

# National Regulatory Budget

*Congress should enact a national regulatory budget to ensure fairness and common sense in regulation*

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Estimates of the total cost of regulation in the economy as a whole are unreasonably high. A September 2010 study from the U.S. Small Business Administration (SBA) estimated that the total cost of federal regulations in 2008 was \$1.75 trillion or about 12 percent of GDP. This represents a substantial increase over time and, given the current regulatory environment, it is virtually certain that costs are higher relative to GDP now.

To date, while a number of positive steps have been taken, efforts to restrain regulation by the federal government have been ineffective. The Administrative Procedure Act, Executive Orders 13258, 13422 and 13563, Office of Management and Budget Circular A-4, the Regulatory Flexibility Act of 1980, the Small Business Regulatory Enforcement Fairness Act of 1996 and the Paperwork Reduction Act all have had some positive effect. On the whole, however, agencies have become quite proficient at evading their strictures when they wish to pursue a regulatory agenda. The scope, cost and intrusiveness of federal regulations continues to grow. That needs to change.

The potential savings and positive impact on economic growth and living standards created by imposing meaningful restraint on the regulatory actions of federal agencies is significant.

Establishing a National Regulatory Budget (NRB) would impose strict, enforceable constraints on the ability of the federal government to impose regulatory costs on the public.

A National Regulatory Budget should entail the following:

1. Obtain independent, rigorous, fact-based estimates of the cost of all existing regulations by agency. This could be accomplished by the formation of an independent agency (e.g. a National Economic Laboratory) or assigning the task to an existing agency with a record of independence (e.g. the Bureau of Economic Analysis at the Commerce Department). This need not be terribly costly. It would probably require about \$30 million annually and these costs could be offset to some degree by terminating all of the existing positions throughout the government that, in principal, conduct cost-benefit analyses currently.
2. Providing the independent estimating agency with the authority to compel all agencies to provide relevant information.
3. Congress would then establish a National Regulatory Budget setting a cap on the cost that each agency's regulations could impose.
4. If the agency was imposing costs above the NRB cap, it would be required to withdraw regulations until it was below the NRB cap.
5. If issuing a new regulation would place the agency over the cap it would be prohibited from issuing the new regulation unless it withdrew other regulations so that it remained under the NRB cap.
6. All new regulations would be required to receive an estimate from the independent estimating agency before they could be implemented.
7. Non-compliance by the agency would be subject to judicial review and the courts would be required to invalidate regulations that caused agencies to exceed their NRB caps.

NSBA strongly supports efforts to curtail overly burdensome federal regulations, and the NRB should be broadly endorsed by lawmakers.