



Office of Regulatory Management: Regulatory Economic Analysis

Governor Youngkin's [Executive Order 19](#) directs Virginia agencies to conduct *regulatory economic analysis* on all regulations and guidance documents.

What is regulatory economic analysis? It may sound intimidating, but regulatory economic analysis is actually very simple. It encourages agencies to ask four key questions before they act:

- Is regulation really needed, or can the free market fix the problem?
- If regulation is needed, what are the alternative approaches?
- What are the monetary benefits and costs of each of the possible alternatives?
- How will the regulation affect local governments, families, and small businesses?

Do I need a PhD in Economics to understand it? Absolutely not! One of the unique things about Virginia's process is that it was *designed by and for non-economists*. Virginia's [Regulatory Economic Analysis Manual](#) is written in plain language and is accessible to anyone, including agency officials and the public. At the end of the day, regulatory economic analysis asks a very basic question: will this regulation or guidance document do more good than harm? Economic analysis makes sure the answer is "yes."

Why is regulatory economic analysis important? Regulations achieve many important goals. They make sure that food is safe, that rivers are unpolluted, and that students are learning. But they also impose costs. Excessive regulation can make it hard for small businesses to operate, can force educators to waste time on paperwork rather than teaching, and can keep people from finding high-paying jobs. See below for a few examples of how Virginia agencies have used economic analysis to make sure their regulations help the public and minimize compliance costs.

Agency	Regulatory Action
Board of Social Services	Agency eliminated the requirement for notarization of childcare forms which will save Virginians approximately \$900,000 per year.
Board for Barbers and Cosmetology	Agency reduced mandatory training hours for cosmetologists from 1,500 to 1,000, saving approximately \$2,700,000 per year.
Board for Barbers and Cosmetology	Agency eliminated the requirement that beauty shops need a dedicated bathroom on-site, saving about \$2,335,000 per year.

Can I get involved? Yes! If you're a Virginia citizen or someone in another state who's interested in Virginia regulations and guidance documents, take a look at the [Regulatory Town Hall](#) website to see what Virginia agencies are considering. Feel free to leave a comment if you see a way to make a proposal better. And if you're in another state and would like to see your state government do something similar, reach out to Director Reeve Bull (reeve.bull@governor.virginia.gov) in Virginia's Office of Regulatory Management.