INTRODUCTION

The cost of regulation between 1980 and today is estimated to be more than $5 trillion representing a 25% shortfall in would-be economic growth. This number is exceedingly difficult for most people to visualize, so this simple mental exercise can be beneficial in communicating just how much has been lost:

Five million seconds is about 58 days;
Five trillion seconds is 158,440 years.

As anyone can see, this loss of real value to our economy is not insignificant. In response, the Virginia Institute for Public Policy’s regulatory reform initiative proposes the implementation of a Regulatory Budget Program coupled with establishing a Universal Regulatory Sandbox. These measures aim to promote economic growth, innovation, and regulatory efficiency by limiting or eliminating the continued inflation of regulatory requirements while providing an environment where compliance burdens are temporarily removed to enhance and promote experimentation and development of new products, services, and business methodologies in the Commonwealth.
The Regulatory Budget Program sets revolving limits on the growth of regulatory requirements imposed by government agencies. It introduces a systematic approach to allocate limited regulatory resources and encourages agencies to prioritize their regulations effectively. The Program aims to achieve regulatory stability and predictability while carefully considering regulations’ costs and benefits. A pilot program that ran for three years in Virginia (2018-2021) returned exceptionally successful results, not only reducing regulatory requirements maintained by the Departments of Professional and Occupational Regulation and Corrections by over 20% but also incentivizing the rejection of several newly proposed occupational licenses during the pilot period.

**KEY FEATURES:**

A **Limiting Regulatory Growth:** The Program sets a cap on the number and scope of new regulations, encouraging agencies to focus on reviewing and streamlining existing rules rather than introducing new ones.

B **Cost-Benefit Analysis:** Regulatory agencies must conduct rigorous cost-benefit analyses to assess the potential impact of proposed regulations, ensuring that rules are justified by their benefits and do not impose unnecessary burdens on businesses and the economy.

C **Accountability and Transparency:** The Program promotes accountability by establishing reporting mechanisms to track regulatory costs and benefits. It also enhances transparency by making regulatory information readily available to businesses and the public.
UNIVERSAL REGULATORY SANDBOX

The Universal Regulatory Sandbox creates a controlled and flexible environment for businesses, particularly startups and innovative ventures, to experiment with new products, services, and business models. It allows participants to test their ideas without being subject to the full scope of existing regulations, thereby fostering innovation and reducing barriers to entry. The Regulatory Sandbox, as a mechanism of analysis and reform, has been successfully used worldwide since 2016, including in the United Kingdom, Singapore, Malaysia, the UAE, and Japan.

KEY FEATURES:

A: Experimentation and Innovation: The Sandbox provides a low-regulation space for businesses to test innovative concepts, technologies, and processes. It enables rapid prototyping, learning, and refinement of ideas, ultimately promoting the development of breakthrough solutions.

B: Regulatory Flexibility: Participants in the Sandbox benefit from temporary regulatory relief or tailored regulatory requirements. This flexibility allows businesses to assess the impact of their ideas while protecting consumers and the public interest.

C: Regulatory Learning and Collaboration: The Sandbox facilitates information sharing, collaboration, and feedback between regulators, businesses, and other stakeholders. This exchange of knowledge and experience helps regulators better understand emerging industries and technologies, leading to more informed and effective regulations in the future.
Implementing a Regulatory Budget Program and establishing a Universal Regulatory Sandbox present an innovative but tested approach to administrative policy. This initiative aims to boost economic growth, encourage innovation, and improve regulatory efficiency by limiting or eliminating excessive regulatory requirements and fostering a supportive environment for experimentation. These measures will empower businesses to thrive while protecting consumer interests and public welfare.

The Virginia Institute’s regulatory reform initiative calls for collaboration among government agencies, regulators, businesses, and other stakeholders to enact meaningful change. By embracing a balanced and forward-thinking approach, we can create a regulatory framework that promotes competitiveness, technological advancement, and sustainable development for the benefit of society.
MEET THE POLICY EXPERTS

CALEB TAYLOR   DIRECTOR OF POLICY
Caleb is the Institute's director of policy specializing in research, planning, and symposia curriculum in the areas of education, healthcare, and regulatory reform. Additionally, Caleb works with several organizations across the U.S. on model legislation, strategy, and public policy apologetics. He holds a Bachelors in Economics and Business from Liberty University and a Masters in Theological Studies from Asbury Theological Seminary.

LINDSEY ZEA   DEPUTY DIRECTOR OF POLICY
Lindsey is the Institute's deputy director of policy, specializing in education, elections, and legislative drafting. She believes good policies are rich soil in which prosperity grows, allowing individuals the freedom to reach their highest potential. Lindsey is a graduate of Brigham Young University - Idaho with a Bachelors in History. She sees current events through the lens of the past, and the future through one of hope.

JAMES BROUGHEL   SENIOR FELLOW
James is the Institute's senior fellow specializing in regulatory reform, cost-benefit analysis, and the impact of regulations on economic growth. He is also a senior fellow with Competitive Enterprise Institute. James received his Ph.D. in economics from George Mason University and his Bachelors and Masters in economics from Hunter College of the City University of New York.
The Virginia Institute for Public Policy is an independent, nonpartisan, education and research organization committed to the goals of individual opportunity and economic growth. Through research, policy recommendations, and symposia, the Institute works ahead of the political process to lay the intellectual foundation for a society dedicated to individual liberty, dynamic entrepreneurial capitalism, private property, the rule of law, and constitutionally-limited government.

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