



The Daily Dish

The High Cost of Major Regulation

DOUGLAS HOLTZ-EAKIN | JANUARY 16, 2014

AAF is out this morning with a [new study](#) on the impact of major government regulations on businesses and specifically the number of jobs it costs. [The Hill](#) writes: “The conservative American Action Forum found that the federal government has issued 19 regulations that cost \$1 billion or more over the last decade, with 12 of them coming from the Obama administration and seven from the George W. Bush administration.”

The effects of these regulations are staggering. “According to the study, one major regulation reduces employment in an industry by 3 percent, while two regulations reduces employment by 17 percent, three regulations reduces employment by 25 percent, and four or more regulations reduced employment by 54 percent.”

The study comes just a week after AAF found that [regulators added \\$112 billion](#) in regulatory costs and 157 million paperwork hours in 2013 alone. [Sam Batkins](#) writes in the paper “From 2009 to 2013, regulators have published \$494 billion in final rules. This figure dwarfs the Gross Domestic Product (GDP) from countries like Sweden, Peru, and Ireland. With more than \$87.6 billion in proposed rule costs this year, burdens will continue to increase in 2014.” The rapidly growing total regulation, plus the dire consequences it has on jobs could prove costly this year.

Eakinomics: The Economics of College

Today the president will host college leaders and discuss ways to improve higher education outcomes. Hopefully, the discussion will include some [key issues](#):

1. The cost of college. Tuition rates have increased over twice as much as overall inflation since the 1983-84 school year, and for public, four-year institutions rates have more than tripled, even after adjusting for inflation. Perhaps it is not surprising that the percentage of low-income graduates enrolling in college immediately after high school has dropped from its peak of 56.1 percent in 2008 to 52.1 percent in 2011. Education and skills are the key to labor market success. If the high cost of college is an insurmountable barrier for lower-income Americans, economic and social mobility will suffer.
2. For-profit schools. The administration has kept up a steady assault on for-profit colleges, despite the fact that all types of institutions would benefit from (a) a simple, streamlined student aid system, (b) accountability for student achievement and outcomes, and (c) transparent information that permits applicants to choose the right college. Historically, for-profit providers have enrolled higher numbers of low-income students. Rather than discouraging the for-profit sector, the administration should simply permit all students to make better college enrollment choices.
3. Innovation. There has been a rapid rise — and nearly as rapid fall — in the popularity of the Massive Open Online Courses (MOOCs). The decline of MOOCs does not mean that the traditional model of college

education is just fine. The college sector is firmly rooted in the 19th century and needs a major overhaul to meet the needs of 21st century students. The MOOCs may not have found their footing, but they could be the start of valuable innovation that reshapes the way we think about classroom education, credentials and making sure that college costs less and delivers more.

College needs a radical transformation and not merely more federal aid or new student loan programs. That should be today's agenda.