Insight

A Regulatory Look at President Obama's FY 2016 Budget

SAM BATKINS | FEBRUARY 2, 2015

Today, President Obama released his budget proposal for Fiscal Year 2016. As with any administration's budget, certain fiscal measures foreshadow regulatory priorities. This year's budgetary roadmap continues aggressive funding of climate change programs, Dodd-Frank implementation, and a new agency to monitor food safety.

Recently, President Obama's Budget has highlighted his Executive Order 13,563 on regulatory reform. This year, there is no mention of that directive. In fact, "regulation" is only explicitly mentioned once and "regulatory" seven times. There are few notable new programs, and much of the focus lies in predictable priorities: the Affordable Care Act (ACA), Dodd-Frank, and the president's climate change plan.

Some of the notable highlights include:

- Affordable Care Act: Not surprisingly, the Budget is committed to further funding the Affordable Care Act (ACA). Accordingly, it "fully funds the ongoing implementation of ACA's health insurance coverage improvements." HHS's overall spending request is stagnant compared to last year, whereas the Budget wants a $600 million hike for the Department of Treasury.

- Dodd-Frank: The President's Budget aggressively funds Dodd-Frank implementation, requesting $1.7 billion for the Securities and Exchange Commission (SEC) and $322 million for the Commodities Future Trading Commission (CFTC). These figures represent 15 percent and 29 percent increases above 2015 enacted levels. The Budget also threatened, "The Administration will continue to oppose efforts to restrict the funding independence of the other financial regulators, including the Consumer Financial Protection Bureau (CFPB)."

- Climate Change Plan: The Budget provides $239 million to support EPA's efforts on climate change, including $25 million to help states develop plans to reduce greenhouse gases (GHG). In addition, the Obama Administration wants to create the "Clean Power State Incentive Fund," a $4 billion pile of taxpayer dollars that the federal government will give to states to reduce GHGs below EPA's threshold. In total, the Budget requests $452 million more in EPA spending over the 2015 enacted figure.

- A New Federal Agency: The Budget also formally backs a new regulatory agency, consolidating the Food Safety and Inspection Service (FSIS) and the food safety regulatory powers of the FDA. This new agency would be based inside HHS, independent from FDA, and it would have the primary responsibility for food inspections, outbreaks, and mitigation.

- Adjustments to Independent Agency Funding: Buried in the detailed version of "Other Independent Agencies," the Budget describes White House proposals to realign funding mechanisms for CFTC and the Federal Communications Commission (FCC). For the former, the administration would "propose legislation authorizing fees to fully fund the CFTC through user fees." The latter proposal would "provide the FCC with new authority to use other economic mechanisms, such as fees, as a spectrum management tool." The White House estimates that the FCC fee would bring in "$4.8 billion through 2025."

As some expected, this budget blew past the sequester limits on domestic spending and does nothing to promote a growth strategy for the U.S. economy. The administration's focus as it heads into the next fiscal year largely represents more of the same on the regulatory front as well. The President's focus seemingly remains steadfast on cementing his legacy programs as he heads into the twilight of his second term.

Finally, as of this writing, the Office of Information and Regulatory Affairs (OIRA) has still not released its "Report to Congress on the Benefits and Costs of Federal Regulations." Under the Regulatory Right to Know Act, the administration "shall prepare and submit to Congress, with the budget … an estimate of the total costs of federal rules and paperwork." There is no official word on when the administration plans to comply with this section of the law.