



Insight

Budget Shows Deregulatory Targets

DAN BOSCH | FEBRUARY 12, 2018

The Trump Administration's Fiscal Year 2019 budget presented a consistent plan to achieve its deregulatory goals.

It is notable that "Accumulated Regulatory Burden" was the first item listed as a challenge facing the federal government's operations. At the same time, it is obvious that agencies that enacted some of the most consequential regulations during the Obama Administration are prime targets for reductions.

Broadly speaking, the 2019 budget took its projections of regulatory activity from December's [Unified Agenda of Regulatory and Deregulatory Actions](#). The budget projected "the elimination of 448 regulations and the addition of only 131 regulations." However, this is not entirely accurate, based on the Unified Agenda. While there are indeed 448 deregulatory actions listed in the Unified Agenda, only 209 of these are final actions or final rules – in other words, actions that are expected to be completed this year. Further, not all of these deregulatory actions are eliminations of regulations. Many will be delays or modifications to existing rules.

Similarly, the 131 regulations expected in the coming year refers to the number of significant regulations covered by [Executive Order 13,771](#) listed in the Unified Agenda. Only 55 of these are expected to be finalized in 2018. However, these are not all the regulatory actions that will be finalized. The majority of rules are not covered by this executive order. For reference, from January 1 – February 12, 2018, 382 rules were published in the Federal Register, according to [Regulations.gov](#).

NOTABLE AGENCY CUTS

The budget proposed notable cuts to agencies that have been consistent targets of the Trump Administration's deregulatory efforts, and coincidentally, had some of the most controversial rules finalized during the Obama Administration. However, it is difficult to know how much the proposed cuts would affect an agency's regulatory capacity.

At the Environmental Protection Agency (EPA), which finalized the [Clean Power Plan](#) in 2015, a cut of 33.7 percent is proposed from enacted 2017 levels. That is the largest proposed percentage cut of any major agency. The Army Corps of Engineers, the agency that, along with the EPA, promulgated the [Waters of the United States rule](#) in 2015, received a 22.2 percent proposed cut. The budget proposed a 21.4 percent cut for the Department of Labor (DOL), which finalized the [fiduciary rule](#) and the [overtime rule](#) in 2016.

RESTRUCTURING THE CFPB

Like last year, the Trump Administration proposed to restructure the Consumer Financial Protection Bureau (CFPB). The proposed restructuring would occur over two years, with 2019 as the final year the CFPB would receive direct transfers from the Federal Reserve to cover operating expenses. The budget proposed to cap the

transfer for 2019 at \$485 million, a \$147 million reduction from enacted 2017 levels. Beginning in 2020, the CFPB would be fully subject to discretionary appropriations.

INCREASED COMPLIANCE ASSISTANCE

The Trump Administration has expressed a preference for increased compliance assistance for employers to ensure rules are followed rather than overly aggressive enforcement. The proposed budget discussed compliance assistance at two agencies; EPA and DOL. EPA would create compliance assistance programs for the chemical and oil industries, though these would be paid for through user fees. DOL would increase funding for compliance assistance programs at the Occupational Safety and Health Administration (OSHA) by \$3 million from enacted FY2017 levels, and by \$1 million at the Employee Benefits Security Administration EBSA. OSHA finalized two costly rules under the Obama Administration that recently went into effect, the [silica rule](#) and a [new recordkeeping requirement](#). EBSA administers the fiduciary rule.

CONCLUSION

Presidential budgets can be a helpful statement of priorities, despite the practically non-existent chance Congress would enact them in full. From the 2019 budget proposal, it is clear the Trump Administration aims to continue its efforts to substantially cut the rate of regulatory growth, particularly at agencies that produced some of the costliest and most controversial rules of the Obama Administration.