Insight

What Tax Day Funds: Regulation Edition

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Today marks that most melancholy of days for American checkbooks: Tax Day. And it is yet another 15th of April where the funds flowing out of the Treasury will far exceed those flowing into it. While it is natural that such an occasion usually inspires a discussion of our fiscal imbalance, it is also important to examine particular trends in spending and their implications for the most active regulatory programs.

Recent measures, such as sequestration, have brought discretionary spending down somewhat, but comparing this downward trend with the extraordinary heights seen by major regulatory agencies in the past few years (according to OMB's historical tables) provides curious results. For instance, due in large part to Stimulus spending, the Department of Energy's spending as a percentage of non-defense discretionary spending doubled in 2009. The EPA's gross spending doubled that year to the record level of $14.8 billion.

Despite such notable stimulus spikes, it is the major regulatory programs like the Affordable Care Act that fuel structural increases in spending. Fiscal years 2010-2012 saw the second, third, and fourth highest years of HHS spending. The Department accounted for roughly 15 percent of all non-defense discretionary outlays, the highest share of any Cabinet agency over that time.

Federal agencies implementing the Dodd-Frank Act have also seen significant spending increases as they execute the financial reform law's mandates. Despite concerns by some that it remains under-funded, the CFTC's appropriated funding in FY 2012 represented a 21 percent increase from its FY 2010 level and nearly double its FY 2008 level. And while it is not funded directly through tax receipts, it is worth noting the exponential growth of the Consumer Financial Protection Bureau (CFPB), created by Dodd-Frank, from an initial $9.2 million to nearly $540 million in FY 2013.