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Regulatory Improvement Commission:
A Politically-Viable Approach to U.S. Regulatory Reform

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ABSTRACT

The natural accumulation of federal regulations over time imposes an unintended but significant cost to businesses and to economic growth. However, no effective process currently exists for retrospectively improving or removing regulations. This paper first puts forward three explanations for how regulatory accumulation itself imposes an economic burden, and how this burden has historically been addressed with little result. We then propose the creation of an independent Regulatory Improvement Commission (RIC) to reduce regulatory accumulation. We conclude by explaining why the RIC is the most effective and politically-viable approach.

INTRODUCTION

A well-functioning regulatory system is an essential part of a high-growth economy. Regulations drive business decisions, such as where to locate production and where to invest in the local workforce. They provide guidelines that keep the air clean, protect consumers, and ensure worker safety. Smart regulations enable the capital markets to function properly, financing the trades, contracts, and insurance that allows businesses to survive and grow.

A successful high-growth strategy requires a regulatory system that balances innovation and growth with consumer well-being. A regulatory structure that is too prescriptive could restrict investment in job-creating innovation if companies are overwhelmed by costly rules, hampering potential economic growth. On the other hand, a regulatory structure that is too relaxed may threaten the environment or unnecessarily place consumers at risk.

A regulatory system that achieves this balance must include a mechanism for addressing *regulatory accumulation*—what we define as the natural buildup of regulations over time.

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Regulatory accumulation is both a process and an outcome of our reactive regulatory structure. Over time regulations naturally accumulate and layer on top of existing rules, resulting in a maze of duplicative and outdated rules companies must comply with.

However, our current regulatory system has no effective process for addressing regulatory accumulation. Every president since Jimmy Carter has mandated self-evaluation by regulatory agencies, but for various reasons this approach has been met with limited success.

In this paper we propose the creation of an independent Regulatory Improvement Commission (RIC), to be authorized by Congress on an ongoing basis. The RIC will review regulations as submitted by the public and present a recommendation to Congress for an up or down vote. It will have a simple, streamlined process and be completely transparent. Most importantly, it will review regulations en masse in a way that is politically viable.

> Having to balance many rules together will cost more than complying with each rule separately.

In today's slow-growth economic recovery, it is important that policymakers lower obstacles to innovation and growth imposed by regulatory accumulation. We believe the Regulatory Improvement Commission is a good first step in finding the missing balance in today's regulatory system.

This paper is divided as follows: (1) a description of our current regulatory system, (2) a discussion of regulatory accumulation and its economic impact, (3) a review of the various options to address regulatory accumulation, (4) an explanation of why the RIC is the best approach, and (5) a framework for how to move the RIC concept forward.

REGULATION: HOW IT WORKS

The current approval process for all new federal regulations is governed by Executive Order 12866, which dates back to 1993. It requires rulemaking agencies to assess proposed regulations, directing agencies to "assess both the costs and the benefits of the intended regulation and, recognizing that some costs and benefits are difficult to quantify, propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs."[1]

This assessment, referred to as a "regulatory" or "benefit-cost analysis," is perhaps the most important part of the regulatory approval process. It is where the rulemaking agency estimates the rule's potential cost and expected benefits. It is so influential to the decision process that in 2005 the Office of Information and Regulatory Analysis (OIRA), housed in the Office of the President, issued specific guidance for how to conduct these assessments for proposed rules where the estimated annual economic impact was $100 million or more.

In order for the new rule to be approved, the cost-benefit or comparable regulatory analysis must show that the benefit outweighs the cost—there must be a "net benefit." Benefits can be social or economic, so that, for example, the regulation will result in less air pollution or enhance consumer safety. Costs can be in terms of business compliance, for example, the time and resources spent on items like enhanced reporting, data collection, monitoring, and inspections.

Only after a review of the findings in the cost-benefit analyses and public comments received following a notice in the Federal Register will a final determination be made on whether to approve the new rule. For rules deemed "economically significant," or those with an estimated economic impact of over $100 million annually, OIRA makes the final decision. In all other cases, the proposing agency makes the final determination. All told, the current rulemaking process consists of up to nine steps, and economically significant rules include two comprehensive OIRA reviews.[2]

The integral role of the cost-benefit analysis in the regulatory approval process is generally accepted by both Democrats and Republicans. These analyses are seen as an objective tool to determine reasonably if a net benefit to society from the regulation exists. So, if the analysis has a net benefit, there is reasonable justification for approving and imposing the new regulation.

THE COSTS OF REGULATORY ACCUMULATION

Our current regulatory approval process is focused on individual regulations. But regulations are hardly ever applied individually as a discrete entity—once approved, they are added to the list of regulations companies must already comply with. For example, at any given time an automobile manufacturer must comply with occupational safety regulations, environmental regulations, financial reporting requirements, and product standards like fuel efficiency and airbag specifications. Any new regulations would simply be added to the list.

TABLE 1: THREE TYPES OF REGULATORY ACCUMULATION
1. Pebbles in a Stream: Too many regulations can cause a blockage effect that increases costs and slows innovation, to no fault of any individual regulation. This explanation focuses on the limitations caused by regulations in the aggregate.
2. Interaction Between Regulations: Multiple regulations can interact in obvious or non-obvious ways that raise costs for businesses. This explanation focuses on the interaction costs between small numbers of existing regulations.
3. Behavioral Overload: An increased number of regulations forces management to prioritize compliance over growth and innovation. This explanation focuses on management limitations stemming from compliance with regulations of all types.

As the number of approved regulations grows, they inevitably interact in ways we may not expect. And when taken together, multiple regulations can overlap or conflict, become the primary focus of company management, or even interfere with a company's willingness and ability to innovate. Just think back to the automobile manufacturer and how complying with all of the various regulations together could have an impact on the efficiency of operations, organizational structure, or a company's bottom line.

We call the natural build-up of regulations over time "*regulatory accumulation*." Regulatory accumulation is both a process and an outcome.

New regulations are constantly being added from just about every federal agency. For example, currently OIRA is reviewing new regulations from the Environmental Protection Agency, Health and Human Services, Labor Department, and even the Architectural and Transportation Barriers Compliance Board, which proposed new accessibility guidelines for passenger vehicles.[3] In addition to new regulations we must also consider the existing body of regulations they are added on to. Our regulatory process is not designed to systematically review or remove regulations that become redundant, unnecessary, or outdated. New regulations simply accumulate on top of old ones.

In 2011 there were 169,301 pages in the Federal Code of Regulations, an increase of almost 4,000 from just a year earlier.[4] The number of pages increased 22 percent since 2000, and by 138 percent since 1975 when the total number of pages was 71,224. That's an extraordinary number of pages for a typical business to have to be aware of and comply with. Think back to that automobile company, and how 169,301 pages of regulations could affect how they allocate their resources, and their ability to grow as a company. Think about how this volume of regulatory code could impact a small business, or a start-up looking to get off the ground. This is just at the federal level.

Regulatory accumulation is an inevitable outcome of reactive regulations. The political system, understandably, reacts to major events—new technologies, corporate accounting scandals, environmental discoveries, or reports of tainted food or faulty products. The Sarbanes-Oxley Act and the Dodd-Frank Act are two very famous examples of reactive regulation, stemming from exogenous shocks to the financial system. These new rules are on top of existing reporting, accounting, and underwriting requirements.

The landmark passage of healthcare reform legislation, the Patient Protection and Affordable Care Act (PPACA), is another major source of new federal regulation in recent years. The Department of Health and Human Services (HHS) is putting a large number of new regulations in place to implement the law's provisions. According to OIRA, there are currently 52 new HHS data collection requirements *without change* currently under review, far more than any other agency.[5] And again, these new information collection requirements, mostly associated with the ACA will be in addition to existing collections.

Regulatory accumulation proceeds under the leadership of both Democrats and Republicans. As a 2012 Center for Effective Government study showed, the number of new final federal regulations reviewed and approved by OIRA was virtually the same for each year under President Bush as it was through the first term of President Obama.[6]

The number of economically significant rules was higher under the first term of President Obama than under Presidents Bush and Clinton; however, this study suggests the main drivers of this increase were inflation and the increase in statutory and judicially mandated rules resulting from the passage of landmark healthcare and financial legislation.

The problem with regulatory accumulation is that it imposes an unintended, unobserved, and underappreciated economic cost. As we wrote in a 2011 paper,

> "an accumulation of regulations can sometimes create problems even if every regulation, taken individually, is defensible. Waves of new regulations, without elimination or rationalization of old ones, end up closing off options and raising costs."[7]

Companies must spend money to keep up and comply with all of the rules simultaneously, old and new. Having to balance many rules together will *cost more* than complying with each rule separately.

For each new regulation added to the existing pile, there is a greater possibility for interaction, for inefficient company resource allocation, and for reduced ability to invest in innovation. The negative effect on U.S. industry of regulatory accumulation actually compounds on itself for every additional regulation added to the pile.

Why does regulatory accumulation impose a cost above that of individual regulations? Here are a few explanations:

1. Pebbles in the stream
2. Interaction between regulations
3. Behavioral overload

Explanation #1: Pebbles in the stream

The buildup of regulations over time can block the natural flow of economic growth and innovation, to no fault of any single regulation. This is the "pebbles in the stream" effect—throwing one or two pebbles into a stream make no difference, but eventually the accumulation of pebbles will block the flow of the stream. At first the flow will redirect or lessen as it navigates around the pebbles. Eventually, if pebbles keep piling up while none are removed, the stream may be blocked entirely.

Taking this analogy, we can think of the stream as the natural flow of economic growth and innovation, and the pebbles as individual regulations. In this scenario any individual regulation, taken in isolation, will have an insignificant impact on innovation; it is the cumulative effect of regulations that imposes a cost of lost innovation and growth on society. This more holistic way of thinking about regulatory accumulation has been previously examined by PPI.[8]

We can see the innovation-dampening effects of regulatory accumulation at work today in the healthcare sector, and in particular in mHealth—mobile health applications. Given the fast growth of smartphones, it is intuitively appealing to use mobile apps to help people improve their fitness, monitor chronic diseases such as diabetes, and help deliver health care more cheaply and efficiently.

Yet the growth of mobile health apps has been slowed by a combination of regulatory hurdles—each of which serves an important purpose, yet together impose a burden on innovation. For example, depending on their nature, mobile health apps must follow regulations that focus on respecting patient privacy (HIPAA); they may have to navigate the approval process set out by the Food and Drug Administration, which still has not issued final guidance on which apps need to demonstrate more extensive testing;[9] they may have to be approved by the Federal Communications Commission, depending on the nature of the device that they run on;[10] and they may have to deal with obtaining reimbursement approval from the Centers for Medicare and Medicaid Services.

> The buildup of regulations over time can block the natural flow of economic growth and innovation, to no fault of any single regulation.

The slower innovation in mHealth resulting from this thicket of regulations is difficult to quantify, but clearly important. Moreover, there may be some health-improving or productivity-improving apps that are never brought to market or even developed because the regulatory hurdles are so daunting. Contrast this with the rapid pace of innovation in the consumer Internet sector, where new apps are being written and brought to market very quickly.

We can also think about this form of regulatory accumulation analogous to highway congestion in a major city. There are many routes that can get you from point A to point B at any given time. Now suppose one of these roads is closed for construction. One area of construction, while inconvenient, may have no effect on the overall traffic flow since there are many alternative routes. But if a second or a third road is closed for construction, you have fewer options to arrive quickly at your destination. Eventually, you will be delayed, taking a longer route or sitting in traffic. If enough roads are closed for construction, then the entire city will come to a standstill, even though the benefit-cost of each construction project is positive. This increasing cost for each new jam is analogous to the increasing cost of regulatory accumulation.

PPI has written extensively on the economic importance of facilitating innovation in the Internet and telecommunications sector.[11] We are living in a data-driven economy on an unprecedented scale, where data flows don't recognize national borders, where the availability of information is exponentially increasing, and where constant advances in the application of data are changing our quality of living.

It follows that the regulation of data is taking center stage in many political and policy conversations. Any individual regulation may not significantly slow innovation in this area. But taken together, the accumulation of regulations in areas like spectrum availability, internet governance, data privacy, and the imposition of old telecom peer-to-peer sharing and settlement fees can eventually slow the potential flow of data innovation.

At least three federal agencies regulate telecommunications: the Federal Communications Commission (FCC), the Federal Trade Commission (FTC), and National Telecommunications Information Administration (NTIA).[12] All three agencies lay claim to regulating data in one form or another, and in practice clear jurisdictional boundaries have yet to be defined.[13] From a more holistic approach, such build-up could easily threaten to slow the pace of data-driven innovation—and from the very companies that are the largest source of economic growth and high-skill job creation.

CASE STUDY:

Federal Energy Conservation Standards Conflict with Green Building Codes

Even regulations with the best of intentions can have a negative impact on business. That's what happened in 2012 to Pohanka Automotive Group, an automobile dealer located in Chantilly, VA, not too far from Washington DC., when Pohanka's plans to build a 10-acre green car dealership got stuck in the mud of conflicting green building requirements. In an ideal world, there would be a process in place to address such regulatory conflicts before they begin.

In early 2012, the large car dealership sought county board approval to build a new "green" Honda dealership in Chantilly, Virginia. According to its design, this new 10-acre facility included 35 environmentally-friendly building considerations, such as a reflective roof and motion-sensor faucets. Yet because it was not LEED certified, the Department of Planning and Zoning recommended a denial of the plan, even though a LEED certification is not required by the county.[2] After a reported 20 meetings with county staff, the Planning Commission ultimately approved the application; a call to the dealership revealed they expect the new facility to be completed in late 2013/early 2014.

Pohanka is certainly not an isolated case. As it turns out, there are at least 275 different green building codes in effect across cities, counties, tribes and states.[3] These codes vary in focus on factors like proximity to public transport versus energy consumption, and they range in authority from voluntary to mandatory. Adding to the count, in 2011 the International Green Construction Code introduced a nationally applicable green building standard – which, of course, is in direct competition to the U.S. Green Building Council's well-known, but not federally mandated, LEED certification.[4]

Unexpectedly, one of the biggest obstacles to clear and consistent regulation on green building codes at the federal, state and local level is the Energy Policy and Conservation Act of 1975 (EPCA). The EPCA sets national efficiency standards on home, commercial, and industrial appliances that include heating, ventilation, and air-conditioning (HVAC) products. These standards have subsequently been amended and added to by the National Energy Conservation and Policy Act of 1978, the National Appliance Energy Conservation Act of 1987, the Energy Policy Act of 1992, the Energy Policy Act of 2005, and the Energy Independence and Security Act of 2007, and now cover 90 percent of home energy use.[5]

Yet now the EPCA is causing regulatory conflict when it comes to green building codes since a major part of green building involves using efficient appliances. Two major court cases in Washington State and Albuquerque, New Mexico yielded opposite verdicts on the legality of their building codes when they set construction guidelines that related to the efficiency of appliances.[6] In both cases, local HVAC trade associations filed suit on EPCA grounds. In Washington State in 2012, the court upheld the building codes since the language in the code did not require builders to use more efficient appliances. In Albuquerque, however, the court set an injunction on the city's green building codes in 2008, saying they were pre-empted by EPCA. A 2012 update suggests Albuquerque's green codes were completely stricken in lieu of much more relaxed general state-wide building codes.[7]

This issue will not resolve itself. Green building is a rapidly growing segment of the new construction business. According to a 2012 study, green homes are expected to comprise 38 percent of the new construction market, up from 17 percent in 2011.[8]

The unintended confusion caused by the EPCA could never have been anticipated when the Act was passed in 1975. Ironically, the EPCA was enacted in part to minimize confusion to the nation's appliance manufacturers by providing consistent, nationally applicable efficiency standards.[9] Yet no process currently exists for addressing such regulatory interaction.

Confusion caused by conflicting or interacting regulations imposes a cost to business and to the economy. Here lawsuits cost time and money on behalf of local builders, local governments, and the legal system – time and money that could have been spent more effectively. Having a mechanism in place, such as a Regulatory Improvement Commission, that could review the EPCA and subsequent Acts, for content, cost-effectiveness, and scope of authority, might reduce costs nationally and help policymakers decide if issuing a federal standard green building code is appropriate.

ENDNOTES

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The "pebbles in the stream" explanation of regulatory accumulation focuses on limitations to innovation and growth from the build-up of too many pebbles—regulations—over time. Without a mechanism for retroactively reviewing and removing unnecessary or outdated regulations, the natural flow of innovation will be altered.

Explanation 2: Interaction between regulations

A related but somewhat different problem focuses on direct interactions between regulations. The more regulations there are, the higher the likelihood any one regulation will interact with the existing body of regulations. The degree to which regulations interact can vary—regulations of all shapes and sizes can overlap, causing redundancy, or they can outright conflict with each other.

For example, consider the interaction among vehicle production standards. Vehicle safety requirements suggest that a heavier and larger vehicle is safer in the event of a collision.[14]

At the same time, new fuel economy standards suggest a lighter and smaller car will get higher mileage per gallon.[15] There is a set cost from imposing each standard separately, but an automobile company must implement both simultaneously. Having to design a car that is both safe and fuel efficient will cost the company more than if they only had to abide by one or the other for any particular cost. This additional cost—the premium for a car to be safe and fuel efficient—is the cost of regulatory accumulation.

Similarly conflicting or overlapping interactions can happen just about anywhere. There are hundreds of general consumer product guidelines currently in existence. As more regulations get added to the pile, the chance of interaction among any small number of standard specifications will grow—at a cost.[16]

Another example of interacting regulations can be found in the increasing number of green building codes. New building codes not only overlap each other, they also conflict with existing building codes. Even the federal government is imposing multiple green building codes for individual projects, causing unnecessary costs, confusion, and redundancy.[17] As described in *The Atlantic*, the increasing number of green building codes is causing confusion among property developers, owners, and consultants:

> "A virtual blizzard of green and sustainability metrics has emerged over the past few years…A growing contingent of states, from Florida to Oregon and a handful of cities large and small have adopted the International Green Construction Code as a mandatory green building requirement instead of, **or in addition to**, voluntary rating systems such as LEED…With so many choices now, the growing legion of green building evaluation mechanisms is **leading to some confusion** among green developers, owners, and consultants about whether some of the standards overlap and which third-party program to prioritize."[18] [emphasis added]

The cost of imposing and enforcing multiple green building code standards is clearly greater than the cost of only following one, consistent standard. This additional overlap cost is from regulatory accumulation.

Interaction between rules is a form of regulatory accumulation that we can clearly identify among small numbers of existing regulations. As more regulations are thrown into the mix, the cost of regulatory accumulations increases.

Explanation #3: Behavioral overload

The accumulation of regulations over time effects how company management allocates their time and resources. After a certain point, a company will shift its attention and priority toward compliance with rules and away from innovation or company growth. Such management limitations—changes in operational motivation and organizational structure that are guided by regulatory compliance—is called "behavioral overload."

Behavioral overload results from managers attempting to comply with too many regulations of all different types. The cost of inefficient management actions, priorities, and resource allocation is above the cost of implementing rules or regulations individually. And the opportunistic cost rises with each new regulation added to the list—they must reallocate resources, reorganize, and reprioritize in a way that enables regulatory compliance—the cost of regulatory accumulation is constantly increasing.

A 2012 Mercatus Center study on the unintended cost of too many regulations points out that "as the regulatory code grows, people find it harder to discover, let alone recall, all the rules they are supposed to follow. They are more likely to make mistakes and are often less motivated to comply."[19]

Too many regulations can actually have the opposite effect of what the regulation was intended to accomplish, because excessive regulations hamper a company's ability to operate effectively.

> Behavioral overload results from managers attempting to comply with too many regulations of all different types.

The Mercatus study highlights how an abundance of workplace and occupational safety codes can be unpractical and unfeasible to enforce. Managers focus on regulatory compliance over organizational efficiency; workers focus on not getting caught breaking the law, prioritizing those rules most likely to be enforced. As the study points out, "the volume of rules distracts workers, causing them to dismiss the relevant rules buried within the rulebook and making them less motivated to comply overall…as rules become more complex the act of compliance becomes the imperative, displacing the end goal of safety."[20]

Another example of behavioral overload is the abundance of financial regulations, especially those passed in the aftermath of the 2007 financial crisis. With so many reporting and accounting requirements to keep track of, it is almost impossible for managers to abide by all of the rules simultaneously. The only feasible way for companies to comply is to prioritize compliance. That takes time and resources away from another very important objective in today's slow-growth economy—business growth and expansion.

Consider the cost of regulatory accumulation from Basel III international banking regulations alongside the Dodd-Frank Wall Street Reform and Consumer Protection Act. Not only is there an additional interaction cost from the contradiction between the two regulations (the confusion and delay in implementation stemming from the use of credit ratings),[21] but there is also a cost from behavioral overload, the cost of management making regulatory compliance their top priority. The Dodd-Frank Act is 848 pages[22], Basel III rules 150 pages[23], and the Federal Reserve's proposed interpretation of Basel III is another 249 pages.[24] This drives company behavior that is more concerned with staying out of trouble than innovating and growing.

In both sectors, we see how behavioral overload adds an additional cost to regulation. Managers and workers simply don't have the capacity to comply with too many regulations. Most management teams have to implement not just workplace safety regulations or financial regulations, but these regulations together in addition to a slew of others. It's unrealistic to expect these companies can and will do everything. At some point these companies will pick and choose with rules to comply with, potentially focusing more on rules likely to be enforced and less on what's the most important.

With behavioral overload, the additional cost of regulatory accumulation comes in the form of limitations to management and the resulting inefficiency in organizational structure and resource allocation. Focusing too much on regulatory compliance resulting takes away time and resources that could have been invested in company growth and innovation. Moreover, mandatory compliance with an excessive number of regulations may force company management to lose sight of the most important rules in lieu of the ones most likely to be audited or enforced, imposing additional risk.

REGULATORY ACCUMULATION AND BENEFIT-COST ANALYSIS

Cost-benefit analyses are a valuable tool in understanding the societal impact of individual regulations. But what if we wanted to assess the net benefit of two regulations, 10 regulations, or many regulations implemented together?

Cost-benefit analyses do not consider the cost of regulatory accumulation.[25] The current procedure for assessing the cumulative benefit of multiple regulations is to simply add up the costs and benefits of the individual pieces. That's how OIRA assesses the cumulative benefit of the regulations it approves. Their draft 2012 report to Congress on the benefits and costs of regulations finds:

> "The estimated annual benefits of major Federal regulations reviewed by OMBfrom October 1, 2001, to September 30, 2011, for which agencies estimated and monetized both benefits and costs, are in the aggregate between $141 billion and $700 billion, while the estimated annual costs are in the aggregate between $43.3 billion and $67.3 billion."[26]

The implication here is that aggregating individual regulations linearly is an adequate and reasonable way to understand the societal impact of a group of regulations.

But because of regulatory accumulation, regulations grouped together do not act so linearly.

Any one regulation can have a net benefit to society, as determined by a cost-benefit analysis or comparable agency assessment. But when combined with the existing array of regulations, the aggregate net benefit to society will be less than if we simply added individual costs and benefits and subtracted. For example, suppose the estimated cost of two regulations, A and B, were each $10 million. Current practice implies the aggregate cost of A and B is $20 million. But suppose the interaction cost—the additional cost of regulatory accumulation—between A and B was $10 million. Then the aggregate cost of A and B is actually $30 million—$10 million higher than the estimate current analyses use to determine the net benefit of multiple regulations.

> It is neither accurate nor reasonable to represent the net societal benefit of multiple regulations in the traditional—linear—way.

That means it is neither accurate nor reasonable to represent the net societal benefit of multiple regulations in the traditional—linear—way. The costs in aggregate will be automatically higher because of regulatory accumulation. The net benefit to society will automatically be less.

Indeed, a 2012 Mercatus Center study found "when regulations are looked at piecemeal and their costs and benefits considered individually, the analyst loses sight of the cumulative effect of the whole set of regulations that apply to the same organization."[27]

ECONOMIC EFFECT OF REGULATORY ACCUMULATION

Regulatory accumulation can have a significantly negative impact on economic growth,[28] although the true economic effect is difficult to quantify because of all the indirect interactions across regulations. One often-cited 2010 study for the Small Business Administration placed the direct cost of compliance with all federal regulations in effect at $1.7 trillion in 2008.[29] These costs included occupational health and safety, tax, and environmental regulations, although the biggest share of costs came from "economic" regulations that include financial, trade, and labor market regulations. The study noted that if every household paid an equal share of the cost, it would have amounted to $15,584.

Another study shows the economic cost of regulatory accumulation is particularly acute for U.S. manufacturing. The 2012 consulting study for the Manufacturers Alliance for Productivity and Innovation estimated the cumulative cost of major regulations for manufacturers to be $164 billion in 2011 (in constant dollars), double the cost just 10 years earlier. And since "major" regulations (those determined to have an economic impact of over $100 million) only account for about 5 percent of all regulations, the true costs are even higher. Moreover, the study found that annual cost growth of regulatory compliance for manufacturers exceeded annual sector growth and overall economic growth during this period, concluding that "layering on [federal] regulations leads to additional distortions in the economy…leading to a greater [economic] burden."[30]

The economic burden of regulatory accumulation is not isolated to manufacturers. Compliance costs affect every business—for example, pharmaceutical companies, financial institutions, retail establishments, hotels, and restaurants must all comply with a myriad of regulations spanning nearly every aspect of operations. Just as with manufacturers, simultaneously implementing the broad span regulations governing environmental protection, occupational health and safety rules, financial disclosures, and even building permits and safety codes will take a toll on the company's profitability.

Moreover, small businesses are disproportionately affected by regulatory accumulation. The layering of regulatory hurdles may slow down potential business formation, or their ability to hire workers and expand product markets. The Small Business Administration report found that "small businesses bear the largest burden of federal regulations…36 percent higher than the regulatory cost facing large firms."[31] The White House also recognizes the impact of regulations on small business, noting that "the addition of new rules and requirements has unfortunate cumulative effects…the sheer accumulation of regulations can cause real harm, especially for small businesses and start-ups."[32]

Finally, there is the less discussed but no less important cost to workers from regulatory accumulation. As the burden of regulatory compliance grows, so will the production cost for a company's goods and services. The idea is that if these costs are great enough, they can distort the market for those products, causing a company to trade production jobs for less productive compliance jobs. New research from the Mercatus Center finds that this type of job displacement—resulting from regulatory accumulation—imposes a sizeable loss to long-term earnings that goes beyond the immediate cost of searching for new employment and retraining:

> "an economy can suffer a 'death of a thousand cuts' where the accumulation of regulations seriously impacts economic outcomes despite economic analysis that finds that each individual regulation has a minimal negative effect...it is important that consideration of the overall level of regulation should be considered and estimated routinely…it is common practice to ignore temporary employment effects of regulatory changes, but the evidence is overwhelming that job displacement does, in fact, cause significant and long-lasting declines in earnings."[33]

In other words, the additional economic costs of regulatory accumulation are quite significant, yet are missed by traditional cost assessments that only consider the cost of an individual regulation.

ADDRESSING REGULATORY ACCUMULATION

Although regulatory accumulation clearly imposes a significant cost to business and to the broader economy, there are currently no processes in place that effectively reduce the number of regulations that are outdated or no longer cost-effective. There are many reasons for this, but it all comes down to how retrospective regulatory review has been traditionally approached—as self-reviews by the very agencies that originated the regulation.

TABLE 2: FOUR WAYS TO ADDRESS REGULATORY ACCUMULATION

1. Regulatory Self-Review: The current method in practice. Here agencies are mandated to evaluate the cost-effectiveness regulations under their authority one at a time. But these reviews can lack impartiality and are hindered by data limitations.

2. Regulatory Improvement Commission (RIC): Proposed by the Progressive Policy Institute. An independent, Congressionally-authorized Commission would review existing regulations as submitted by the public and send a package of 15-20 regulatory changes to Congress for an up-or-down vote.

3. Two-Stage Independent Commission with PayGo Mandate: Proposed by the Mercatus Center at George Mason University. Two independent entities would be established, one permanent to estimate costs of existing regulations, one as needed to look at new and old legislation and determine its current cost-effectiveness. Congress would have a final vote. The creation of a new, permanent federal body may be politically controversial, as would a mandate to cut 25 percent of regulatory costs within each piece of considered legislation.

4. Regulatory PayGo: Proposed by Senator Mark Warner. For each new regulation agencies pass, one existing regulation of equal cost must be removed. This approach is intuitively appealing. However, it requires agencies catalog all existing regulations under their authority by cost, which may be difficult.

We can address regulatory accumulation in two ways:

- Review and amend or remove individual regulations one at a time
- Review and improve or remove multiple regulations

Traditionally, retrospective regulatory review assesses regulations one at a time. In fact, this is the approach that has been taken by every Presidential administration since President Carter. However, multiple studies on the subject show the results have been limited at best. One 2012 study examining previous attempts to review regulations by independent academics and federal agencies found "few retrospective analyses of the cost-effectiveness of federal regulations are sufficiently informative to permit a judgment about the regulation's efficiency."[34]

We argue instead the most effective approach to address regulatory accumulation is to retrospectively review, improve, and/or remove multiple regulations, as a complement to the current practice of agency self-review. This approach to regulatory reform makes the most sense when thinking about regulatory accumulation as the result of too many "pebbles in the steam." To clear away the dam it makes more sense to take a handful of pebbles rather than pick one pebble up at a time.

Below we review the four proposals for addressing regulatory accumulation. We start with the status quo, and explain why the current practice doesn't work. We then discuss three alternative proposals for addressing regulatory accumulation. The first, our proposal for a Regulatory Improvement Commission (RIC), and the second address regulatory review en masse. The final proposal takes a one-at-a-time approach similar to the current practice.

1. Regulatory Self-Review (Current Practice)

Periodically, regulatory agencies are mandated to self-assess regulations they issued and either improve or remove the regulations determined to be no longer cost-effective. Such reviews are generally instigated from outside the agency, either through a public petition or through an executive mandate. Indeed regulatory self-review has been the tool of choice to date for regulatory reform by the government, with an executive order mandating retrospective reviews issued by every President since President Carter.[35]

Most recently, President Obama issued Executive Order 13563 in January 2011,[36] and followed up with Executive Order 13579 for independent regulatory agencies in July 2011[37] and Executive Order 13610 in May 2012[38] that emphasized the financial burden imposed by regulatory accumulation. The initial EO 13563 stated:

> "To facilitate the periodic review of existing significant regulations, agencies shall consider how best to promote retrospective analysis of rules that may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned."

A 2012 review of EO 13563 by the Obama administration found the order had already resulted in over $10 billion in savings over five years, from regulatory repeals and modifications across a number of agencies.[39] However it's worth noting that a sizable share of these estimated changes came from regulations that were still in the proposal stage, and $7.5 billion of the reported savings came from two changes within the Department of Health and Human Services and Department of Labor.

From a theoretical standpoint, an agency regulatory self-review makes sense. The issuing agency is most likely to have access to the best information available to re-assess a regulation's cost-effectiveness. Since the agency conducted the original cost-benefit analysis, it should be able to go back and redo the analysis and compare the results to the initial findings to reach a reasonable conclusion.

However, literature assessing regulatory self-review shows it generally hasn't worked well in practice. According to a 2007 GAO study[40] the reasons retrospective self-review doesn't work well include:

1. Competing priorities and overlapping reviews
2. Data limitations
3. Overly broad review scope
4. Lack of transparency and limited public participation
5. Statutory constraints
6. Gaps in the use and quality of benefit-cost analysis

The reality of regulatory self-review is that it is very costly and timely for agencies to review regulations they've already passed and put into effect. Constrained resources force agencies to place a higher priority on new regulations, especially since our regulatory system is reactive to outside events. Moreover, in many cases it is too costly for agencies to gather the data they need to make a useful assessment of a regulation's cost-effectiveness long after the initial assessment.

More importantly, agencies have little incentive for effective retrospective review. That would mean admitting their rules didn't work as intended, or weren't a valuable use of resources to begin with. Such an admittance could call unwanted attention to all of their regulations or programs, and potentially raise embarrassing questions.

Finally, self-review doesn't work well because agencies have internal pressure to ensure next year's budget. The priority of the political appointees is to lead without controversy and a leave legacy of notable accomplishments for their next job. Such competing objectives, and limitations to an agency's ability to self-review effectively, led former OIRA Administrator Susan Dudley to conclude in 2011 testimony to Congress that:

> "despite these efforts at reform, the growth in new regulations continues. The executive and legislative requirements for analysis of new regulations appear to have been inadequate to counter the powerful motivations in favor of regulation. Politicians and policy officials face strong incentives to 'do something,' and passing legislation and issuing regulations demonstrate action. Whether the regulatory action ultimately produces the desired outcomes may get less attention, partly because those outcomes are not immediately apparent, but also because action simply appears more constructive than inaction."[41]

Of course there is some value to regulatory self-review, if done correctly with the best data available. The issuing agencies have a historical and institutional knowledge that uniquely qualifies them to conduct a comprehensive review. But this approach would be best served as a complement to an independent regulatory assessment, one that maintains impartiality.

2. Regulatory Improvement Commission (RIC)

Our proposal to address regulatory accumulation calls for the establishment of a Regulatory Improvement Commission (RIC). The RIC would be an independent, Congressionally-authorized body that would review existing regulations as submitted by the public.

Previously proposed by PPI in a 2011 paper,[42] the RIC would be modeled after the successful Defense Base Closure and Realignment Commission (BRAC).[43] The commission would consist of eight members appointed by the President and Congress who, after a formal regulatory review, would submit a list of 15-20 regulatory changes to Congress for an up or down vote. Congressional approval would be required for the changes to take effect, but Congress would only be able to vote on the package as a whole without making any adjustments.

For the best chance of success the goals of the RIC would be formally laid out at the onset. This would provide a clear, transparent framework in which it would operate and standards to which the RIC can be held accountable. Some ideas for these objectives are listed below.

The public would be active participants in the regulatory improvement process. The regulations considered by the RIC would be suggested by the public during an open comment period, and the review process used by the commission would be made publicly available. Such engagement will promote impartiality while building trust in the RIC's ability to effectively meet the stated objectives.

The RIC must be re-authorized each time Congress would like to repeat this process. Such continued re-authorization is important, as such a requirement avoids the creation of a new government bureaucracy. Continued re-authorization allows the RIC to build trust across both political parties, and reduces the potential for political gaming or perceived bias in any of the commission's recommendations.

A major benefit of the RIC is that it would eliminate the cost burdens and the lack of impartiality associated with agency self-review. An independent commission is the best way to ensure there is no hidden regulatory agenda, and it has the flexibility to review regulations across many agencies. Further, there would be no repercussion from judging a regulation to be no longer cost-effective. The RIC would have no one to answer to since after the review it is disbanded.

> The RIC would be an independent, Congressionally-authorized body that would review existing regulations as submitted by the public.

The RIC also has the benefit of addressing several regulations at once. It makes more sense to clear the stream by removing a handful of pebbles of all shapes and sizes at once instead of one at a time.

Perhaps the most important feature of the RIC is that it is politically feasible. It is simple to understand and has fewer moving parts, making it streamlined to implement and giving less room for political maneuvering. It does not create a new federal agency, nor does it require a minimum cost reduction. And by looking at individual regulations instead of legislation, there is less potential for political controversy among those who value the legislation's intended purpose.

3. Two-Stage Independent Commission with PayGo Mandate

A proposal from the Mercatus Center also calls for an independent, Congressionally-authorized commission.[44] This proposal is modeled after two successes: one, after the Netherlands' initiative for regulatory reform in 2003, and two, after the Base

Realignment and Closure Commission (BRAC) first established by Congress in 1988.

This proposal has two stages. The first adopts the approach taken in the Netherlands to create a new federal agency devoted to identifying the regulatory costs associated with historical pieces of legislation in a standardized way. The metrics for measuring each regulation's direct compliance costs would be clear and transparent, and there would be no restrictions on which pieces of legislation to assess.

The second stage would be to establish an independent commission tasked with assessing the benefits of major pieces of legislation using the cost estimates supplied by the first organization. The commission would use any information available, including public comments, to assess the benefits of the individual regulations. The Commission would then send to Congress a recommendation for which regulations stemming from the legislation under review should be removed.

To make the goal of cutting regulatory costs explicit, the independent commission would have a mandate that each recommendation sent to Congress must include cuts that amount to at least 25 percent of the legislation's total estimated regulatory costs. More specifically, for every regulatory review the commission undertakes:

> "the commission would be constrained by an explicit mandate that it must forward to Congress a list of regulatory changes totaling at least 25 percent of the total compliance costs that were estimated during the measurement process."

Similar to BRAC, the commission would be comprised of nine experts on the legislation in question and after each review is complete that specific commission would be disbanded. There would be a new commission for each piece of legislation reviewed, to avoid the potential for any political gaming and to ensure experts in the designated legislative area would be the ones undertaking each review. Once the recommended cuts are submitted to Congress, a vote to approve or reject the entire list of changes would be required.

A large benefit of this approach is that it reduces regulatory accumulation en masse. Establishing a non-partisan, independent commission is an effective way to limit claims of bias in recommendations while giving Congress little chance to delay action by engaging in regulatory nitpicking. It also eliminates the heavy cost burden and lack of incentive that has plagued agency regulatory self-review. The legislation—and associated regulations—selected for review could simply coincide with an anniversary of the legislation's passage or with a legislation's reauthorization.

However, there is one potential pitfall of this approach that may be insurmountable: it may not make it through the political process. This is for several reasons. First, the two stage process with an essential "paygo" mandate may be overly complicated. The more steps and requirements there are, the more room there is for Congress to introduce additional criteria and have disagreements on the details of how to structure and process each component.

Second, introducing a new federal agency to estimate regulatory costs, as required in stage one, may be a nonstarter in today's political climate of aggressive deficit reduction and spending cuts. Those in Congress who have made cutting "runaway" spending their top priority may object to the idea of creating another federal bureaucracy in any shape or form—regardless of the agency's potential value or intention.

Finally, the requirement to cut 25 percent of estimated regulatory costs for each piece of legislation would be controversial. Members of Congress who support regulatory reform more in theory than in practice may see the 25 percent mandate as a threat to the pieces of legislation important to them. Such a requirement could make the commission ineffective, if those in Congress worried about a slippery slope of deregulation vote down each of the commission's recommendations on principle.

4. Regulatory PayGo

One way to retrospectively review and remove regulations one at a time is through a pay-as-you-go approach. Under this option, agencies would have to eliminate one existing regulation for each new rule it approves. First, agencies would be required to catalog and assign a value for each of its existing regulations. Then for every new rule approved by the agency, one existing rule of equal economic cost deemed outdated or duplicative must be removed.[45]

Championed by Senator Mark Warner, the PayGo approach is seen as a way to correct the missing incentive that agencies encounter under the self-review approach. Because one regulation must be eliminated for each new regulation, agencies would have the incentive to carefully consider the true cost-effectiveness of each new rule, and the incentive to carefully consider the current cost-effectiveness of existing rules. In this sense the PayGo approach to regulatory reform would encourage regulatory balance and discipline going forward.

But the Regulatory PayGo approach presents its own set of difficulties. For one, baseline cost estimates for existing regulations could be difficult to accurately quantify. Just as with regulatory self-review, it may be quite costly for agencies to obtain the necessary information to make a reasonable cost estimate. Moreover, such estimates have the potential to lack credibility if the methodology is not transparent.[46] If the cost estimates used are incorrect, then this approach would not have the intended outcome in reducing regulatory accumulation.

Further, retrospective regulatory action only takes place when new regulations are approved, as opposed to an independent process that reviews existing regulations without any prerequisites. Without a formal impetus to review regulations, agencies still lack the incentive to eliminate regulations that are duplicative or outdated. That means the potential to reduce regulatory accumulation caused by existing regulations may never be fully realized.

Since President Obama issued his initial Executive Order on retrospective regulatory review in January 2011, the push to move such legislation forward appears to have faded away, and no such legislation has been introduced in Congress.

HOW A RIC COULD WORK: A FRAMEWORK

Below is a framework for how the RIC could be structured and function, which we put forward as a starting point from which policymakers can work out the individual details. We would like to emphasize that this isn't intended to be used as a comprehensive blueprint, and we recommend using the successful features of BRAC as a guide.

TABLE 3: REGULATORY IMPROVEMENT COMMISSION (RIC) BASIC PROCESS
1. Congress sets clear objectives and a firm timeline in enacting legislation
2. Commission requests public to submit regulations for review
3. Commission chooses which regulations to improve or revise and submits a package of 15-20 regulatory changes to Congress
4. Congress gives an up-or-down vote on regulatory package
5. All decisions and updates must be transparent and publicly available
6. Commission is dissolved upon completion

Structure

Authority: The RIC would act as an independent advisory body. That is, any final regulatory changes require Congressional consent. This is different from BRAC, where the recommendations could go into effect absent Congressional action. The RIC cannot have BRAC authority because of the controversial nature of potential regulatory changes—the RIC may never obtain bi-partisan support otherwise.

Goals: The expectations and objective of the RIC should be made clear and transparent up front. Such goals may include:

1. Reducing compliance costs
2. Encouraging innovation
3. Fostering growth
4. Protecting public health and safety
5. Improving competitiveness
6. Ensuring responsible environmental stewardship

Membership: Following BRAC, the RIC could consist of 8 members across industry and government with regulatory expertise. Two members would be nominated by the President, with the remaining 6 nominations by the President in consultation with Congress in the following breakdown:

1. The Speaker of the House of Representatives concerning the appointment of two members;
2. The majority leader of the Senate concerning the appointment of two members;
3. The minority leader of the House of Representatives concerning the appointment of one member;
4. The minority leader of the Senate concerning the appointment of one member

Staff & Budget: Assuming that RIC would receive a pre-approved budget by Congress not to exceed a pre-determined amount, the RIC may employ a small staff to assist with coordination efforts and gather and compile information needed to appropriately review regulations. Staff would also be responsible for creating and maintaining a public website and Federal Register notifications. The pre-approved budget would also provide for office and meeting space for the RIC and staff.

Timeframe: Congress could set a 12-18 month time frame for the lifespan of the RIC, where:

a. Members are nominated and appointed members within 45 days of RIC authorization
b. Regulations are requested and submitted by the public in a 60 comment period
c. A package of 15-20 regulatory improvements or removals is submitted to Congress before the 12-18 months have expired

Process

The process the RIC could follow may consist of the following steps (any of the details could be changed):

1. Congressional authorization to establish RIC
2. Set clear objectives and timeframe
3. Member nomination and appointment within 45 days of authorization
    a. One member may be designated as the Chairperson of the Commission
4. Request regulations for review as submitted by the public
    a. Provide a 60 day comment period in the Federal Register and online
5. Commission reviews public suggestions and chooses a package of regulations to improve or remove, using:
    a. quantitative metrics to understand regulation's cost-effectiveness
    b. testimony from industry experts
    c. a small staff to gather information, paid for with pre-approved budget
6. Commission finalizes package of 15-20 recommendations and makes all information used to construct the set of recommendations publicly available online
7. Commission submits package to Congress within allotted timeframe and RIC is dissolved
8. Congress reviews package (inter-committee review?)

9. Congress votes up or down on entire package within 45 days of receipt
    a. Individual changes or amendments are not allowed
10. The President signs the changes into legislation

ELIGIBLE REGULATIONS FOR REVIEW

The first round of the RIC must build confidence among both Democrats and Republicans that this is a good approach to regulatory reform. Since it's important both parties trust this approach to regulatory reform, we suggest the first round start small, with less controversial regulations, and work up to more complicated rules should the RIC be reauthorized.

To avoid controversy and deadlock in the first round, we recommend environmental regulations not be eligible for consideration. Such regulations are highly controversial, and putting them up for consideration in the first round could cause the RIC to be viewed with unnecessary skepticism.

Instead we recommend a mix of regulations that span a range of topic areas, some more controversial and topical than others, so that there can be no claims of regulatory bias or pre-conceived agenda.

Some areas that could be considered for review include:

a. Small business loans and guarantees
b. Agency procurement (specifically the Department of Defense)
c. Agency contracting procedures
d. Car safety
e. Veterans claims
f. OSHA regulations
g. Clinical laboratory regulations
h. Building codes

WHAT MADE BRAC SO EFFECTIVE

The RIC isn't the first time an independent commission was chartered on the legislative or executive level. Many independent commissions with seemingly good intentions have turned into disappointment, either failing or being disbanded with little tangible results. For example, the famous National Commission on Fiscal Responsibility and Reform resulted in what turned into the fiscal cliff; the President's Council on Jobs and Competitiveness was disbanded after giving a list of recommendations which had a minimal impact on policy.

The BRAC is a good example of an independent commission that resulted in unprecedented success. That's why, as legislators consider the RIC as a way to reduce the burden of regulatory accumulation, it's important to keep in mind what made BRAC so successful to build those successes into the RIC. We believe some possible explanations for BRAC's success include:

1. BRAC had genuine bi-partisan support from Congress, since no bases were closed for the preceding 12 years and Congress was forced to acknowledge it was unable to agree on the issue.
2. The framework for BRAC was easy, streamlined, and the final process has short deadlines and quick turnarounds—the legislation establishing BRAC is just 39 pages.
3. There was minimal opportunity to change or revise BRAC's recommendation once submitted, which is why Congress should only be allowed to give an up or down vote on RIC recommendations.
4. Outside pressure for passage: it was widely publicized that unused military bases were wasted government spending, just as now there is a push to reduce unnecessary spending amid a widespread concern about the cumulative burden of regulations.

WHY THE RIC IS POLITICALLY VIABLE

Both Democrats and Republicans have acknowledged the negative effect of regulatory accumulation. Cass Sunstein, President Obama's former Director of the Office of Management and Budget, stated in a 2012 blog that "the addition of new rules and requirements has unfortunate cumulative effects…the sheer accumulation of regulations can cause real harm, especially for small businesses and startups."[47] Republican Speaker of the House John Boehner told a crowd in 2010 that "having a moratorium on new federal regulations is a great idea. It sends a wonderful signal to the private sector that they're going to have some breathing room."[48]

TABLE 4: WHY THE RIC IS POLITICALLY VIABLE
1. Builds trust between Democrats and Republicans by balancing wholesale review with Congressional control
2. Consists of a simple, easy to understand process
3. Maintains impartiality across which regulations to review
4. Authorized only as needed by Congress and dissolved upon completion
5. Engages the public in determining which regulations to review
6. Keeps environmental regulations off the table initially to build confidence in purpose and intention
7. Provides the option to remove or improve regulations in review process
8. Leaves minimal room for political wrangling by requiring an up-or-down vote

But Democrats and Republicans approach regulatory reform from two different perspectives. Democrats see the value in responsible regulation that has an important societal function even if it is hard to quantify, in areas like consumer protection, education, and the environment. Republicans take the general view that less regulation is always preferred to more, and that too many regulations of any kind hamper economic growth and potential business investment.

These differences in opinion result in incompatible ideas for what regulatory reform should look like. Democrats view any attempt to reform regulations on a large scale with skepticism, and fear wholesale reform is a slippery slope that could result in major deregulation and societal harm. Instead, a more cautious approach to reform that improves or amends regulations is preferred to eliminating them. On the opposite side, Republicans tend to support wholesale deregulation in the name of supporting business and generating economic growth.

The RIC is the most politically viable approach to effectively addressing the cost of regulatory accumulation, because it bridges the gap between Democrats and Republicans. The ability of Congress to have a final vote on the package of regulatory changes keeps any reform within Congressional control. Since the RIC is dissolved after each iteration, there is no threat of major wholesale deregulation. And because there is no arbitrary requirement to recommend a certain amount of regulatory eliminations, there can be no claims of a preconceived bias.

At the same time, the RIC does provide for an effective approach of addressing the burden of regulatory accumulation. The RIC can start with non-controversial regulations to build trust and show both parties that such a large scale approach is both feasible and credible, something Republicans have not been able to accomplish to date. And since the RIC must be reauthorized each time, there is no threat of additional government bureaucracy. Finally, the transparency and impartiality provided by the RIC will keep it above partisan controversy.

CONCLUSION

Regulatory accumulation imposes an unintended but significant economic cost to businesses and on the economy. This is true even if the underlying regulations have a net benefit to society. As John Engler, President of Business Roundtable, pointed out in a 2012 speech, "the additive effect [of regulations] constitutes an underappreciated, but expensive problem for business and economic growth."[49]

In this paper we provide three explanations for how regulatory accumulation imposes this economic cost—pebbles in a stream, interaction between regulations, and behavioral overload—and we explain why this cost increases with more regulations.

To implement a successful high-growth, high-innovation strategy, the burden of regulatory accumulation must be addressed. It must be addressed it in a way that strikes the right balance between encouraging innovation and protecting the environment and consumers.

In this paper we propose the creation of an independent Regulatory Improvement Commission (RIC) as the most effective way to address regulatory accumulation. The RIC could be established in conjunction with the current practice of regulatory self-review, and would be a well-suited complement as it is not subject to the same shortcomings that has limited the success of self-review in the past.

Moreover, we argue the RIC is the most politically viable option in creating a fruitful process to retrospectively reviewing regulations. It bridges the gap between how Democrats and Republicans approach the subject of regulatory reform, and has the potential to build trust in a process that reviews regulations en masse.

Finally, the RIC could have applications for state and local governments upon proven success. The economic costs of regulatory accumulation are not limited to federal codes and statutes. States and local authorities may use the RIC as a model for addressing regulatory accumulation in their own jurisdictions.

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The Progressive Policy Institute (PPI) is an independent research institution that seeks to define and promote a new progressive politics in the 21st century. Through research, policy analysis and dialogue, PPI challenges the status quo and advocates for radical policy solutions.

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