

OFFICE OF MANAGEMENT AND BUDGET

Draft 2003 Report to Congress on the Costs and Benefits of Federal Regulations

AGENCY: Office of Management and Budget, Executive Office of the President.

ACTION: Notice and request for comments.

SUMMARY: OMB requests comments on the attached Draft Report to Congress on the Costs and Benefits of Federal Regulation. The Draft Report is divided into two chapters. Chapter I presents estimates of the costs and benefits of Federal regulation and paperwork with an emphasis on the major regulations issued between October 1, 2001 and September 31, 2002. Chapter II requests comments from the public in three areas: (1) Guidelines for regulatory analysis; (2) Analysis and management of emerging risks; and (3) Improving analysis of regulations to homeland security.

DATES: To ensure consideration of comments as OMB prepares this Draft Report for submission to Congress, comments must be in writing and received by OMB no later than April 3, 2003.

ADDRESSES: We are still experiencing delays in the regular mail, including first class and express mail. To ensure that your comments are received, we recommend that comments on this draft report be electronically mailed to OIRA_BC_RPT@omb.eop.gov, or faxed to (202) 395-7245. Comments on the OMB Draft Guidelines for the Conduct of Regulatory Analysis and the Format of Accounting Statements (Appendix C) should be e-mailed to OIRA_ECON_GUIDE@omb.eop.gov, or faxed, with the title "Comments on Draft Guidelines" identified in the transmittal page, to (202) 395-7245.

You may also submit comments to Lorraine Hunt, Office of Information and Regulatory Affairs, Office of Management and Budget, NEOB, Room 10202, 725 17th Street, NW., Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Lorraine Hunt, Office of Information and Regulatory Affairs, Office of Management and Budget, NEOB, Room 10202, 725 17th Street, NW., Washington, DC 20503. Telephone: (202) 395-3084.

SUPPLEMENTARY INFORMATION: Congress directed the Office of Management and Budget (OMB) to prepare an annual Report to Congress on the Costs and

Benefits of Federal Regulations. Specifically, Section 624 of the FY2001 Treasury and General Government Appropriations Act, also known as the "Regulatory Right-to-Know Act," (the Act) requires OMB to submit a report on the costs and benefits of Federal regulations together with recommendation for reform. The Act says that the report should contain estimates of the costs and benefits of regulations in the aggregate, by agency and agency program, and by major rule, as well as an analysis of impacts of Federal regulation on State, local, and tribal government, small business, wages, and economic growth. The Act also states that the report should go through notice and comment and peer review.

John D. Graham,

Administrator, Office of Information and Regulatory Affairs.

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Executive Summary

This Draft Report to Congress on regulatory policy was prepared pursuant to the Regulatory Right-to-Know Act (Section 624 of the Treasury and General Government Appropriations Act, 2001), which requires such an account each year. It provides a statement of the costs and benefits of federal regulations and recommendations for regulatory reforms. The report will be published in its final form after revisions to this draft are made based on public comment, external peer review, and interagency review.

The major feature of this report is the estimates of the total costs and benefits of regulations reviewed by OMB. Major federal regulations reviewed by OMB from October 1, 1992 to September 30, 2002 were examined to determine their quantifiable benefits and costs. The estimated annual benefits range from \$135 billion to \$218 billion while the estimated annual costs range from \$38 billion to \$44 billion.

OMB seeks public comment on all aspects of this Draft Report. OMB is specifically interested in public comment in the following three areas:

- Guidelines for regulatory analysis. In order to make continued improvements in the quality of the regulatory analyses prepared by agencies, OIRA initiated in 2002 a process to refine the OMB guidelines for regulatory analysis. The OIRA Administrator and a member of the Council of Economic Advisers (CEA) are serving as co-chairs of this effort. OMB

and CEA staff have drafted proposed revised guidelines which are presented in Appendix C of this report. We are requesting comment on these draft guidelines for regulatory analysis.

- Analysis and management of emerging risks. An Interagency Work Group on Risk Management, co-chaired by the OIRA Administrator and the Chairman of the White House Council on Environmental Quality has been formed to foster Administration-wide dialogue and coordination on the management of emerging risks to public health, safety and the environment. To assist in the Work Group's efforts, OMB requests comments on current U.S. approaches to analysis and management of emerging risks.

- Improving analysis of regulations related to homeland security. In light of the significant interest in regulations related to homeland security, OMB is seeking public comment on how to more effectively evaluate the benefits and costs of these proposals, including how agencies might better forecast the anti-terrorism benefits and the direct and indirect costs of such rules, including time, convenience, privacy, and economic productivity.

Chapter I: The Costs and Benefits of Federal Regulations

Section 624 of the FY 2001 Treasury and General Government Appropriations Act, the "Regulatory Right-to-Know Act,"¹ requires OMB to submit "an accounting statement and associated report" including:

(1) An estimate of the total annual costs and benefits (including quantifiable and nonquantifiable effects) of Federal rules and paperwork, to the extent feasible:

(A) In the aggregate;
(B) By agency and agency program;
and

(C) By major rule;
(2) An analysis of impacts of Federal regulation on State, local, and tribal government, small business, wages, and economic growth; and

(3) Recommendations for reform.²
This chapter presents the accounting statement. It revises the benefit-cost estimates in last year's report by updating the estimates to the end of fiscal year 2002 (September 30, 2002) and including new estimates from October 1, 1992 to March 31, 1995. Our new estimates are now based on the major regulations reviewed by OMB over the last ten years. All of the

¹ 31 U.S.C. 1105 note, Pub. L. 106-554, Section 1(a)(3) [Title VI, section 624], Dec. 21, 2000, 114 Stat. 2763, 2763A-161 (see Appendix F).

² Recommendations for reform are discussed in Chapter II.