WRITTEN STATEMENT

JITINDER KOHLI

Former chief executive, Britain's Better Regulation Executive

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Chairman Meadows and Chairman Jordan, thank you for the opportunity to testify today regarding efforts to reduce the regulatory burden in the United States.

My name is Jitinder Kohli; I am currently a Managing Director in Deloitte Consulting's public sector practice based in Washington DC. Prior to arriving in the US in 2009, I served as the Chief Executive of Britain's Better Regulation Executive – which is the agency responsible for regulatory reform in the United Kingdom. The closest agency in the United States is the Office of Information and Regulatory Affairs in OMB.

I would note my testimony and comments today reflect my experience in the UK, and do not reflect the views of my current employer.

In 2005, the British government adopted targets for reducing regulatory burdens. The initial goal was to reduce administrative burdens associated with regulation by 25% over 5 years. By 2010, agencies had delivered reductions in administrative costs of around £3.5bn. The government's approach then evolved into a "One-in, One-out" requirement. Now, the UK runs a "One-in, Three-out" initiative – where agencies are required to identify £3 of savings for every additional £1 of costs associated with new regulatory proposals.

I think there are five key lessons one can take away from the UK experience.

1. Focus on the cost of regulations, not the number.

Business cares about the costs associated with regulation, not the number of pages or the number of regulations. Taken literally, the administration's one-in, two out policy means: Every time a new regulation comes into force, two existing regulations should be removed. But there is a significant risk with this approach. What if a new regulation costs business $1 billion, while the two eliminated regulations carry a burden of only $1 million each? That would hardly count as a meaningful offset. The administration has also adopted a requirement for agencies not to increase the overall costs of regulations. This "net-zero" requirement is more akin to a one-in, one-out policy under the UK government's rules.

2. Reducing regulatory costs doesn't require gutting critical protections.

In the UK, the clear emphasis of regulatory reform efforts that I led was to reduce costs for business and non-profits **whilst maintaining** protections. We believed that by focusing on *how* we regulated, rather than just *what* we regulated, we could reduce costs while at the same time maintaining essential protections for workers, the environment and other key regulatory areas. We focused on approaches such as simplifying forms and automating processes where possible. For example, allowing publicly traded companies to use electronic versions of their annual reports saved British business more than £180 million.

Our focus was *better* regulation – not *more* or *less* regulation – but improving regulations to maintain protections whilst minimizing burdens. This approach allowed us to win the support of trade unions and consumer groups as well as business groups – who all agreed on the importance of reducing burdens where possible as long as we did not reduce protections.

3. Avoid exclusions.

A regulatory reform policy can only be effective if it is broad in its coverage. If new controls on immigration become law, for example, and these involve new regulatory requirements on employers, an effective regulatory reform approach would require offsets.

Some flexibility may be required, since new rules can stem from urgent measures that control new risks. For example, the Transportation Security Administration (TSA) requirement limiting liquids going through airport security called for swift implementation—it would have been difficult to wait for TSA to find offsets *before* changing the rules. But it would have been possible to mandate that TSA find the savings in the near future. Doing so, may have encouraged faster identification of burden-easing initiatives such as TSA Pre-check.

4. Focus on small business.

Our efforts in the UK focused most of all on small businesses. They are the entrepreneurial engine of the economy and often find regulatory requirements especially complex. The "compliance department" for a small business is often the entrepreneur themselves. In the UK, we found that approaches that made it easier for small businesses to comply with regulations were extremely powerful. I spent a lot of time visiting small businesses, and often heard that they believed in the objectives of regulation such as protecting the environment, food safety or worker safety.

But businesses also often asked "why can't you just tell us what to do....we don't have time to make sense of all the complexity". A number of agencies in the UK took this message to heart and developed much clearer guidance and tools to help small business comply. The result was lower costs for small businesses whilst maintaining protections.

With today's advancement in technology – especially online technologies – there are many more ways to ease the regulatory burden on business and citizens by making regulatory forms and processes more intuitive to the end user.

5. Culture change is the heart of regulatory reform.

Prior to 2005, the primary emphasis of government officials who worked on regulatory policies was on designing new regulatory ideas. As with any government new issues are always emerging , it is only natural for political leaders to seek new regulations to address these risks. But with so much effort focused on new regulatory ideas, there was little emphasis on identifying ways to reduce the costs of regulations already on the books.

The issue is a common issue across governments. Deloitte released a study of the Code of Federal Regulations yesterday in which we found that 67 percent of all CFR sections currently on the books have never been edited since they were originally created.

Our approach in the UK was designed to encourage agencies to look for ways to reduce the costs of regulatory compliance at the same time as thinking up new regulatory ideas.

To make that shift , agencies worked hard to understand what was driving existing costs and set up teams responsible for regulatory simplification. And because driving culture change often means injecting new ideas, they crowdsourced improvement ideas from businesses and front-line enforcers. The also applied techniques such as design thinking to formulate regulatory processes that were simpler to understand and implement.

I oversaw the British regulatory reform effort for four years, and over that period, we found that a putting an emphasis on better regulation had enormous power. Following the UK's work in this area, Australia and Canada have both adopted similar initiatives. Many European countries have also adopted initiatives to promote less burdensome regulation whilst maintaining protections.

As the United States embarks on a new regulatory reform effort, I would urge the administration and Congress to apply some of the lessons from international experience.

This concludes my written testimony. I would be happy to entertain any questions you may have.