



The Daily Dish

May 13th Edition

DOUGLAS HOLTZ-EAKIN | MAY 13, 2015

At a House hearing yesterday, the [FCC's net neutrality rules took center stage](#) in the debate to reform the process by which the agency issues rules. Even though the Commission was before Congress to ask for more money to implement the regulation, FCC Commissioner Ajit Pai spoke out against the idea. According to him, "The commission will spend a lot of money and time applying regulations that are wasteful and unnecessary and that are already proving harmful to the American public."

Some Democrats joined House Republicans in [blocking the EPA's controversial Waters of the United States rule](#). Congress is concerned that the vague rules would open the door for EPA overreach into even the smallest seasonal stream in your back yard. Democratic Senator Heidi Heitkamp said that it is the number one issue she hears about from farmers in her state. According to [AAF's RegRodeo.com](#), the EPA rule would cost \$166 million.

Eakinomics: An Education on Regulation

This past Thursday, AAF hosted "Reforming the Regulatory State." The event featured a panel discussion, but was kicked off with a keynote address by Senator Lamar Alexander. The Senator focused part of his remarks on the regulatory burdens placed on colleges and universities. Vanderbilt University hired a consulting group to find out what it cost the university to comply with federal regulations. The stunning answer: [\\$150 million](#) or \$11,000 for every student. Put differently, eliminating the regulations would permit tuition to be \$11,000 cheaper. Who says regulations are costless?

The Department of Education (ED), as it turns out.

As [pointed out](#) by AAF's Chad Miller and Sam Batkins, ED reports its regulatory burden at less than \$1 million, while AAF's arithmetic puts the cost at over \$3 billion annually. That seems closer to the Vanderbilt experience. Why the discrepancy? The top five regulations with the most burdensome paperwork impose more than 50 million hours — seven times what it took to build the Empire State Building. Incredibly, none of these show any cost for Americans to complete the forms.

The leader in paperwork is the incredibly complex "Free Application for Federal Student Aid" (FAFSA) — "free" evidently proving ED has a sense of irony. Valuing the hours at the average hourly wage of a federal compliance officer — \$32.69 — yields an annual cost of \$787.2 million. In this [photo](#) from the event, the FAFSA is on the left. Incredibly, the amount of information needed to actually calculate the student aid is minimal and would fit on the tiny form on the right! That means, literally, the cost of the extra pages provides no benefit to delivering student aid.

Since 2009, the administration has finalized [2,205 rules](#) at a cost of \$660 billion, or roughly \$100 billion a year. If the administration had raised taxes by \$100 billion annually — \$1 trillion over 10 years — everyone would know and everyone would be concerned about the impact on growth and private sector efficiency. The same concerns should accompany the regulation burden, which spreads well beyond the traditional business sector

into higher education and elsewhere.

From the Forum

[What are the Department of Education's Regulatory Burdens?](#) By Sam Batkins, AAF Director of Regulatory Policy; and Chad Miller, AAF Director of Education Policy

[Developments in the Regulation of Global Insurers: A Primer](#) by Andy Winkler, AAF Director of Housing Finance Policy

[Section 215 of the USA PATRIOT Act: Options for Congress](#) by Michael Holtje, AAF National Security Expert

[Administration's January 2015 "Regulatory Review" Adds Nearly \\$3 Billion in Costs](#) by Sam Batkins, AAF Director of Regulatory Policy