distinguish facts from conjecture and to understand the likely consequences of alternative policy choices (Ellig & Abdukadirov, 2015).

While numerous technical guidelines exist to aid development of RIAs (OMB, 2003; OMB 2010; OECD, 2008), none is geared toward non-specialist policymakers and interested stakeholders who will be reading RIAs as consumers. This guide attempts to fill that gap. It first reviews the purpose of RIA, and then offers policy makers and other consumers of RIAs 10 tips for asking informed questions when reviewing and interpreting them.

The guide is designed to:

- provide information on key RIA elements and best practices;
- point out the ways in which RIAs might fall short of these best practices;
- help readers better judge the quality of information provided in an RIA, and make more discerning assessments about the methods employed; and
- improve readers' ability to critically evaluate the justification offered to support regulatory actions.

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What are RIAs and When are They Used?

Before issuing new regulations, governments across the world conduct RIAs to understand possible consequences of alternative decisions (OECD, 2015). In the United States, presidential executive orders for more than 35 years have required agencies to conduct RIAs before issuing economically significant regulations, and to rely on those analyses in designing regulations. In the simplest terms, the goal of regulatory impact analysis is to present information to decision makers to help them ensure that proposed regulations do more good than harm. Presidential Executive Orders 12866 (1993) and 13563 (2011) set forth long-established principles of good regulatory decision-making, and the Office of Management and Budget's (OMB's) Circular A-4 (2003) provides detailed guidance for developing RIAs.

According to OMB's RIA Primer (OMB, 2011b), the three basic elements each RIA should include are: 1) "a statement of the need for the regulatory action," 2) "a clear identification of a range of regulatory approaches," and 3) "an estimate of the benefits and costs—both quantitative and qualitative—of the proposed regulatory action and its alternatives." Thus, **benefit-cost analysis** (BCA, also called cost-benefit analysis or CBA), which examines economic welfare differences among alternative policies, is an important component of the RIA framework. For rules aimed at protecting public health and safety, **risk assessment** is another key component, which attempts to evaluate the risks posed under certain conditions, and the potential changes in risk achievable due to different policy options (Dudley & Hays, 2007).

In the U.S., administrative regulatory agencies develop RIAs both to inform decision-makers within the executive branch, and to inform the public and congress. There may be tension between these two goals, especially in instances where executive branch decision-makers have a politically-driven reason to prefer a regulatory option with lower net benefits than an alternative. In such cases, members of the public and congress need to be wary of agencies' RIAs because there is no independent entity recognized as having the standing to certify authoritatively the quality and reliability of the RIA or to remedy identifiable deficiencies. Put differently, the agencies that prepare the RIAs may be under pressure to use analytic approaches to suggest that the regulatory options preferred by decision-makers offer larger net benefits than might be the case in a more impartial analysis (Lutter, 1999).

The 10 tips presented below are the result of a consensus effort of a diverse group of experts in RIA, organized by the George Washington University Regulatory Studies Center.[1] We hope these 10 tips can help policy makers and other interested readers ask appropriate questions of an RIA, understand what the analysis really means, and judge its implications for regulatory policy.

[1] These tips represent the professional recommendations of the authors and not necessarily the views of any organizations with which they may be affiliated. As with any consensus document, individual authors might have written a somewhat different document, but all of the authors broadly support the 10 tips presented here.

1. Determine whether the RIA identifies the core problem (compelling public need) the regulation is intended to address

RIAs should clearly articulate the "need for government action" (OMB, 2011b), or the core problem that requires federal regulatory intervention. Generally, this should be a description of the "material failures of private markets" (E.O. 12866, §1), although, as discussed below, regulations may be justified by other goals.

A. Appreciate the role of markets when assessing regulatory policies

The concept of "market failure" is an important one in regulation. In a market economy disciplined by competition, the exchange of goods and services between willing buyers and sellers uses price signals to allocate scarce resources to their most valued use, to encourage innovation, and to meet consumer needs. Regulation and other forms of government intervention can disrupt those signals, making the market less efficient and harming social welfare (Dudley, 2016). Thus, the first question when reviewing an RIA will often be whether it explains why market forces will not achieve an outcome at least as efficient as what government reasonably would be expected to accomplish through regulation.

In some cases, a regulation may be initiated not in response to a failure of private markets, but to improve the efficiency of government programs, or to implement a legislative mandate of one kind or another where the underlying objective is something other than improving efficiency as such, e.g., to redistribute incomes (OMB, 2003, p. 5) or provide for "universal" access to services deemed important. In these cases, a useful function of the RIA is to demonstrate which alternative can achieve the regulatory goal in the most efficient or cost-effective way.

B. Recognize when market forces may be inadequate

Markets may not efficiently allocate resources for several reasons (Munger, 2000). First, efficient markets need an adequate infrastructure, including the rule of law, well-defined property rights, and a system of exchange. Open-access fisheries, for example, may be vulnerable to collapse without either an effective system of property rights or a suitable regulatory alternative. Second, existing policies that were poorly designed may impede the functioning of markets. For example, economic regulation of private sector prices, entry, and exit tends to distort market signals and historically has kept prices of some goods and services higher than necessary, harming consumers rather than protecting them. (OMB, 2003, p.6). These problems might fit into the category of "failures of…public institutions" described in E.O. 12866 (§1.b.1).

Third, markets may not perform efficiently due to classic "market failures" or deficiencies inherent in the market itself. OMB Circular A-4 breaks these into three categories: 1) externalities, public goods, and common property resources, 2) market power, and 3) inadequate or asymmetric information. (To learn more about market failures, see OMB, 2003, pp. 4-5 and Viscusi et al., 2005.)

C. Be wary of anecdotal or unrealistic justifications

In evaluating the RIA's expressed need for regulatory action, be wary of anecdotal observations that may illustrate *symptoms* of a problem without articulating the underlying *cause* of those symptoms. Regulatory actions that do not explicitly point to a failure of private markets or public institutions underlying the need for action are likely to produce lower net benefits than those that correctly identify and seek to remedy the fundamental problem.

Regulations that derive most of their benefits from providing private monetary gains that individuals can achieve without government intervention, such as fuel savings from driving energy-efficient cars, require a particularly demanding burden of proof (Gayer & Viscusi, 2013). Does the RIA provide evidence that individuals behave irrationally (and do not learn) in the specific situation covered by the proposed regulation? Some research finds that carefully formed "nudges" can help individuals overcome heuristics and biases to make choices that improve their well-being (Thaler and Sunstein, 2008). You might ask whether there is evidence that *regulators* are not subject to biases that may color their judgment of consumer welfare (Smith, 2016). What special insights do they have that make them better able to judge other people's preferences, or be more faithful agents of their interests than the people themselves (Mannix & Dudley, 2015a)?

2. Look for an objective, policy-neutral evaluation of the relative merits of reasonable alternatives

RIAs should examine human welfare differences among alternative policies. Thus, it is important to look at whether the RIA considers plausible alternatives or if it only presents the preferred regulatory approach (perhaps with some unrealistic straw men alternatives). Do alternatives vary in their stringency? Are different regulatory instruments considered? Is evidence presented that allows you to easily evaluate alternatives and their relative effect on human welfare? Or does the RIA seem to focus on justifying a particular regulatory action?

You should also ask whether the alternatives are likely to target the identified failure of private markets or public institutions. For example, if the problem is localized, are non-federal solutions considered? Or if the identified market failure is asymmetric information, do the alternatives serve to address those asymmetries and improve the information available to those apparently lacking it? If cognitive defects support the need for regulation, do alternatives attempt to address the identified bias while maintaining freedom of choice (Sunstein, 2011)? You should be skeptical of an analysis that attributes benefits to regulatory options that diminish individual choice, compared to those that provide information, establish different defaults to improve information processing, etc. (OMB, 2011b).

The RIA should consider the alternative of not regulating (E.O. 12866 §1.a) (see Tip 3, below). A large body of regulations already addresses market failures. Because regulatory proposals are, by nature, incremental extensions of the existing regulatory framework, they must provide benefits in excess of costs for small changes at the margin. But theory and empirical evidence show that incremental (marginal) costs tend to rise and benefits to fall with intensifying regulation. Given this reality, the presumption should be against additional regulation without a plausible case that existing regulations are not adequately addressing the identified market failure.

3. Check whether the RIA presents a reasonable "counterfactual" against which benefits and costs are measured

One key component of regulatory impact analysis is the assumed state of the world in the absence of the regulation (the "counterfactual," or "baseline"). The difference between the status quo without the regulation and state of the world with the regulation is the incremental change that the regulation makes, and measuring the benefits and costs of this incremental change is what an RIA must do. Thus, the specification of a realistic baseline is a critical part of determining the

incremental benefits and costs of a regulatory proposal.

In reviewing an RIA, you should evaluate whether the baseline is a reasonable reflection of the way the world would look absent the proposed action. Does it take into account the effect of other regulations, the evolution of the market in the absence of regulation, and other external factors (OMB, 2003, p. 15)? Because the future state of the world, with or without the regulation, is uncertain, an RIA might use several baselines to conduct the analysis, particularly if the uncertainty about the baseline seems potentially consequential. Such a "sensitivity analysis" will show the degree to which baseline assumptions affect the overall conclusions of the analysis. (See also Tip 5.) In all cases, be sure the baseline from which costs and benefits are measured is consistent; if not, the resulting estimates cannot be reliably compared.

4. Beware of totals and averages that may obscure relevant distinctions and trade-offs

For a rule with multiple components (for example, one that sets both permissible exposure levels and requires technology controls), be wary of an RIA that estimates the benefits and costs of the rule as a whole, without presenting the marginal impacts of the key elements. This type of "bundling" can obfuscate information on the merits of individual requirements. For example, the RIA may suggest that a proposed alternative would yield net benefits, but most of those benefits may derive from one requirement, while most of the costs derive from another. This would be revealed if the estimated benefits and costs of each component were estimated separately. In such a case, this incremental analysis would show that one had much greater net benefits and might point to a different preferred policy. Similarly, as discussed in Tip 10, averages can obscure the effects of the regulation on different populations or different regions.

Marginal (or incremental) analysis is also important if different degrees of stringency are considered. Knowing the estimated incremental benefits and costs of successively more stringent alternatives (in addition to the total benefits and costs of each option) can be informative. For example, when considering alternative emissions limitations, the RIA should measure the benefits and costs of each alternative from the next most stringent alternative, as well as from the pre-regulatory baseline. (See Tips 7 and 8 for more on interpreting incremental benefits and costs.)

5. Recognize that all estimates involve uncertainty and ask what effect key assumptions, data, and models have on estimates

All estimates involve uncertainty, so be skeptical of overly precise estimates of costs, benefits, or health risk reductions. Recognizing that all estimates are uncertain, OMB directs agencies to "provide expected-value estimates as well as distributions about the estimates, where such information exists" (OMB, 2003 p. 45). Thus, you should look to see if the RIA presents unbiased "expected values," as well as ranges for risks, costs, and benefits. Further, beware of assumptions that claim to be "'public health protective,' which err on the side of overstating risk when data are lacking" (Gray & Cohen, 2012). Embedding "protective" assumptions in the analysis can inflate estimates of certain risks, benefits, or costs relative to others, and lead to misaligned priorities because the degree of precaution differs across risks (Nichols & Zeckhauser, 1988). For example, because estimates of safety risks tend to embed less precaution than estimates of environmental health risks, comparing predicted risk reductions across

potential actions could lead to a preference for the latter even though the former might yield greater risk reduction. Moreover, distortions in different parts of the analysis can interact and multiply, rendering the conclusions unreliable (Fraas & Lutter, 2012; Hamilton & Viscusi, 1999).

Be skeptical of analyses that do not permit you to both understand how sensitive the primary estimate is to assumptions, data and models, and see the range of outcomes possible under reasonable alternative analytic assumptions. Sensitivity analysis examines different "what if" scenarios to see how changes in key assumptions (or combinations of assumptions) influence estimated outcomes. OMB requires a quantitative uncertainty analysis for regulations with likely impacts greater than $1 billion (OMB, 2003, pp. 38-42).

Because many uncertain factors determine the impact of any regulation, a minimum standard for a good RIA is a convincing justification for a claim that two or three uncertain parameters are most consequential, and a sensitivity analysis that varies these factors over a reasonable range to gauge their effects on the rule's net benefits. If there are additional consequential factors, they should also be included in the sensitivity analysis. One option for gauging sensitivity is to perform a Monte Carlo simulation (Krutilla et al., 2015). A Monte Carlo model uses probability distributions for important analytic inputs and repeat random sampling to generate a probability distribution for decision-relevant outputs (such as net benefits, or lives saved).

The elicitation of expert judgments, whether formal or informal, can provide perspective about the rule's effectiveness. If suitable data are unavailable, then expert judgments can be used to estimate both "parameter" uncertainty within an existing modeling framework, and also uncertainties about the modeling framework itself. The computation of a break-even level of effectiveness at which the rule's benefits would justify the costs might also provide a useful perspective.

The problems regulations target often have multiple interacting causes, making it difficult to cleanly attribute the effect of the regulation in isolation. For example, commercial vehicle crashes are usually caused by a combination of factors, including weather, technology, human behavior, and infrastructure conditions. An hours-of-service regulation designed to reduce crash risks by reducing driver fatigue will reduce one risk factor in this larger cluster. In this case, a good RIA will use sensitivity analysis to explore alternative assumptions about the relationship of hours of service rules to fatigue, and the impact of fatigue on crash risks.

Uncertainty analysis can also highlight what additional information would be most valuable for informing a decision. If expected outcomes hinge on the value assumed for a particular uncertain variable, it might be appropriate to gather more information regarding that variable prior to making a decision (OMB, 2003, p. 39), or to ask what policies would generate the information necessary to reduce that uncertainty (Greenstone, 2009).

6. Look for transparency and objectivity of analytical inputs

OMB guidance requires that significant information disseminated to the public be "capable of being substantially reproduced, subject to an acceptable degree of imprecision" (OMB, 2002, p. 8460). While it is desirable that the results of an analysis be reproducible, that is difficult for a non-expert reviewer to determine. A precondition of reproducibility, however, is transparent presentation of underlying data, assumptions, and models relied on to draw

conclusions. Disclosure of underlying data and computer code has become standard among the more prestigious scientific and technical journals, which allow for data sharing agreements when individually-identifiable information prevents public disclosure. These disclosure policies appear to improve the reproducibility of the results of published papers (Lutter & Zorn, 2016). If you cannot tell what inputs were used and what alternative inputs were considered, it will be difficult to judge the objectivity or accuracy of the resulting estimates.

Often, the effects caused by regulatory intervention (such as reductions in health risks, for example) involve greater uncertainty than does the valuation of those effects, so you should be particularly interested in a clear presentation of alternative plausible models and assumptions used to predict regulatory outcomes. In assessments of health and environmental risk, analysts will never be able to predict outcomes with certainty, so they rely on what the National Research Council called "risk assessment policy," which includes assumptions, judgments, and rules of thumb that help guide how scientific information is used in RIAs (NRC, 1983). While some judgments are necessary to translate scientific evidence into risk assessment, if they are not policy-neutral, they can lead to distorted risk estimates and false precision in the presentation of scientific information (Dudley, 2015). Furthermore, if they are not transparent, reviewers will be unable to judge their objectivity.

If an RIA for a significant regulation aimed at reducing health, safety or environmental risks does not provide a discussion of alternative interpretations of the scientific basis, and an uncertainty analysis that indicates how estimated outcomes vary under different assumptions or scenarios, it may not be providing a full and accurate picture of potential risks (Sutherland, et. al., 2013).

Precise-sounding predictions not only can hide considerable uncertainty about risks, benefits, and costs, as noted in Tip 5, but also can mask a reliance on biased inferences and assumptions for handling uncertainty.[2] Former EPA scientist Robert Lackey cautions against what he calls "normative science," or "information that is developed, presented or interpreted based on an assumed, usually unstated, preference for a particular policy choice" (Lackey, 2013). He finds that "too often… scientific information presented to the public and decision-makers is infused with hidden policy preferences."

If the RIA does not provide the information necessary to assess how different inputs (assumptions, data, models, etc.) would change estimated outcomes, you will not have the information you need to evaluate the consequences of the regulatory action. In such situations, claims about the value of the regulation should be regarded skeptically.

7. Examine how projected benefits relate to stated objectives

Does the RIA clearly explain how regulatory objectives will be achieved, or is the preferred regulatory outcome simply presumed to work as intended? The analysis should lay out causal linkages between regulatory requirements and desired outcomes, discuss the evidence supporting these linkages, and show how they differ across alternatives (Newcomer et al., 2015). If regulatory outcomes depend on factors beyond the regulation's control (e.g., energy prices), you

[2] For example, EPA's "Risk Assessment Principles and Practices" document states: "[s]ince EPA is a health and environmental protective agency, EPA's policy is that risk assessments should not knowingly underestimate or grossly overestimate risks. This policy position prompts risk assessments to take a more 'protective' stance given the underlying uncertainty with the risk estimates generated" (USEPA 2004, 13-14).

should look for a presentation of how variations in those factors would affect outcomes.

A. Look for evidence for and against a causal relationship

Remember that correlation does not always imply causation, so look for a persuasive demonstration of causation rather than reliance on indicators of correlation or association to predict changes in risks, costs, or benefits (Cox & Popken, 2008). Be alert for words such as "linked to" or "associated with." Does the RIA present information indicating whether a change in the variable to be regulated (e.g. emissions) precedes and causes a change in the targeted outcome (e.g., public health) as well as the effect other possible factors might have on the outcome (Cox, 2016)? Do the underlying studies linking harm (e.g., mortality or morbidity) to exposure to some hazard use statistical strategies appropriate to identify causal relationships, such as regression discontinuity designs, or quasi-experiments (Dominici et. al., 2014)?

B. Ask whether the analysis accurately characterizes indirect benefits and costs

Some RIAs present large "co-benefits" (or "ancillary benefits"). These may need closer inspection, particularly when the co-benefits are much larger than the direct benefits, if the direct benefits on their own are significantly less than the estimated costs, or if the co-benefits appear to materialize "for free." The presence of co-benefits almost always signals that the agency is counting costs and benefits that arise outside of the specific statutory authority that the regulation operationalizes. That is not a problem per se, but in such cases, you might ask why this regulation is the best way to achieve those co-benefits. Generally, one would expect that regulation targeted directly at a particular outcome can achieve it more cost-effectively than one that achieves it circuitously as a side effect (co-benefit) of an unrelated regulation, and a sound analysis must make a thorough inventory of both the harmful, as well as the beneficial, consequences of each alternative.

C. Understand the law of diminishing returns

The "law of diminishing returns" is the common generalization that marginal benefits tend to decrease as alternatives get more stringent. Analysis that predicts that the incremental benefits of reducing emissions by an additional unit will be greater than the previous unit, for example, might indicate that there are economies of scale to warrant reducing emissions further (or at least examining further reductions), or that there is a problem with underlying assumptions.

8. Understand what "costs" are considered

Ideally, the RIA will estimate the "opportunity cost" of the regulatory action (the lost value of the best alternative forgone). However, opportunity costs are difficult to measure, so RIAs often rely instead on the costs of compliance, or the expenditures businesses make on technology or methods used to fulfill the regulatory requirements. While business compliance costs are not welfare changes, they are often a reasonable proxy for welfare changes that are passed through to consumers, to employees, and to business owners (which for publicly traded companies often include large mutual funds and pension funds owned by many individuals) (Mannix, 2014).

A. Know when compliance costs are an insufficient proxy for opportunity cost

The costs of some types of regulatory actions, such as prohibitions on some actions or products, cannot be approximated by compliance costs, however. For example, a rule prohibiting a

specific product may not involve compliance costs, but it would have an opportunity cost because users would not able to enjoy the product's benefits. In such cases, you should expect the RIA to present alternative approaches to help you understand the real social costs of the policy.

These types of regulations can channel resources to competition for government-conferred benefits—known as "rent-seeking" behavior—which is not only inefficient but often undermines the stated objective of the policy (Dudley, 2016).

B. Look to see whether estimated marginal costs are increasing

Just as incremental benefits tend to decrease with greater regulatory stringency, marginal costs tend to increase. Low-hanging fruit will be plucked first, and costs will increase as compliance with incremental regulation becomes harder and harder to achieve. Thus, you should be skeptical if cost estimates do not reflect increasing unit costs as the level of regulation increases.

9. Consider how benefits and costs are distributed

Those who bear the costs of a regulation and those who enjoy its benefits often are not the same people. Does the RIA present evidence on the incidence of benefits and costs so that you can understand how they affect different people?

While some government programs are designed to redistribute wealth (e.g., food stamps), others do so inadvertently (e.g., regulations that raise food prices might have disproportionate impacts on low income Americans, or regulatory compliance might burden small businesses more than large). OMB calls on agencies to "distinguish[] between real costs and transfer payments, [which are] monetary payments from one group to another that do not affect total resources available to society" (OMB, 2003, p. 38).

Off-budget transfer payments that are effected through regulation can be particularly susceptible to rent-seeking, however, as recipients lobby for expanding the benefits, while those bearing the costs push back (Tullock, 1993). A sound analysis will recognize these rent-seeking costs as a problem. On the other hand, often the public misperceives the incidence of benefits and costs, thinking that businesses will absorb the cost of regulation, while the public benefits. An RIA should be looking at welfare impacts, however; both costs and benefits fall on real people, and are not simply "absorbed."

As OMB Circular A-4 states, "in light of both economic theory and actual experience, a particularly demanding burden of proof is required to demonstrate the need for economic regulations establishing

- price controls in competitive markets;
- production or sales quotas in competitive markets;
- mandatory uniform quality standards for goods or services if the potential problem can be adequately dealt with through voluntary standards or by disclosing information of the hazard to buyers or users; or
- controls on entry into employment or production, except (a) where indispensable to protect health and safety (e.g., FAA tests for commercial pilots) or (b) to manage the use of common property resources (e.g., fisheries, airwaves, Federal lands, and offshore areas)" (OMB, 2003, p. 6).

Can you discern from the RIA whether a regulation will have different impacts on different subpopulations, including those living in different regions of the country, businesses of different sizes, individuals of different ages, and people with different incomes or ethnic and socioeconomic characteristics? You might be interested to know if the benefits are "global," accruing to foreign countries, but the costs are borne domestically. If so, is that the program's purpose, and what is the net effect on the U.S. (Fraas et al., 2016)?

OMB advises agencies, "Where distributive effects are thought to be important, the effects of various regulatory alternatives should be described quantitatively to the extent possible, including the magnitude, likelihood, and severity of impacts on particular groups" (OMB, 2003, p. 14). If an RIA ignores distributional effects – implying that they are not "thought to be important" by the promulgating agency – look for a compelling explanation, based on logic and evidence, that costs and benefits generally fall on the same groups of people.

10. Ensure that benefits and costs are presented symmetrically.

Pay attention to how benefits and costs are measured. For example, the baseline from which they are measured should be the same for both benefits and costs, as should be the time frame for recording benefits and costs. Similarly, the discount rate used to convert the streams of benefits and costs occurring over time should generally be the same. The choice of discount rate can have a very large impact on the present value of estimates, so an RIA should clearly defend the use of different discount rates applied for costs and benefits (and present the effects of alternative choices in sensitivity analysis).

You should also look to see if the boundaries of the analysis are framed symmetrically. No analysis will ever be complete, of course. But you should be concerned if major elements are missing on one side of the equation, or overemphasized on another. For example, if the analysis presents evidence of co-benefits, are ancillary costs or countervailing risks examined to the same extent? The national accounting perspective – the geographic population whose benefits and costs are counted – should be consistent for both benefits and costs.

Final Thoughts

RIA can be an invaluable method for transparently evaluating contentious policy choices before they are put in effect. The OECD states that "RIA's most important contribution to the quality of decisions is not the precision of the calculations used, but the action of analyzing–questioning, understanding real-world impacts and exploring assumptions" (OECD, 2002, p. 47). Thus, their purpose is not to compel decisions, but rather to provide policy makers responsible for making decisions with the information needed to think through the possible consequences of different regulatory actions. Despite this informational purpose, RIAs are often opaque, complex and even intimidating. Wittingly or unwittingly, they may be written in a way that obfuscates important information or skews the analysis to support a particular outcome.

Savvy policymakers and other consumers need to be aware of the basic elements involved in a good RIA and the kinds of questions to ask to get the most from reading one. The preceding 10 tips should help readers of RIAs interpret what they read and ask appropriate questions.

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