

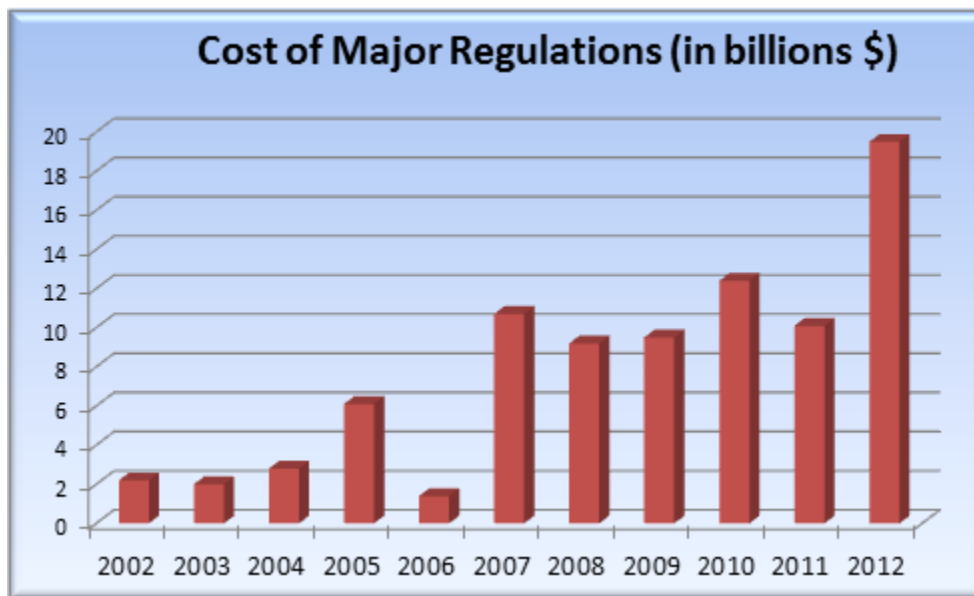


Insight

2012: Costliest Year for Regulation, White House Says

SAM BATKINS | APRIL 25, 2013

According to a new White House [report](#), 2012 was the costliest year ever for federal regulation. At \$19.5 billion, fiscal year 2012 dwarfed the second highest year by 57 percent. The report confirms [recent](#) American Action Forum (AAF) research that also found 2012 to be the most expensive year on record for regulatory costs.



The \$19.5 billion figure is a bit of an administration accounting trick. There were more than 3,800 final rules issued during the survey period, but the White House only added the cost of 14 rules. That is roughly one-third of one percent of all federal rules. On the contrary, AAF recorded more than 700 regulations in 2012, with 388 listing quantified costs totaling [\\$218 billion](#) in final rule burdens.

Beyond cherry picking data, it also appears the White House intentionally omitted large, “economically significant” regulations. These are rules with an impact of \$100 million or more, and are typically included in these reports. For example, energy efficiency standards for dishwashers could cost \$881 million, and the rule itself stated, “DOE has determined that today’s regulatory action is an ‘economically significant action.’” However, the administration’s [database](#) does not indicate that the rule is significant, and it was omitted from the report.

Here is the full list of notable regulations excluded from the White House report:

<u>Regulation</u>	<u>Cost</u>	<u>Paperwork Hours</u>
Energy Standards for Dishwashers	\$881 million	380

Water Standards for Florida	\$632 million	
Pilot Certification Requirements	\$443 million	7,112
Changes to Implement Patent Reform	\$288 million	778,300
Practice Before the Patent Trial Board	\$213 million	528,946
Patent Reform: Revise Reexamination	\$115 million	235,365

Combined, these rules will cost more than \$2.5 billion and impose 1.5 million paperwork burden hours. Although, the administration neglected to include totals for paperwork burden hours in this report, a [previous White House study found](#) a “net increase of 355 million burden hours” in the last fiscal year. AAF found the top five paperwork drivers last year would add more than 86 million burden hours.

Maximum Benefits?

Despite setting a record for regulatory costs, 2012 did not come close to approaching the record for benefits. Consumers, workers, and the environment enjoyed between \$53 and \$144 billion in regulatory benefits, far less than the record in 2007 (\$184.2 billion); the second highest year for benefits was 2005, with \$178.1 billion.

The source of these benefits is easily discernible: an EPA air toxics rule limiting mercury emissions and a joint EPA and DOT rule for fuel efficiency requirements. Outside of those two rules, finding regulatory benefits becomes a tough task. For example, the Affordable Care Act (ACA) drove billions of dollars in regulatory costs last year, but on net, the ACA has imposed more quantified costs than benefits by a factor of 5:1.

Without the air toxics rule and CAFE, it is likely that the regulatory costs of 2012 outweigh the regulatory benefits, especially considering the other 700 regulations that the White House failed to examine.

Conclusion

By almost any measure: AAF’s calculations, the White House’s report to Congress or its review of federal paperwork, 2012 was a record year for federal regulatory costs. It is perhaps worse for economic growth, workers, and the environment, that benefits did not even keep pace, dropping far below records from previous years.

Data obtained from “2013 Draft Report to Congress on the Benefits and Costs of Federal Regulations and Agency Compliance with the Unfunded Mandates Reform Act,” available at http://www.whitehouse.gov/sites/default/files/omb/inforeg/2013_cb/draft_2013_cost_benefit_report.pdf.