Budgetary Costs of Running Regulatory Agencies to Reach $57.3 billion in 2012

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Regulations are an increasingly important aspect of modern American life, and yet measuring regulations’ effects is challenging. A report released today by the George Washington University Regulatory Studies Center and the Weidenbaum Center at Washington University in St. Louis sheds some light on the size and growth in regulations with which American businesses, workers, and consumers must comply. Fiscal Stalemate Reflected in Regulators’ Budget: An Analysis of the U.S. Budget for Fiscal Years 2011 and 2012 tracks the direct taxpayer costs associated with developing, administering, and enforcing federal rules and regulations from 1960 to 2012.

Despite efforts to freeze non-security discretionary spending, the budgets of federal regulatory agencies are increasing in both 2011 and 2012. The estimated cost of running regulatory agencies in 2011 is $54.9 billion, a 4.3 percent increase over 2010 spending. The President’s Budget requests an additional increase of 3.0 percent in 2012, for a total regulators’ budget of $57.3 billion. (See Figure 1.)

The number of staff employed on regulatory matters is growing at a rate of about 10,000 new regulatory employees per year in 2011 and 2012. The number of full time regulatory employees is expected to reach an all-time high of 291,676 in 2012. (See Figure 2.) Additional employees at the Department of Homeland Security make up more than 65 percent of this total staff increase.

While these “regulators’ budget” data don’t inform us about the benefits regulations may convey, nor do they reflect the off-budget costs they impose, we believe they offer useful information on the composition and evolution of federal regulation over the last 52 years, and serve as a barometer of future regulatory activity.

For example, the FY 2012 budget request suggests a renewed interest in economic regulation, which had been declining in prominence since we started tracking these data in the 1960s. The portion of the regulators’ budget devoted to economic regulation is 17 percent in 2012, compared to around 15 percent over the last decade.

Agencies with the largest regulators’ budget requests for 2012 include the Patent and Trademark Office, the Food and Drug Administration (responsible for issuing regulations under the Food Safety Modernization Act), the Department of Homeland Security, and financial regulatory agencies, including the Securities and Exchange Commission and the Comptroller of the Currency.

The budgets and staffing of agencies focused on energy and environmental regulation appear to be holding steady or declining. Two major pieces of legislation enacted last year – the Patient Protection and Affordable Care Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act – will generate new regulatory activity but are not well captured in our data.
Figure 1
Budgetary Costs of Federal Regulation, Adjusted for Inflation

Figure 2
Staffing of Federal Regulatory Agencies

Source: Weidenbaum Center, Washington University and the Regulatory Studies Center, the George Washington University. Derived from the Budget of the United States Government and related documents, various fiscal years.