

Institute for Policy Integrity
New York University School of Law

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STUDY: STATES' REGULATORY SYSTEMS LARGELY UNSATISFACTORY

Despite billions at stake many states review rules ad hoc

New York City, November 16—Nearly twenty percent of the American economy is regulated by state governments. But an in-depth [study](#), released today, raises major concerns about how regulatory decisions are made by the states, finding that billions of dollars and public protections are at risk. State regulatory review systems earned an average grade of a “D+” with the lowest possible grade being a “D-.”

States routinely regulate industries whose economic footprints climb into the hundreds of millions. But these rules are often made on an ad hoc basis, raising the potential for inefficient results that limit public benefit. A stark example comes from Kentucky where the beverage industry used the legislative review process to weaken nutritional standards for vending machines in schools. The bottlers saved less than \$1 million, but as a result, twenty ounce soda bottles were allowed in school cafeterias, raising significant public health concerns.

After more than a year of research, surveys, and analysis, the Institute for Policy Integrity at New York University School of Law is the first to compile the regulatory practices of all fifty states (plus DC and Puerto Rico) in one document. Comparing each set of laws and guidelines on paper to direct feedback from leaders on the ground, the report [52 Experiments with Regulatory Review](#) assigns states a grade based on an evaluation of the quality of their review process.

“This study gives decisionmakers a one-stop resource to compare the best and worst regulatory practices in the nation. Regulators can aim to improve upon unsatisfactory systems to tighten up wasteful rules and maximize the net benefits to the people of their states” said Richard Revesz, dean of NYU Law School and Faculty Director of the Institute for Policy Integrity.

The report looks at fifteen points of evaluation for an ideal regulatory process. Among them: regulatory review that properly calibrates rules; review that is consistent and buffered from political influence; and review that provides a balanced treatment of costs and benefits.

“These states are largely flying blind. Many are doing what they can with scant resources, but it’s not sufficient. Over time, these under-analyzed rules accumulate economic and social effects and end up having a profound impact. Skimping on regulatory review is a case of penny wisdom that costs the American public pounds of net benefits,” said report author Jason Schwartz.

The Institute for Policy Integrity at New York University School of Law is a non-partisan think-tank that works with advocacy organizations and governments to use economics and law to protect the environment, public health, and consumers.

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