

CONTROL AND ENFORCEMENT CATEGORY: GENERAL IMPACT MEASURES

ISSUE STATEMENT:

The LCB currently lacks sufficient research and analysis capabilities to demonstrate a connection between the state's beer and wine distribution and sales regulatory structure and achieving its policy goals of reducing abusive consumption, efficient tax collection and orderly distribution of beer and wine. In addition, the state lacks baseline data and on-going data collection and analysis capability to demonstrate the effects of changes in policies related to the distribution and sale of beer and wine.

DISCUSSION:

Currently, the state does not have an on-going research program in place to assess the effectiveness of the current regulatory system to control the distribution and sale of beer and wine in supporting or achieving the state's policy goals. The lack of Washington-specific data and analysis capability was evident in the recent Costco ruling. Throughout the court's findings of fact and conclusions of law, the judge made reference to the fact the state had insufficient evidence to support its claims that state regulations support the policy goals they were designed to achieve. The court found that "the effectiveness of [the state's regulatory] restraints in advancing the state's interests under the Twenty First Amendment has largely gone unstudied, and there is little evidence that the restraints are effective in advancing the state's interests in promoting temperance, ensuring orderly market conditions, or raising revenue."

Washington is not alone in its lack of ability to measure the impact of its beer and wine distribution policies. Only three of the states responding to the alcohol policy survey stated they currently have impact measures in place. Montana monitors the use of a quota system for licensing, tax collections and enforcement activities; Utah measures rates of consumption; and Wyoming uses the results of enforcement stings to help determine best practices for their Liquor Division. As the regulatory structure changes in response to stakeholder demands and court rulings, policy makers will become increasingly concerned with the impacts of these changes on society, industry, consumers and the state. Given that state resources (both financial and human) are limited, monitoring and evaluation also play an important role in identifying areas that should be given a high priority.

Further, alcohol policy issues are complex, vary widely across the nation, and can be impacted upon by a diverse range of socioeconomic factors that are beyond the influence of the state's distribution regulatory scheme. This complexity, however, does not prohibit the use of impact measures. To ensure the state's policies are being successfully implemented, it is essential that processes are in place to continuously monitor performance. The resulting data then can be used to regularly assess and, if necessary, reformulate the state's strategic directions. Assessing the state's approach to alcohol distribution and sale against predefined objectives can assist the Governor, the Legislature, the Liquor Control Board, other state agencies and local government to identify both successful and unsuccessful policy approaches.

**** D R A F T ****
For Discussion Purposes Only

Designing appropriate impact measures is a critical step in getting a measurement system that works. Policy goals have to be expressed as impact measures and targets. It is easy to measure what is simple to measure rather than what really matters. Developing appropriate, relevant, sound impact measures is a difficult task, and identification of the specific indicators, data sources, and outcomes is beyond the scope of this issue paper. In general, useful impact measures are outcome-focused, measurable, and include achievable targets.

- **The LCB currently collects a wealth of data related to the distribution of alcohol, but legacy information systems makes it cumbersome to translate the data into useful information.** The LCB has been working to upgrade their technology both to make it more user-friendly for their customers and to make it easier to extract data so it can be used in a meaningful way.
- **A significant amount of data related to alcohol-related outcomes (e.g., health costs, accidents, DUIs, youth consumption, etc.) is currently collected** by other state, federal and non-profit organizations. Identifying reliable resources, and when appropriate, bringing them to bear on these issues is both an efficient use of resources, and establishes a common set of data that stakeholders can all rely on. Linking these important sources of data and policy discussions about LCB’s regulatory system is currently a difficult task.
- **No formal research structure currently exists to create these linkages between these outcomes and specific policy tools.** (This may be a result – in part at least – of a lack of basic research as well. In his testimony during the Costco case, a leading researcher in this area, noted, “empirical evidence on the impact of changes in these policies on alcoholic beverage prices, drinking, and its consequences is almost nonexistent. Clearly, more research is needed to fully understand the impact of the complex and varied policies that affect alcoholic beverage distribution, marketing, and pricing on the retail prices on of these beverages.”) **Impact measures should be designed in collaboration with the alcohol industry, the prevention and treatment community, and policy researchers so the resulting measures provide a common set of supported outcomes.**

POLICY OPTIONS

*NOTE: These options are offered to stimulate discussion. **They are not necessarily the best or only alternatives available.** The analysis of potential benefits and drawbacks represents our best efforts at assessing impacts based on feedback received from industry members, and a brief review of relevant literature. They have not been thoroughly tested or evaluated.*

OPTION 1: No action.

Potential Benefits: No additional resources required.

Potential Drawbacks: No ability to measure the effectiveness of current regulations. No ability to measure the impacts of policy changes.

OPTION 2: Recommend an initiative and funding for the LCB to develop and implement a research agenda to support policy development based on identified impact measures, including the development of baseline data against which to measure key changes in policy.

Potential Benefits: Encourages the use of sound, reliable data in the development and on-going evaluation of alcohol distribution policy

Potential Drawbacks: Additional staff and financial resources will be needed to support this effort. Without adequate resources, the LCB will not be able to sustain the effort.