



Insight

# The Best and Worst of Regulation in 2015

SAM BATKINS | DECEMBER 18, 2015

A year that featured a final “[Clean Power Plan](#)” and [ozone rule](#) created many regulatory highlights in 2015. There were an incredible 25 regulations with monetized costs exceeding \$100 million this year, totaling \$17.5 billion in annual burdens and imposing 43.7 million paperwork burden hours. Currently, the regulatory burden for the year is pushing \$200 billion, with more than 111 million paperwork burden hours. Whenever the federal government issues more than [3,200 rules](#) in a year, there are bound to be some highlights and lowlights. Below is a partially subjective list of the “best” and “worst” of regulation in 2015.

## WORST

1. **Costs Exceed Benefits on Coal Ash:** At [\\$23.2 billion](#), a rule governing coal ash ponds currently stands as the most expensive regulation in 2015, based on net present value. Beyond just the total burden, the annual costs of the rule (\$509 million) exceed the annual benefits (\$236 million) by a factor of two. The rule managed to anger both progressives and regulated entities.
2. **Redundant Dodd-Frank Rule:** A rule designed to highlight the ratio between CEO compensation and the average pay of workers, which had nothing to do with the financial crisis, easily stands out in the worst category. The “[Pay Ratio Disclosure](#)” measure arrived more than five years after financial reform and topped the list of the law’s more inane rules, all while imposing [\\$1.8 billion](#) in total costs and more than [2.3 million](#) paperwork burden hours. Does this data already exist? [Yes](#). Will it help to prevent another financial crisis? No.
3. **Banning Trans Fat Through Guidance:** Typically, rulemakings allow extensive public comment and follow a generally transparent process. Instead, the administration issued an initial notice buried in the Federal Register and then a final notice for an [\\$11 billion](#) rule less than two years later. The “Trans Fat” ban imposes similar annual burdens to the coal ash measure, but received 1,590 comments, compared to 425,170 for coal ash.
4. **Fewer Manufacturing Jobs:** Rarely does a year pass without the Department of Energy (DOE) issuing a major rule that concedes it will eliminate manufacturing jobs. A [\\$12.3 billion](#) rule for furnace fans could also result in nearly [2,700](#) lost manufacturing jobs because of the rule. As AAF [highlighted here](#), DOE routinely issues rules that could cut industry employment and raise prices for consumers.
5. **Pricier Lamps:** Not to be outdone with fewer jobs, DOE also imposed a [\\$13.5 billion](#) measure that would increase fluorescent lamp costs. The specific price hike will likely vary, but roughly, consumers can expect to pay \$12 more per lamp because of the regulation. On an annual basis, the rule is more than twice as expensive as the trans fat ban.

## BEST

1. **Small Victories for Bipartisan Reform:** The [U.S. Senate](#) and House continue to make steady progress building the case for a regulatory budget. AAF has written about various forms of a regulatory budget [here](#) and [here](#). The Senate Homeland Security and Governmental Affairs Committee ([HSGAC](#)) has also formed a bipartisan effort to identify wasteful federal regulations. Significant regulatory reform might not happen in 2016, but the groundwork is being established for a major push in 2017.
2. **Streamlining Blowout Prevention Rules:** The Department of Interior proposed the largest deregulatory measure of 2015, a proposed rule that would cut more than [\\$656 million](#) in costs. The proposal on blowout prevention in the outer continental shelf could also significantly reduce major oil spills in the future.
3. **EPA Reforms Reporting:** Rarely does EPA receive credit for reducing or streamlining regulations. However, a rule that would move from paper-based to electronic reporting could cut annual costs by [\\$24 million](#) and eliminate close to [200,000](#) paperwork burden hours. It stands as the fifth largest paperwork reduction rule in 2015.
4. **Minor Relief on Ozone:** After reports from earlier in the administration that new ozone rules could cost upwards of \$90 billion annually, the final regulation this year arrived at a pedestrian [\\$1.4 billion](#) in costs. It left something for environmentalists and industry to fight over, with an estimated benefit of \$4.4 billion annually, only a fraction of other more stringent regulatory alternatives. However, recent work by [AAF forecasts](#) that counties that fail to comply with initial standards, could lose wages and jobs.
5. **Automating Safety Rules:** A proposal from the Department of Transportation aims to update “House of Service” rules for truck drivers, saving [\\$81 million](#) and approximately [200,000](#) paperwork hours. In the words of the rule, “By providing an alternative set of requirements specifically tailored to the circumstances of smaller operations...” If only all regulations could be so accommodating.