Adapting RIA to the Situation

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Proportionality is key; tailor the analysis to the situation at hand.

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United States

In the United States, we have different levels of analysis:

- Non-significant regulation
- Significant regulation for policy or coordination purposes
- Economically Significant
    - *May* Have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities

There is not a one-size fits all standard to analysis

  - Some agencies have regulations that are so consequential that the agency has invested millions of dollars into models for a single regulatory program
  - Other agencies have regulations where they are unable to quantify most of the costs or benefits

- And in all of these cases – including the sophisticated models – there is always going to be uncertainty.

Uncertainty is OK

The U.S. standard is to quantify where you can, explain qualitatively where you can't – but *always* be transparent in the assumptions you've made and uncertainty in the analysis.

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Spectrum of Analytical Options

Overly rigid RIA requirements can lead to analysis paralysis

- The goal of doing an RIA is to inform the policy decision. What does the decision-maker need to know before deciding? How consequential is the decision?
- RIA is a spectrum of analysis, not a strict set of rules

Questions?

Thank you!

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