



Insight

EPA's Growing Red Tape Burden

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The Environmental Protection Agency (EPA) has received no shortage of public criticism over its regulatory agenda. According to the White House's own [data](#), many of these critiques are accurate. During the last five years, EPA's annual paperwork burden, the reporting and recordkeeping requirements imposed on private entities, has jumped by 30 million hours, a 20 percent increase.

Currently there is no comprehensive database detailing all costs and benefits of EPA rules since the 1970s. Yet the agency does proudly point out that since 1990 the *Clean Air Act* has produced \$2 trillion in benefits, compared to [\\$65 billion](#) in implementation costs.

The *Paperwork Reduction Act*, passed in 1980, provides an annual accounting of information collections. For example, according to the most recent data, the EPA now imposes 176 million paperwork burden hours, which costs various industries more than \$2.4 billion. That is a 50 percent increase in costs just from FY 2007.

Year	Paperwork Hours	Associated Cost
FY 2007	146.5 Million	\$1.6 Billion
FY 2008	150 Million	N/A
FY 2009	152 Million	N/A
FY 2010	165 Million	N/A

Present	176.2 Million	\$2.4 Billion
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What do these increased burdens mean from an employment and productivity perspective?

One way to measure the increased hourly burden is through full-time equivalents (FTEs). A productive work year is roughly 2,000 hours (40 hours per week, 50 weeks per year); thus, 176.2 million hours equals 88,000 FTEs dedicated to regulatory compliance, an increase of 15,000 FTEs from FY 2007. This means more than 88,000 FTEs will have to be diverted from normal business operations to regulatory compliance, or specific compliance officers will have to be hired, at a cost to the businesses.

What does the added paperwork burden mean for Gross Domestic Product (GDP)?

According to the Bureau of Labor Statistics, real GDP per hour worked equals roughly \$60. Thus, “lost time” filling out paperwork can be translated into GDP. At \$60 per hour, EPA’s red tape burden consumes about \$10.5 billion in annual economic activity. This paperwork burden surpasses the annual capital costs of EPA’s recent [Utility MACT](#) rule.

How does this compare to other agencies?

The trend across all agencies is more paperwork. For example, [FCC’s red tape burden](#) has skyrocketed recently. During Chairman Julius Genachowski’s tenure, he has helped to add more than 20 million paperwork hours, or \$2.4 billion in compliance costs.

What does EPA’s regulatory forecast portend for 2013?

Beyond the rules currently under review, there is little available data. Part of the problem is

that the White House refuses to release the biannual “Unified Agenda” of regulations. Under [Section 602](#) of the *Regulatory Flexibility Act*, each agency, including independent agencies, must publish an agenda in the Federal Register. In addition, current executive orders direct the Administrator of the Office of Information and Regulatory Affairs to review “an agenda of all regulations.” No agenda has been published this year and there is no indication it will be forthcoming.

This lack of transparency is unprecedented. According to White House records, since 1996 agencies have always published two agendas per year. This year could end without a single document outlining the long-term regulatory goals of each agency. Businesses, including utilities forced to comply with EPA rules, will be largely left in the dark.

What can we expect in 2013?

The agency has already indicated that it will finalize greenhouse gas standards for future power plants. Similar standards for refineries and current power plants are pending.

Additionally, EPA will soon publish a final rule for revised particulate matter (soot) standards, and issue a proposed rule for new ozone limits. The ozone standards received considerable press in 2011 when then-Administrator Cass Sunstein formally [rejected](#) EPA’s draft final rule. The proposed ozone standard listed costs ranging from \$15 billion to \$90 billion.

Conclusion

The employment and capital costs of environmental regulations receive plenty of attention, but the red tape burden is often overlooked. At 176 million hours and climbing, EPA is fifth on the government-wide list, imposing more than twice the combined paperwork burden of the Departments of Commerce, Justice, and Veterans Affairs. Any fundamental reform of the regulatory system must also include a discussion of the nation’s [10.3 billion hour](#) cumulative

paperwork burden.