COALITION FOR SENSIBLE SAFEGUARDS

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Fact Sheet on Regulatory Budgeting

Regulatory Budgeting Puts Public Health and Safety Protections on the Chopping Block

When we hear there's a new threat to our health, it doesn't mean we ignore the risks we already know about. We don't remove the prohibition on lead paint because we have prohibited the use of BPA in sippy cups for kids. But that's exactly what a proposal called "regulatory budgeting" would require. It is a bizarre idea that would stop health and safety advances and put enormous pressure on businesses and federal agencies to do the wrong thing.

Regulatory budgeting proposes that any rule that levies costs on industry (think fire control sprinklers in a factory or limits on toxic pollution emissions) could not be implemented unless an existing rule with an equal dollar cost is repealed. This restriction would apply even if the costs of the new rule and the old rule fall on entirely different companies or even different industries. Agencies would not be allowed to update a regulation based on new scientific findings or issue a new rule in response to an emerging danger until an existing rule of equal cost was repealed. This proposal is counterproductive and defies commonsense. Taking a step forward in public health and safety shouldn't require that we first take a step backward.

- **Regulatory budgeting would force federal agencies to focus on costs to industry and ignore the benefits of new safeguards.** The benefits of regulation – such as saving lives, preventing injuries and illnesses, stopping environmental disasters, ensuring equality and access for the disabled, and reducing excessive risk-taking on Wall Street – would play little or no role in the rulemaking process.

- **Regulatory budgeting would force agencies to consider only rules that have the smallest costs to industry to stay within their budget caps – rather than standards that provide significant public health benefits.** Today, agencies weigh the benefits against the costs and issue rules that provide the greatest *net benefits* to the public. Americans should have confidence that regulators are picking standards that are best overall, rather than basing their decisions on arbitrary budget caps.

- **Regulatory budgeting would prevent agencies from implementing popular laws passed by Congress.** A regulatory budget would block required rules if they exceed established regulatory budget caps – including those mandated by Congress with legally binding deadlines. As a result, laws passed by Congress could not be implemented unless they fit within the regulatory budget, overriding the will of Congress.

- **Regulatory budgeting would create a strong incentive to repeal major safeguards.** Most models of regulatory budgeting would allow agencies to increase their regulatory cost caps by repealing existing rules. This would put enormous pressure on agencies to pursue sweeping deregulatory measures to increase their cost caps, and to pursue relatively minor regulatory improvements to avoid breaching those caps.

- **Regulatory budgeting would reward businesses that cut corners.** Instead of building on established safety standards that entire industries have implemented, agencies might be tempted to repeal existing standards that have become common practice. This could lead some businesses to backslide in order to try to wrest a competitive advantage over responsible businesses by reverting to unsafe and unfair practices. This would also put companies that have already complied with the rules at a competitive disadvantage.

The flawed premise behind regulatory budgeting is that costs to industry are the only ones worth considering. In fact, the human costs of weak health and safety standards and tepid enforcement of those rules are much more alarming. The Wall Street financial collapse, irreversible damage from climate change, tainted food, unsafe and toxic children's toys and consumer products, exploding oil trains and dangerous workplaces that kill and injure dozens of workers a day are just a few examples of those costs.

Proponents misleadingly claim that their regulatory budgeting proposal is modeled on Canada's regulatory system. But in the Canadian system, health, safety and environmental standards are explicitly exempted from regulatory budgeting caps. The truth is that regulatory budgeting would rig the rules against American workers, consumers and families.

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The Coalition for Sensible Safeguards is a national alliance of more than 150 consumer, labor, scientific, research, faith, community, environmental, small business, good government, public health and public interest groups — representing millions of Americans. We are joined in the belief that our country's system of regulatory safeguards should secure our quality of life, pave the way for a sound economy and benefit us all. Learn more at www.SensibleSafeguards.org.