



The Daily Dish

Farewell Regulatory Budget, We Barely Knew Thee

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Eakinomics: Farewell Regulatory Budget, We Barely Knew Thee

The Trump Administration experiment with a regulatory budget died a death on Day 1 of the Biden presidency. Recall that the framework flowed from an executive order with two directions: the first that two regulations be removed for every new regulation that is finalized (well, not quite, more on that later), and the second that established regulatory cost budgets at every executive agency. The latter were limits on the additional burden that all regulations finalized by the agency could impose on the private sector during a fiscal year.

What did the system accomplish?

Fortunately, AAF's Dan Bosch [published](#) a comprehensive review of the Trump regulatory budget. The bottom line is pretty interesting. First, "The American Action Forum calculates a projected [estimate](#) for the partial FY 2021 of \$33.9 billion in net present value costs. Accordingly, AAF's estimated range of the cumulative economic impact from the regulatory budget is from \$155-\$164.7 billion in net savings." That's right, the overall regulatory burden of rules covered by the budget fell. This was a striking contrast to recent history: "Whereas the Obama Administration added an average of \$111 billion on an annual basis over its eight years, the Trump Administration added \$10 billion on average annually."

Second, the burden fell because of the "1 in, 2 out" requirement, right? Not so fast. The directive was interpreted loosely, at best: "In practice, it counted any action with a deregulatory effect (not necessarily an outright repeal) as a deregulatory action and only significant actions with a regulatory effect as regulatory actions. These distinctions made it relatively easy to achieve the one-in, two-out ratio." It also jacked up the perceived deregulatory activity: "According to OIRA's final accounting at the end of FY 2020, the Trump Administration finalized 538 deregulatory actions to 97 regulatory actions, a ratio of 5.5 to 1. Adding in AAF's estimate of actions in FY 2021 yields a count of 618 to 132, for a ratio of 4.7 to 1."

Third, the economy benefited. Bosch reports that a 2019 [study](#) by researchers at the National Federation of Independent Business showed "as businesses worried less about regulation, their optimism about operating their business improved."

But it wasn't perfect. Its biggest flaw is that since it was not legislated by Congress, it could not survive the change in administrations. And the Trump Administration did not provide adequate transparency on the costs of each rule and manipulated the implementation (see above) to meet ideological objectives.

Still, on balance, the record is favorable enough that Congress should think seriously about imposing such a framework by law.