Insight

The FY2019 Regulatory Budget & FY2018 Wrap-up

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The Trump Administration has released a regulatory budget for the new fiscal year under Executive Order (EO) 13,771. The regulatory budget requires either that agencies impose, on net, no new regulatory costs or that their new rules result in cost savings of a certain amount. The administration released its regulatory budget in conjunction with its Fall 2018 Unified Agenda of Regulatory and Deregulatory Actions and disclosed the results of its regulatory budget for fiscal year (FY) 2018 which ended September 30.

The FY2019 regulatory budget calls for nearly twice the savings required in the FY2018 budget. In FY2018, however, agencies exceeded the projected cost-savings target by nearly 2.5 times. If agencies match that proportional effort in FY2019 the administration will exceed $40 billion in total estimated regulatory savings.

THE FY2019 REGULATORY BUDGET

The administration's Office of Information and Regulatory Affairs (OIRA) projects total, or present value, savings of $17.9 billion in FY2019. Just 10 of the 25 listed departments or agencies have budgeted savings. The rest are projected to impose no net costs. The budget breakdown is provided in the table below, led by three agencies that project to surpass $1 billion in total estimated savings.

Department or Agency	FY2019 Cap (Present Value $millions)	FY2019 Cap (Annualized Value $millions)
Health & Human Services	-8,995.6	-629.7
Education	-3,173.0	-222.1
Transportation	-1,869.5	-130.9

Agriculture	-981.3	-68.7
Environmental Protection Agency	-817.8	-57.2
Interior	-793.6	-55.6
Labor	-723.2	-50.6
Housing & Urban Development	-490.7	-34.3
Commerce	-51.2	-3.6
Small Business Administration	-8.8	-0.6
Defense	0.0	0.0
Energy	0.0	0.0
Homeland Security	0.0	0.0
Justice	0.0	0.0
State	0.0	0.0
Treasury	0.0	0.0
Veterans Affairs	0.0	0.0
Equal Employment Opportunity Commission	0.0	0.0
Federal Acquisition Regulation	0.0	0.0
General Services Administration	0.0	0.0
National Aeronautics & Space Administration	0.0	0.0
Office of Management & Budget	0.0	0.0
Office of Personnel Management	0.0	0.0

Social Security Administration	0.0	0.0
Agency for International Development	0.0	0.0
Total	**-17,904.8**	**-1,253.3**

Notably, the FY2019 budget does not account for a rule with extremely high savings: the Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule jointly proposed by the Department of Transportation (DOT) and the Environmental Protection Agency (EPA) in August 2018. The proposal estimated total savings at $563.3 billion, yet OIRA anticipates the total savings of the final rule to be between $120-$340 billion. Because of its size, OIRA determined it represented "a one-time deregulatory action an order of magnitude larger than all other planned deregulatory actions. In order to properly highlight ongoing reform across the government, the administration has chosen to note the impacts of the SAFE rule separately."

FY2018 WRAP-UP

OIRA also published its Final Accounting for Fiscal Year 2018, which shows agencies finalized estimated net total savings of $23.4 billion. The Department of Health and Human Services led the way with nearly four times the savings of second place Department of Labor. The Department of the Interior came in third, followed by the DOT and EPA to make up the five departments or agencies to achieve more than $1 billion in total estimated savings. Complete results are shown in the table below.

Department or Agency	Deregulatory Actions	Regulatory Actions	FY2018 Cap (Present Value $millions)	FY2018 Actual (Present Value $millions)	FY2018 Actual (Annualized Value $millions)
Agriculture	8	3	-800.0	-397.7	-27.8
Commerce	14	1	-10.0	-814.4	-57.0
Defense	4	0	-1,012.9	-69.7	-4.9
Education	24	0	-42.9	-37.2	-2.6
Energy	4	0	-1,142.9	-387.3	-27.1
Health and Human Services	25	4	-410.0	-12,487.3	-874.1

Homeland Security	13	0	0.0	-163.5	-11.4
Housing and Urban Development	2	1	-414.3	-507.0	-35.5
Interior	18	0	-2,800.0	-2,519.4	-176.4
Justice	5	0	-28.6	-78.5	-5.5
Labor	11	0	-1,957.1	-3,280.2	-229.6
State	0	0	-15.7	0.0	0.0
Transportation	23	1	-500.0	-1,237.3	-86.6
Treasury	4	0	0.0	0.0	0.0
Veterans Affairs	3	1	-34.3	-212.4	-14.9
Environmental Protection Agency	10	3	-571.4	-1,227.9	-86.0
Equal Employment Opportunity Commission	0	0	0.0	0.0	0.0
Federal Acquisition Regulation	2	0	0.0	0.0	0.0
General Services Administration	2	0	0.0	-7.7	-0.5
National Aeronautics and Space Administration	1	0	0.0	-4.7	-0.3
Office of Management and Budget	0	0	0.0	0.0	0.0
Office of Personnel Management	1	0	NA	0.0	0.0
Small Business Administration	2	0	-51.4	0.0	0.0
Social Security Administration	0	0	0.0	0.0	0.0

Agency for International Development	0	0	-17.1	0.0	0.0
Total	**176**	**14**	**-9,808.6**	**-23,432.2**	**-1,640.3**

According to OIRA's accounting, seven agencies failed to achieve their savings target for FY2018. Per EO 13,771 – which established the regulatory budget – and subsequent OIRA guidance, any department or agency failing to meet its target must develop a written plan explaining how it expects to achieve its target in the future. Such an agency does not face any penalty beyond that, however.

By sheer volume, deregulatory actions outnumber regulatory actions by a ratio of 12-to-1. In terms of significant actions, agencies finalized 57 deregulatory actions against 14 regulatory actions, for a ratio better than 4-to-1, according to OIRA's final accounting statement.

COMPARISON WITH AAF ANALYSIS

At the conclusion of FY2018, the American Action Forum (AAF) issued its own regulatory budget analysis of final rules published in the Federal Register. That analysis found estimated annualized savings of $1.65 billion, or about $12 million more than OIRA's final accounting. Doing the math on AAF's analysis to calculate present value, it found $23.61 billion in estimated total savings – about $180 million more than OIRA.

AAF tallied 65 deregulatory actions and 12 regulatory actions – not far off from OIRA's significant action figures. AAF tracked all published final rules that had estimated savings or cost amounts *and* noted that they were of consequence under EO 13,771. In general, such rules would likely be considered significant by OIRA, which helps explain the correlation.

CONCLUSION

In its first complete fiscal year of implementing a regulatory budget, the Trump Administration exceeded its savings targets by a vast margin. This success is reflected in FY2019's more ambitious target. Will the administration's second year of regulatory budgeting be as successful as its first? Follow the progress at RegRodeo.com.