Budget Data Reveal Congressional Influence Over Trump's Policy Priorities

Mark Febrizio | August 12, 2020

Abstract

This *Regulatory Insight* analyzes four Trump administration budget proposals to identify notable recurring trends in regulatory spending. Budget data indicate that spending on homeland security regulation has risen, while outlays for environment and energy regulation have fallen. Comparing the president's budget proposals with actual outlays suggests where the administration has been largely successful in accomplishing its political goals and where Congress has hindered those goals. The results highlight how federal budgets are a product of compromise between the executive and legislative branches.

Introduction

Presidents enter their first term with a long list of policy priorities, only some of which are accomplished. Although sorting through political rhetoric is challenging, one major indicator of a president's priorities is the annual budget proposal to Congress. The recently published fiscal year (FY) 2021 Regulators' Budget report analyzes budget data on spending and personnel dedicated to developing, administering, and enforcing regulation. As an annual report, the Regulators' Budget also sheds light on how regulatory spending has changed over time. Now, after four Trump administration budget proposals, what are notable recurring trends in regulatory spending? What do these trends indicate about the president's priorities?

Overall spending on regulatory agencies rose approximately 10.5 percent from 2017 to 2020, in real terms, and the FY 2021 request would slightly increase regulatory spending by 0.3 percent

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over estimated 2020 levels. Nevertheless, a closer examination reveals major changes in the categories of regulation promoted by the president, with the common trend being more for homeland security and less for environmental regulation. By showing differences between proposed and actual levels of spending, the data also illustrate the divergent priorities of the president and Congress, especially on environmental regulation.

Background on the Budget Process

The annual budget documents produced by the Office of Management and Budget (OMB) are valuable sources of information on past federal spending and staffing as well as forward-looking presidential priorities. OMB's budget proposal is only one step in the larger budget process. The three main phases of the budget process include the development of the President's Budget and transmittal to Congress, congressional action on the requests made in the proposal, and execution of the spending enacted by legislation.[1] Thus, when OMB's budget documents are published each year—typically in February—they represent the core product of the budget process's first phase.

The annual Regulators' Budget report—which the GW Regulatory Studies Center jointly produces with the Weidenbaum Center on the Economy, Government, and Public Policy at Washington University in St. Louis—uses OMB's budget documentation to track the spending and personnel dedicated to developing, administering, and enforcing regulation from federal agencies. The resulting dataset contains historical trends on regulatory spending, in terms of outlays, going back to 1960. The report also analyzes the estimated spending for the ongoing fiscal year and the president's proposed budget for the upcoming fiscal year.

The budget process illustrates the sometimes-adversarial relationship between Congress and the president, a reflection of the federal separation of powers. The enacted level of spending for an agency is often different—sometimes drastically—from what the president requested. For instance, the FY 2020 budget proposal asked for large cuts to the Animal and Plant Health Inspection Service's (APHIS) regulators' budget, but the agency's regulatory outlays actually rose an estimated 29.1 percent from 2019 to 2020 based on congressional appropriations.
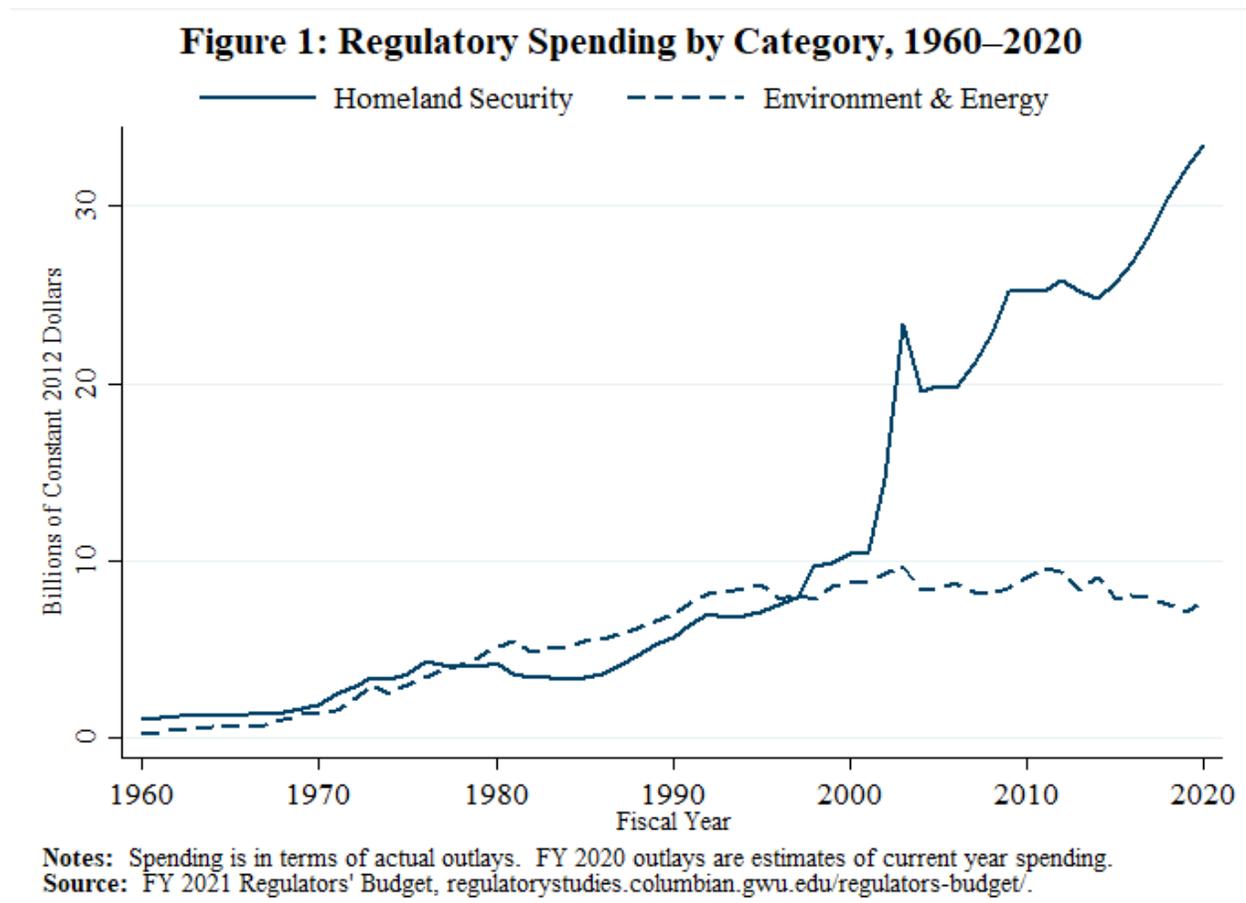
While the historical data in the President's Budget are an accurate depiction of changes in federal spending over time, proposed outlays for the upcoming fiscal year are better seen as an indication of the administration's policy priorities. The Regulators' Budget report helps identify those priorities by distinguishing different categories of regulatory activity. This *Insight* focuses on two categories, *homeland security* and *environment and energy*, because they are central to the Trump administration's policy goals.

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[1] *See*, FY 2021 Budget, Analytical Perspectives: Ch. 8 Budget Concepts, pp. 79–85, https://www.govinfo.gov/content/pkg/BUDGET-2021-PER/pdf/BUDGET-2021-PER-4-1.pdf.

Regulatory Insight

Trends in Regulatory Spending

A long-term look at homeland security and environmental regulation

The long-term trends for the homeland security and environment and energy categories offer context for understanding recent divergences between presidential proposals and congressional appropriations. The homeland security category includes certain agencies within the Department of Homeland Security (DHS), such as Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), the U.S. Coast Guard, and the Transportation Security Administration (TSA). The environment and energy category includes agencies from multiple departments and commissions, such as the Environmental Protection Agency (EPA), the Army Corps of Engineers, the Nuclear Regulatory Commission, and offices within the Departments of Agriculture, Energy, and the Interior. Figure 1 displays the long-term change in inflation-adjusted regulatory spending for these two categories from 1960 to 2020.

Figure 1: Regulatory Spending by Category, 1960–2020

Notes: Spending is in terms of actual outlays. FY 2020 outlays are estimates of current year spending.
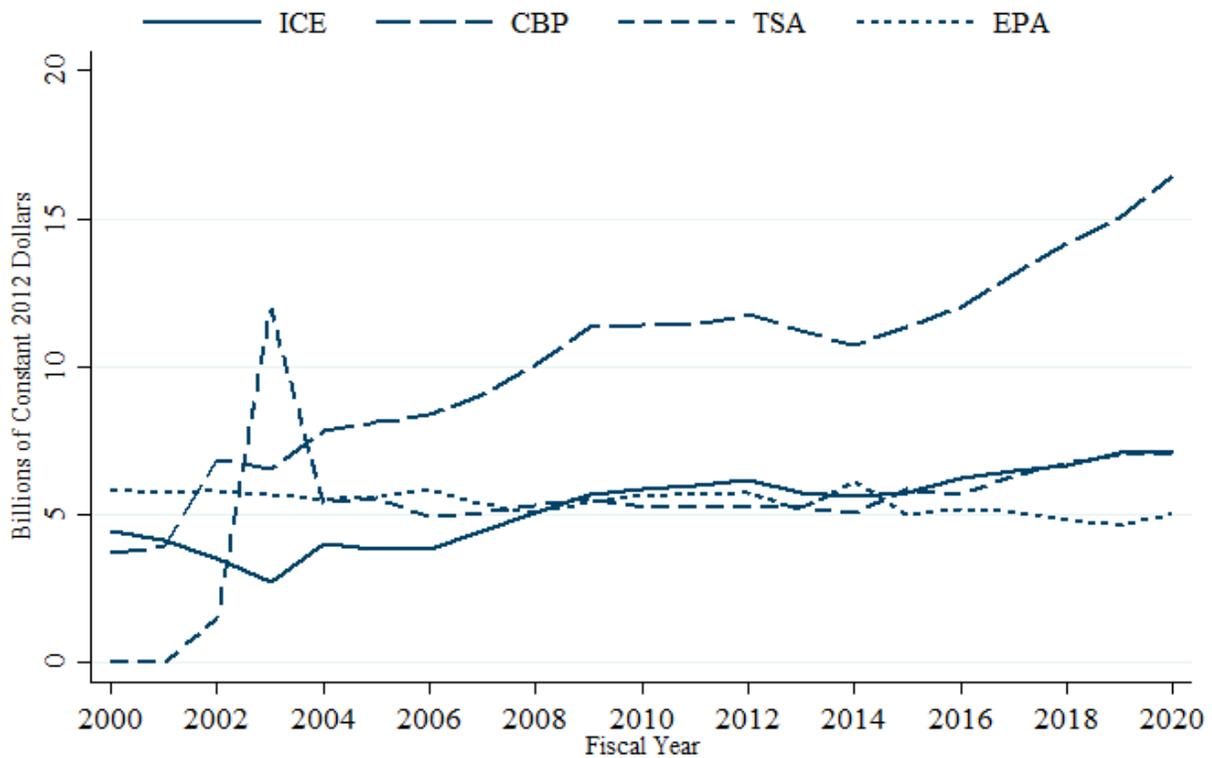**Source:** FY 2021 Regulators' Budget, regulatorystudies.columbian.gwu.edu/regulators-budget/.

From the 1960s through the 1990s, regulatory spending on homeland security and environment remained close in magnitude and grew steadily at similar rates. This parallel relationship changed after 2001. Policymakers integrated 22 federal agencies to create DHS as a response to the September 11 terrorist attacks, and spending on homeland security regulation surged. Much of the initial increase can be attributed to the replacement of airport security contractors with federal TSA officers.[2] More recent growth primarily stems from increased spending on border and immigration enforcement, with regulators' budgets for CBP and ICE increasing a cumulative 36 percent from 2010 to 2020 (and 20 percent from 2017 to 2020).[3]

Regulatory spending for the environment and energy category has stayed relatively flat after 2000, with minor peaks in 2003 and 2011. EPA consistently receives the majority of regulatory spending in the category. Inflation adjusted spending on environment and energy regulation fell by almost 15 percent from 2010 to 2020 (-2.3 percent from 2017 to 2020). Much of this decline came from EPA's regulatory outlays, which fell 11 percent from 2010–2020. To better illustrate recent budget changes for specific agencies, Figure 2 shows the trend in regulatory spending for ICE, CBP, TSA, and EPA from 2000 to 2020. Notably, EPA had the largest regulatory budget in 2000, but by 2015 its budget was the smallest relative to the three homeland security agencies.

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[2] TSA was created in November 2001 (near the beginning of FY 2002) and grew by 268 percent from 2002 to 2009.

[3] The recent increase does not necessarily reflect a reversal of G.W. Bush administration policies under Obama. While the rate of growth under the Bush administration was greater (a 111 percent increase from 2001–2009), spending on ICE and CBP increased by 15 percent from 2009–2017 under the Obama administration.

Figure 2: Regulatory Spending by Select Agencies, 2000–2020

───── ICE ── ── ── CBP ── ── ── TSA ·········· EPA

Notes: Spending is in terms of actual outlays. FY 2020 outlays are estimates of current year spending.
Source: FY 2021 Regulators' Budget, regulatorystudies.columbian.gwu.edu/regulators-budget/.

Patterns during the Trump administration

In light of the long-term trends, including those emerging since 2000, what can be learned from spending on homeland security regulation and environment and energy regulation during the Trump administration? In one sense, the diverging trends existed before Trump took office, with spending on homeland security increasing by 13 percent between 2010 and 2017, and outlays for environmental regulation declining by 13 percent between 2010 and 2017. However, the last few budget cycles during the Trump administration have widened the gap between the two categories.

As I discussed in a commentary last year, "[c]omparing numbers across annual Regulators' Budget reports reveals how an administration's regulatory priorities remain subject to, or even dependent on, external political forces." To illustrate this dynamic, I compare the trends across the four budget proposals from the Trump administration, starting with the FY 2018 budget, which the Trump administration published in May 2017. Even though Trump began his first term in January 2017, President Obama introduced the FY 2017 budget in February 2016, and FY 2017 began on October 1, 2016, before the presidential election.

The important years to focus on in each budget proposal are the last completed fiscal years, the current fiscal year, and the upcoming fiscal year.[4] The data present the actual outlays for the last completed fiscal year, an estimate of outlays for the entire current fiscal year based on transactions and balances when the budget was prepared, and estimates of outlays for the upcoming fiscal year assuming that the president's budget request is adopted. As the following two figures show, the president's proposed budget for the coming year is sometimes quite different from the actual outlays appropriated by Congress.

Figure 3: Homeland Security Spending, Proposed vs. Actual

Notes: FY 2020 outlays are estimates based on current year transactions and balances.
Source: FY 2018, 2019, 2020, 2021 Regulators' Budgets, regulatorystudies.columbian.gwu.edu/regulators-budget/.
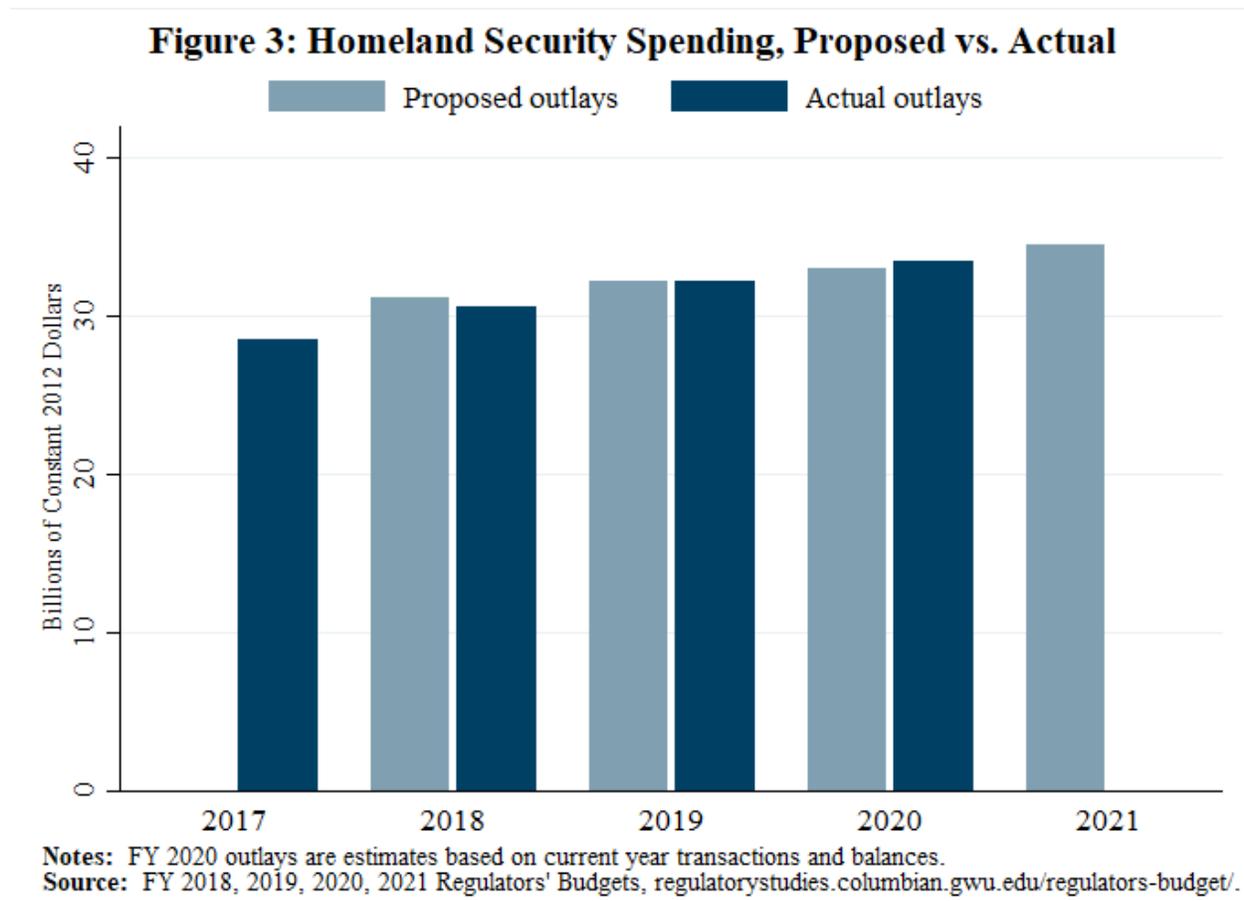
Figure 3 examines outlays for the homeland security category from 2017 to 2021 in constant dollars, comparing proposed outlays to actual outlays for each fiscal year.[5] The lightly shaded bars reflect the spending proposed in each president's budget, while the darkly shaded bars show the actual spending based on FY 2021 budget data. For instance, the two bars at 2019 are nearly the

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4   For a technical discussion of these three data figures (the past year, the current year, and the budget year), see the discussion in the FY 2021 Budget, Analytical Perspectives: Ch. 8 Budget Concepts, p. 95, https://www.govinfo.gov/content/pkg/BUDGET-2021-PER/pdf/BUDGET-2021-PER-4-1.pdf.
5   The proposed outlays for FY 2017 are excluded because they were requested by President Obama. The actual outlays for FY 2021 do not yet exist!

same height, indicating that congressional appropriations were largely in line with the president's FY 2019 request. Overall, for the homeland security category, actual spending is relatively close to what the president requested each year. However, the story is quite different for the environment and energy category.

Figure 4: Environment & Energy Spending, Proposed vs. Actual
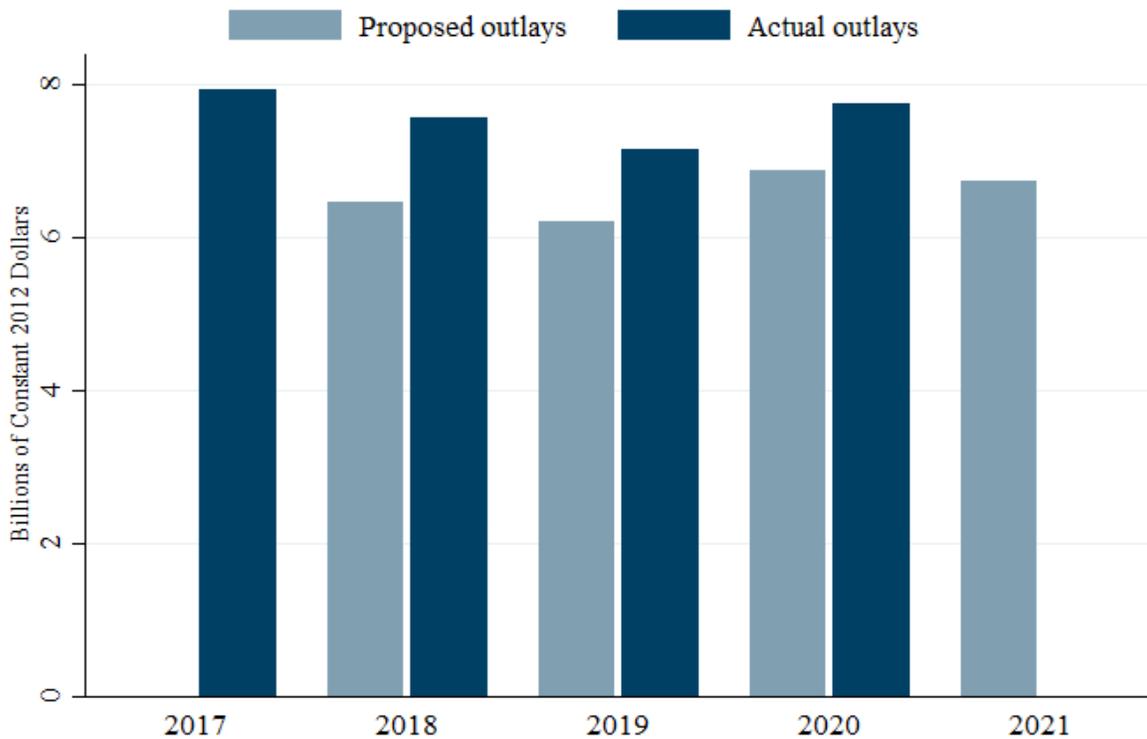
Notes: FY 2020 outlays are estimates based on current year transactions and balances.
Source: FY 2018, 2019, 2020, 2021 Regulators' Budgets, regulatorystudies.columbian.gwu.edu/regulators-budget/.

Figure 4 looks at spending for the environmental and energy category from 2017 to 2021 in constant dollars. In contrast to homeland security regulation, the trend for environmental regulatory spending is downward, except for an estimated rise in 2020. Furthermore, comparing the numbers across budget proposals reveals a striking tendency: while the Trump administration has consistently proposed large cuts for environmental regulation, the actual appropriations from Congress represent a much smaller decline.

For example, the FY 2018 budget proposed a 19 percent reduction from estimated 2017 spending, but the actual decrease was under 5 percent, according to the FY 2021 budget data. Similarly, in the FY 2020 budget proposal, the president requested a 9 percent cut in regulatory spending on environmental and energy issues, based on estimated outlays in 2019. However, the FY 2021 budget data, which reports actual spending in 2019 and estimated spending for 2020, suggests that Congress actually appropriated an increase in regulatory outlays for the environment and energy category from 2019 to 2020.

Presidential Budget Priorities Depend on Congressional Action

The diverging trajectories of these two categories of regulatory spending—homeland security and environment and energy—illustrate the Trump administration's policy priorities, while also highlighting how federal budgets are a product of compromise between the executive and legislative branches. The data on homeland security spending suggest that President Trump has been relatively successful at increasing spending on his homeland security priorities, including restrictive immigration policies,[6] through the budget process. While the growth in regulatory spending on homeland security has been occurring for two decades, the Trump administration further accelerated that expansion, specifically for agencies that focus on border and immigration enforcement. The president has also pursued those policies through large, controversial rulemaking actions, and the Spring 2020 Unified Agenda illustrates that "more stringent regulation of immigration" is a continuing priority as Trump concludes his first term.

Conversely, the Trump administration has not had the same success in reducing regulatory budgets for environmental and energy issues. While spending on environmental regulation has fallen since 2017, the change has been less drastic than what the president requested through budget proposals. For the last four budget cycles the Trump administration proposed significant cuts for agencies like EPA, but Congress rarely adopted those large changes. Estimated regulatory outlays in 2020 for the environment and energy category are noticeably lower than their inflation-adjusted levels a decade ago, but they have fallen less than 3 percent since 2017. Instead, the administration has primarily accomplished its environmental policy objectives with limited congressional involvement through the notice-and-comment process. Examples include the Safer Affordable Fuel-Efficient Vehicles Rule, a rule revising the definition of "Waters of the United States," and updated implementing regulations for the National Environmental Protection Act.

The budget data show both where the administration has been largely successful in accomplishing its political goals and in which areas Congress has hindered those goals. These results imply that while each budget proposal indicate a president's policy priorities, actual outlays based on congressional appropriations are more valuable for understanding federal spending. Furthermore, changes in spending depend on both the sitting president as well as which party controls Congress.[7] Thus, researchers should evaluate claims about changes in federal spending primarily through the actual outlays Congress enacts, rather than through the president's budget proposals.

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[6] For example, the FY 2021 budget proposal for DHS requests additional "ICE law enforcement officers, immigration court prosecuting attorneys, and additional critical support staff" as well as more CBP agents, processing coordinators, and support staff. *See*, pp. 56–57, https://www.govinfo.gov/content/pkg/BUDGET-2021-BUD/pdf/BUDGET-2021-BUD-13.pdf.

[7] This appears consistent with the decline in environment and energy regulatory spending during Obama's second term, when Republicans gained control of both houses of Congress after the 2014 midterm elections.