



CEI Letter of Support for the *Renewing Efficiency in Government by Budgeting Act*

April 8, 2024

Dear Members of the House Committee on Oversight and Accountability,

We write to you today ahead of the committee markup on April 10, 2024 to express our support for H.R. 7867, the [Renewing Efficiency in Government by Budgeting Act](#), or REG Budgeting Act, sponsored by Rep. Pat Fallon (TX-04).

The federal government not only spends over \$6 trillion annually, but it also directs the private sector and lower-level governments to allocate vast resources toward regulatory compliance and other federal objectives, often in an unfunded manner.

Like taxes, regulations transfer wealth from one party to another. The regulatory state and its inherent interconnectedness with fiscal concerns and legislative dictates has for decades prompted bipartisan calls for comprehensive regulatory budgeting and reform.

Indeed, bipartisan support for regulatory budgeting dates back at least to 1979, when then Democratic Sen. Lloyd Bentsen (Texas)—who later served as Treasury Secretary in the Clinton Administration—[proposed](#) “an annual cap on the compliance costs each agency could impose on the private sector” and “[coordinat\[ing\]](#) the regulatory and fiscal budgets.”

Regulatory budgeting was also [proposed](#) in President Jimmy Carter’s 1980 *Economic Report of the President*, observing that “the Federal budget is an increasingly inadequate measure of the resources directed by government toward social ends.”

Current disclosure norms grow increasingly worrisome. Agencies issue more than 3,000 new rules annually, yet Members may have noticed the White House Office of Management and Budget’s (OMB) *Report to Congress on the Benefit and Costs of Federal Regulation* is routinely overdue, even as thresholds for review have been increased by recent executive action and OMB’s presumed oversight role has shifted toward more of a regulatory enabler and promoter than watchdog.

The REG Budgeting Act is rooted in modest and already widely appealing aspirations for discipline and prudence, modifying the bipartisan [Unfunded Mandates Reform Act of 1995](#) (UMRA) by simply capping incremental unfunded government-wide regulatory costs under the guidance of the OMB Director in coordination with agencies. Congress would approve increases in overall total regulatory costs.

The incentives to cap costs and make commonsense trade-offs bear some resemblance to President Trump’s [Executive Order 13771](#), a measure that mimicked “one-in, one-out” budgeting procedures like those in Canada and the U.K. that enjoyed cross-spectrum political support. Observing again the bipartisan pedigree of measures addressing incremental burdens, Virginia Democratic Sen. Mark

Warner proposed a one-in, one-out “[pay as you go](#)” cost freeze for regulations in a 2010 *Washington Post* article titled, “[To revive the economy, pull back the red tape.](#)”

The committee’s April 10 markup of the REG Budgeting Act is elemental to permanently restoring oversight and accountability over what all Members must surely recognize to be an administrative state that qualifies as comprehensive, to say the least, and which should be subordinate to them.

Acting now is particularly prudent given that the character of federal spending during COVID and since—via the likes of the Infrastructure Investment and Jobs Act, Inflation Reduction Act, and the CHIPS and Science Act—is also inherently regulatory in nature. Small businesses, states, and localities are vulnerable to new unfunded federal regulatory burdens in the wake of these interventions. That stark reality will make the wisdom of the REG Budgeting Act increasingly apparent and render its urgency equivalent to that of the original bipartisan UMRA.

For example, in the Fall 2023 *Unified Agenda of Regulatory and Deregulatory Actions*, 690 of the 3,599 rules in the regulatory pipeline (pre-rule, proposed, final, and recently completed stages) affect small business and local governments. That is considerably higher than the Trump years when many rules were intentionally “deregulatory,” for a still-lower net. Members should be aware that the critical and impactful subset of rules affecting small business deemed “significant” exceeds Obama-era levels.

Similarly, rules affecting state and local governments—the very sort that spurred UMRA in the first place—now stand at levels not seen in at least a decade. Agencies report that 349 of the 3,599 rules in the Fall 2023 Agenda pipeline affect local governments, while 507 affect state governments. Policymakers are very likely facing a forthcoming reemergence of governors and state and local legislators realigning to voice their concerns over rising mandates—just as they did 30 years ago.

We therefore encourage Members of the Oversight Committee to advance this commonsense legislation. Naturally, exceptions to capping are allowed for rules deemed necessary due to emergencies, enforcement of criminal laws, national security, or international trade agreements.

Our current situation resembles the mid-90s, when external pressures drove the parties to closely collaborate not only on UMRA but also on paperwork reduction, small business regulatory relief, and other advancements in accountability and disclosure. Congress can take the initiative by moving forward on the REG Budgeting Act now, thereby affirming appropriate congressional oversight and publicly beneficial reporting requirements, and reversing widely acknowledged over-delegation.

Keeping a watchful eye on the regulatory state and protecting the public from unnecessary burdens are solemn duties. We again reaffirm our support for the REG Budgeting Act and its promotion of sound public policy.

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