Highlights from

Sequester’s Impact on Regulatory Agencies Modest
An Analysis of the U.S. Budget for Fiscal Years 2013 and 2014

By Susan Dudley & Melinda Warren

- The effect of the sequester on the budgetary outlays at federal regulatory agencies in fiscal year 2013 appears modest, and the President’s proposed budget for FY 2014 would provide regulatory agencies additional outlays.
  - Estimated outlays for regulatory agencies are $56.4 billion in FY 2013, a real (inflation-adjusted) increase of 0.9 percent over FY 2012.
  - President Obama’s FY 2014 Budget requests a real increase of 3.6 percent, which would bring outlays for the regulatory agencies tracked here to $59.4 billion.

- The largest budget increases in 2013 and 2014 are going to:
  - The Food and Drug Administration (with more than $600 million additional outlays each year to implement the Food Safety Modernization Act of 2011).
  - The Patent and Trademark Office, which the America Invents Act of 2011 authorized to set its own fees (with increases of $399 million in FY 2013 and $293 million in 2014).
  - Customs and Border Protection (with increases of $115 million in FY 2013 and $542 million in FY 2014).
  - Financial agencies to which the Dodd-Frank Wall Street Reform and Consumer Protection Act granted new authority, particularly the Securities and Exchange Commission (more than $250 million each year), the Comptroller of the Currency ($18 million in 2013 and $368 million in 2014), and the Consumer Financial Protection Bureau ($116 million in 2013 and $158 million in 2014).

- Staffing at regulatory agencies is projected to increase in both fiscal years.
  - Federal regulatory agencies employ an estimated 282,070 people in FY 2013, a 1.6 percent increase over FY2012. The Budget requests an additional 0.7 percent increase in FY2014, bringing personnel to 284,085.
  - Financial regulators (particularly the Consumer Financial Protection Bureau, the Commodity Futures Trading Commission, and the Securities and Exchange Commission) are set to increase personnel significantly (more than 2,000 new staff for those three agencies over two fiscal years). The Federal Deposit Insurance Corporation faces significant staff reductions in both 2013 and 2014 that would bring its staffing levels back to what they were in 2008 and 2009.
  - The Patent and Trademark Office continues to grow, with more than 2,000 new employees projected over the 2 years.
  - The Food and Drug Administration is projected to add more than 1,000 people each year (reflecting a growth rate of 7.5 percent in 2013 and 6.9 percent in 2014).
  - Within the Department of Homeland Security only Customs and Border Protection is budgeted for more staff in 2014. Its employment increased by 790 people in 2013 and another 990 in 2014. The 2014 Budget requests more than a 900-person reduction at Immigration & Customs Enforcement after an increase of 100 employees in 2013.
This report tracks the “regulators’ budget,” that portion of the fiscal budget devoted to developing and enforcing federal regulations that alter private sector behavior, from 1960 to 2014. Though these on-budget costs of regulation represent a small fraction of the full cost of regulations to society and do not provide information on regulations’ benefits, the time-series data presented here offer useful insights into the growth and composition of regulation over the last 54 years, as well as current priorities.

These data cover agencies whose regulations primarily affect private sector activities, and expressly excludes budget and staffing associated with regulations that govern taxation, entitlement, procurement, subsidy, and credit functions. For example, the Internal Revenue Service, the Social Security Administration, and the Department of Defense are not included, although they issue regulations. The Department of Health and Human Services Center for Medicaid and Medicare Services (CMS), while issuing about one-third of all the final regulations published in a typical year, has traditionally been excluded because its regulations have primarily addressed the allocation of entitlements. The Patient Protection and Affordable Care Act of 2010 granted CMS new responsibilities, many of which (such as the regulation of private insurance markets) are clearly within the scope of this report. However, the President’s budget does not allow us to distinguish spending and staffing for those activities from CMS’s traditional responsibilities, and we were unable to include them here.

The full report is available online at:
http://wc.wustl.edu
http://www.RegulatoryStudies.gwu.edu

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Figure 1
Budgetary Costs of Federal Regulation, Adjusted for Inflation

Figure 2
Staffing of Federal Regulatory Agencies
