



Budget Digest – Week of July 5th

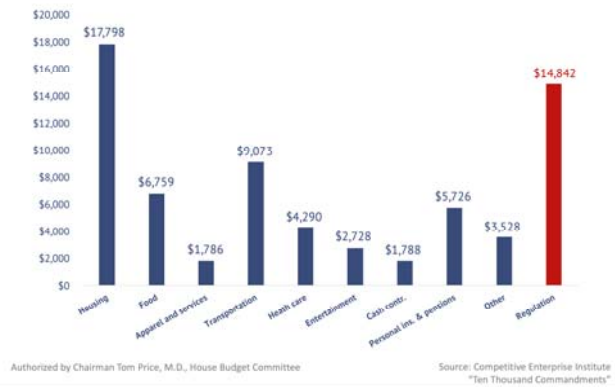
Regulatory Budgeting

Do we need a regulatory budget? New regulations are much more common than new legislation. In 2015, 3,410 formal rules were issued by Federal agencies, while only 115 laws were passed and enacted by Congress. Similar to new legislation, regulations can have a significant impact on individuals and businesses, yet the congressional budget process includes no formal criteria for measuring and controlling the costs of regulations issued by the Executive Branch. Often, new regulations are issued that Congress never envisioned or approved leading to continuous litigation. These factors, among many others, have led many lawmakers to call for creating a regulatory budget.

How do regulations impact the economy?

Official government information on the impact of regulations is difficult to find, full of subjective conclusions, and unreliable as a result. One private study estimates the total economy-wide cost of regulations to be about \$2 trillion a year, costing each U.S. household on average about \$15,000 (see chart). Another study estimates the Affordable Care Act requires businesses and individuals to spend 178 million hours cumulatively to meet yearly compliance requirements. The Dodd-Frank banking regulations, which aren't fully implemented yet, are already estimated to cost \$39.3 billion in annual compliance costs.

AVERAGE U.S. HOUSEHOLD BUDGET VS. REGULATORY COSTS



Regulations can also impact employment, especially in the energy sector where one study estimates as many as 600,000 jobs could be lost by 2023 as a result of regulations that restrict usage of coal. Clearly, Congress has an interest in better understanding and controlling the costs and consequences of regulatory actions.

Next Steps. The House Budget Committee will hold a hearing this week examining how Congress can better measure, evaluate, and ultimately control the impacts of regulations by adopting a regulatory budget. The Committee welcomes input from Members of Congress and those interested in improving the Federal budget and regulatory process (send ideas to Budget.Republicans@mail.house.gov).