

# Toward a Federal “Regulatory Budget”

When Congress spends, disclosure is necessary for voters to hold representatives accountable. Federal programs are funded by either raising taxes or by borrowing against a promise to repay with interest from future tax collections. Taxpayers can observe those decisions to some degree during the authorization and appropriations processes. They can inspect the costs of programs and agencies in Congressional Budget Office publications<sup>173</sup> and the federal budget’s historical tables.<sup>174</sup>

However, Congress often “funds” objectives and programs through regulatory mandates. Regulation and spending are related; both are mechanisms by which governments act or compel individuals. Rather than taxing and paying directly, federal regulation can compel the private sector, as well as state and local governments, to bear the costs of federal initiatives. Regulation in such instances functions like an off-budget form of tax-

ation and spending. Although disclosure of spending does not stop deficits, it is still vital to making progress toward that goal. Policy makers should disclose regulatory costs to the extent possible so that the choice to regulate can at least have an opportunity to get the full consideration it deserves.

Because the costs and economic effects of regulatory compliance are not budgeted and disclosed the way that federal spending is, regulatory initiatives can commandeer private sector resources with comparatively little public controversy. Policy makers may find it easier to impose regulatory costs than to embark on government spending because of the former’s lack of disclosure and accountability. And when regulatory compliance costs prove burdensome, Congress can escape accountability by blaming an agency for issuing an unpopular rule. Table 1 provides an overview of the federal regulatory enterprise in 2019.

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Table I. The Regulatory State: A 2018 Overview

	Year-End 2018	1-Year Change	5-Year Change (2012–2018)	10-Year Change (2009–2018)
Total regulatory costs	\$1.9 trillion	n/a	n/a	n/a
Agency enforcement budgets	\$71.0 billion	4.7%	12.6%	18.7%
<i>Federal Register</i> pages	63,645	–3.8%	–18.1%	–7.2%
Devoted to final rules	16,378	–12.5%	–34.1%	–21.2%
<i>Federal Register</i> final rules	3,368	2.7%	–5.2%	–3.9%
Code of Federal Regulations pages	185,434	0.5%	3.4%	13.5%
Total rules in Agenda pipeline	3,534	10.1%	3.5%	–12.6%
Completed	480	2.1%	–23.7%	–28.3%
Active	2,399	21.3%	3.4%	–8.8%
Long term	655	–14.0%	40.9%	–12.0%
“Economically significant” rules in the year-end pipeline	174	24.3%	–13.0%	–5.4%
Completed	25	19.0%	–19.4%	–24.2%
Active	118	66.2%	–9.9%	–4.1%
Long term	31	–35.4%	–18.4%	10.7%
Rules affecting small business	605	2.5%	–10.2%	–20.2%
Regulatory flexibility analysis required	330	–2.1%	–11.8%	–11.3%
Regulatory flexibility analysis not required	275	8.7%	–8.3%	–28.8%
Rules affecting state governments	327	13.1%	–17.4%	–36.4%
Rules affecting local governments	199	15.0%	–13.9%	–39.3%
GAO Congressional Review Act reports on major rules	54	10.2%	–34.1%	–35.7%
<b>FCC Breakdown</b>				
Final rules ( <i>Federal Register</i> )	130	18.2%	–9.7%	2.4%
FCC rules in Agenda	83	–21.7%	–37.1%	–42.8%
FCC rules affecting small business	66	–14.3%	–32.7%	40.0%

n/a = not applicable.