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BUSH ADMINISTRATION CUTS REGULATORY COST GROWTH BY 70%

But Doubles Benefits to Public Health, Safety and the Environment

The Bush Administration has succeeded in reining-in the growing cost of federal regulations, cutting their annual growth rate by 68 percent since 2001 and reducing their burden on the American economy. Additionally, the annual increase in the benefit of federal regulations has almost doubled, according to a report issued today by the Office of Management and Budget.

Between 1981 and 2000, new regulations issued by the federal government imposed an average of \$5.5 billion in additional costs to businesses, consumers, and state and local governments every year. Since 2001, however, that growth rate has declined significantly. The annual increase of regulatory costs has fallen to \$1.7 billion annually, a 68 percent decrease in the growth rate of the previous 20 years.

Similarly, the average annual net benefit of major regulations issued by the Bush Administration between 2001 and 2004 is over double the average for the previous eight years.

The reduction in the average annual growth rate of regulatory costs is a result of a focus by the Bush Administration on reforming government regulations to accelerate the adoption of good rules, modify existing rules to make them more effective and less costly, and remove outmoded rules whose benefits do not justify their costs.

Included in the Final 2005 *Report to Congress on the Costs and Benefits of Federal Regulations*:

- The average annual increase in costs of major regulations issued by the Bush Administration is 76 percent lower than those issued between 1993 and 2001;
- The 11 major rules finalized in fiscal year 2004 added roughly \$13 billion to \$109 billion in annual benefits to the American economy, compared to approximately \$4 billion in annual costs;
- Over the last 24 years, the 190 major regulations reviewed by OMB have added approximately \$117 billion in annual regulatory costs to the U.S. economy.

“Regulatory reforms can be undertaken while retaining the benefits of regulation to consumers, workers and the environment. The Report to Congress demonstrates that the Administration’s ‘smart-regulation’ agenda is improving the efficiency of major rulemakings. The President’s commitment to easing the regulatory burden on American entrepreneurs is creating jobs and economic growth,” said Dr. John D. Graham, Administrator for the Office of Information and

Regulatory Affairs at OMB.

By insisting on rigorous analysis of Federal regulatory actions, OMB ensures that the benefits to the American public justify Federal regulation. For example, a new requirement to add barcodes to drug labels will cost drug manufacturers \$8 million per year and encourage hospitals to voluntarily invest \$600 million in health IT systems, but result in \$5 billion per year in benefits from reduced medical errors. Similarly, regulations limiting emissions of air pollution from non-road diesel engines, when fully implemented, will yield \$78 billion in benefits by preventing premature mortality and non-fatal heart attacks, yet only cost \$2 billion per year.

The annual report is required by law and reviews the economic impact of major regulations on the private sector and state and local governments. This final Report was issued in draft form in March and revised in response to public comment, external peer review, and interagency review.

The 2005 report can be accessed via the OMB website:

http://www.whitehouse.gov/omb/inforeg/regpol-reports_congress.html

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