



Insight

Dodd-Frank Fails at Measuring Costs and Benefits

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The Dodd-Frank Act, signed into law in 2010, included nearly 400 new financial regulations. Examining every Dodd-Frank regulation reveals \$39.2 billion in total costs and 63.7 million paperwork burden hours. But that's not the entire story. During testimony before the Senate Banking Committee, [Doreen Eberley](#) of the Federal Deposit Insurance Corporation stated, "We certainly do *try* to carry out the cost-benefit analysis under our policy on rulemaking. We consider the cost, the benefits, and alternatives, based on available data."

Regulators do try, but they often fail. Digging deeper, agencies have failed to monetize 35.8 million hours of Dodd-Frank compliance from 51 different regulations. In other words, they reported extraordinary regulatory paperwork burdens, but never translated these burdens into a routine cost-benefit analysis.

The cost of compliance varies depending on who is doing the work, but [whatever the figure](#), 35.8 million hours is a substantial burden to remain unexamined. This hourly figure adds up to 1,493,463 days worth of regulatory compliance, or 4,092 years. To put 35.8 million hours in economic terms, assuming a regulatory compliance officer worked 2,000 hours a year, it would take 17,922 officers to complete one year of this paperwork; and regulators proclaim that it costs nothing.

There are ways to fill in the gaps that regulators leave for the public. The average salary of a regulatory compliance officer is [\\$32.10 per hour](#). Applying this figure to the 35.8 million hours that regulators failed to monetize yields \$1.1 billion in additional compliance costs. This means Dodd-Frank's cumulative cost would be \$40.3 billion. Another way to calculate the costs is by using the Gross Domestic Product per hour worked, [\\$60.59](#). This yields more than \$2.1 billion in costs that regulators did not attempt to monetize. They might *try* to conduct a cost-benefit analysis, but they routinely omit elements of both. For example, more than 95 percent of Dodd-Frank regulations have failed to monetize possible benefits.

MAJOR RULES, MAJOR FAILURES

During Dodd-Frank’s four and a half year regulatory existence, it has produced hundreds of final rules. Of these, regulators have finalized 47 “major” rules, or measures with “an annual effect on the economy of \$100 million or more.” Below are the major Dodd-Frank rulemakings by agency, with the Commodity Futures Trading Commission leading the pack.

Major Dodd-Frank Rules by Agency

Agency	Major Rules
Commodity Futures Trading Commission	19
Comptroller of the Currency	3
Consumer Financial Protection Bureau	5
Federal Reserve	1
Securities and Exchange Commission	18
Department of Treasury	1
	<u>Total: 47</u>