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Contact: Amit Narang (202) 454-5116 anarang@citizen.org

Fact Sheet on Regulatory Budgeting

Regulatory Budgeting Would Put Public Health and Safety Protections on the Chopping Block

We shouldn't have to sacrifice existing safeguards to protect us from new threats, but that's exactly what regulatory budgeting would require.

Regulatory budgeting treats regulatory costs to industry like a fiscal budget that is set and limited. Before a new regulation could be enacted, an existing regulation that costs the same or more would have to be repealed. As a result, the regulatory budget models currently under consideration would put long-established safeguards and protections that have immense benefits to society on the chopping block.

By arbitrarily capping the number of safeguards that agencies can implement, regulatory budgeting shifts the social, environmental, health and economic costs of corporate wrongdoing onto the backs of workers, consumers, families and taxpayers. They, rather than the companies directly responsible, will pay the price of allowing big oil and gas companies to pollute the air and water or big banks on Wall Street to endanger the economy.

- **The regulatory budget would ignore the public health and safety benefits of standards and safeguards.** Regulatory budgets would focus exclusively on the costs of new regulations to industry when establishing budget caps for agencies. This means that the benefits of new regulations – saving lives, preventing injuries and illnesses, cleaning our environment, preventing environmental disasters, ensuring equality and access for the disabled, reducing excessive risk-taking on Wall Street and saving money for consumers – would play virtually no role in agency decision-making.

- **Agencies would be blocked from adopting regulations that provide the greatest benefits to the public.** Under the regulatory budget model, agencies would be forced to adopt the least costly regulations to industry in order to meet strict regulatory cost caps. This means that rules that provide the largest net benefits to the public – those with higher costs to industry but that are dwarfed by increased benefits to the public – would not be possible. The public should have confidence that our agencies are picking the best

and most effective regulations for the public, not basing their decisions on arbitrary budget caps.

- **Regulatory budgeting would prevent agencies from following the law.** A regulatory budget would block required regulations – including those mandated by Congress with legally binding deadlines – if they exceed established regulatory budget caps. As a result, laws passed by Congress could not be implemented unless they fit within the regulatory budget, rendering Congressional will subordinate to the regulatory budget.

- **A regulatory budget would rig the regulatory process in favor of deregulation.** Most versions of the regulatory budget model allow agencies to increase their regulatory cost caps by repealing existing rules, in other words, by deregulating. This means that deregulation would be a precondition to agencies putting forth new public health and safety protections. Agencies would be strongly incentivized to pursue the strongest deregulatory measures to generate the most cost savings, thereby increasing its cost caps, while pursuing the weakest regulatory measures to avoid breaching cost caps.

- **Non-controversial rules would count toward the regulatory budget.** The vast majority of regulations are non-controversial, yet these rules would be on the chopping block as well. There are rules that move tax day to a Monday in years when it falls on a Sunday, that set the timetables for the raising and lowering of drawbridges and that ensure trees and shrubs don't block the runways at our airports. A regulatory budget would put enormous pressure on agencies to eliminate these basic, commonsense rules that keep our society running.

- **Canada's regulatory budget model cannot work in the U.S.** The Canadian regulatory budget cannot serve as a basis for efforts to implement a regulatory budget in the U.S. because the Canadian model bears little resemblance to the regulatory budget models Congress is considering. This is because the Canadian model *explicitly exempts health, safety and environmental rules from the regulatory budget*.

The flawed premise behind regulatory budgeting is that regulatory costs to industry are the only costs worth considering. In fact, the costs of regulation are miniscule when compared to the costs of deregulation, weak regulation, no regulation and weak enforcement. The Wall Street financial collapse, the irreversible damage from climate change, tainted food crises, unsafe and toxic children's toys and products, exploding oil trains and dangerous workplaces that kill and injure dozens of workers a day are all examples of the consequences. Asking regulators to eliminate public safeguards before adding new ones is both naive and dangerous.