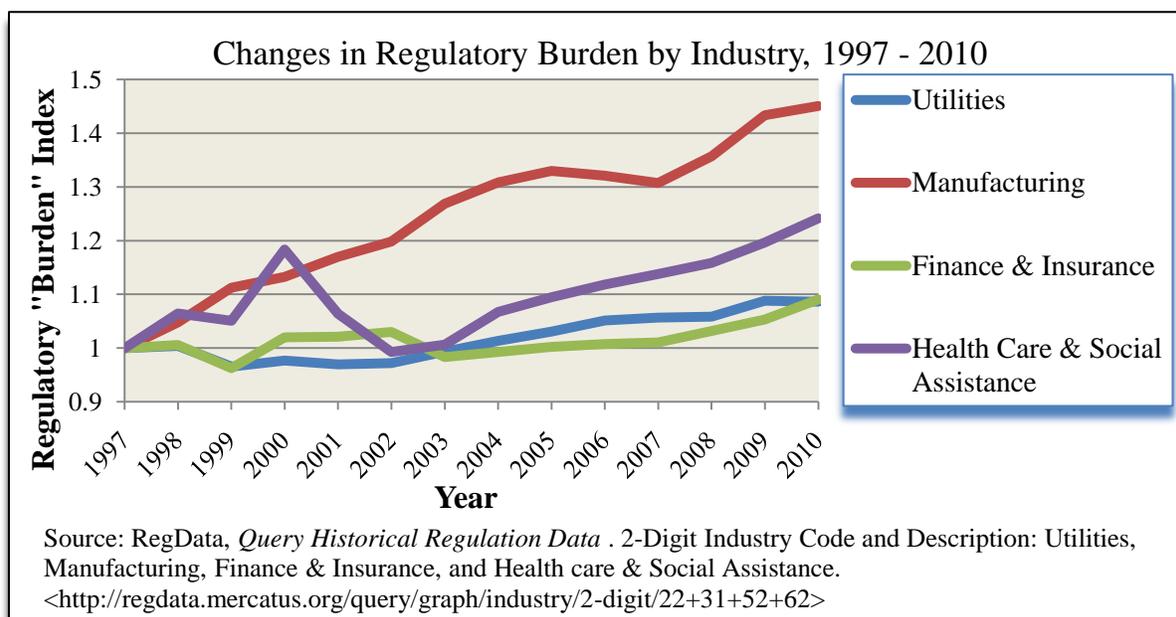


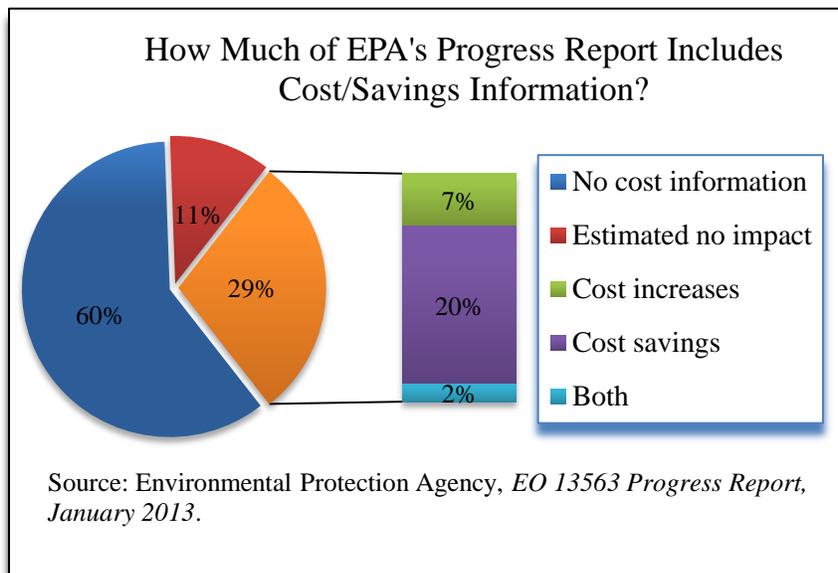
In a 2011 report, the Environmental Protection Agency projected that its retrospective review efforts would save \$1.5 billion over five years, but are the American people getting what the Agency promised? A [recent working paper](#) by the [GW Regulatory Studies Center](#) suggests that the unprecedented cost savings and burden reductions that many were hoping for won't materialize at all—in fact, some of EPA's retrospective review actions may even come with a hefty price tag.

Through a series of [Executive Orders](#), President Obama has encouraged federal regulatory agencies to review existing regulations “that may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned.” The impetus for this directive, as outlined in subsequent [guidance documents](#) and [retrospective review plans](#), is to reduce unjustified regulatory burdens and costs to the regulated public. However, at least four of the retrospective review actions outlined in EPA's January 2013 [progress report](#) will actually increase burdens and costs on the regulated public, some by millions or billions of dollars.

Because some research suggests that the manufacturing sector is particularly burdened by EPA regulations, the working paper focused on retrospective review actions that would affect this sector to determine whether burdens would increase or decrease as a result. Using the Mercatus Center's [RegData database](#), we were able to compare changes in regulatory constraints on the manufacturing sector with changes in regulatory constraints in other sectors (such as utilities, finance and insurance, and health care and social assistance).



As can be seen in the above figure, the manufacturing sector is subject to a higher rate of growth in regulatory constraints than utilities, health care, or the finance and insurance sector. From 1997 to 2010, regulatory constraints on the manufacturing sector increased by 45 percent. Since 1981, EPA has imposed more regulations on the manufacturing sector than any other agency, further highlighting the importance of EPA's retrospective review efforts.



EPA provides no estimate of costs or savings for the majority of its retrospective review actions, making it difficult to gauge expected burden reduction. As shown in the accompanying figure, EPA did not include any savings or cost estimate for 60 percent of the regulatory actions listed in its progress report. Fewer than one-third of the regulatory actions that EPA lists have any cost or savings information, and of

those, 31 percent include cost increases.¹ Additionally, EPA anticipates 11 percent of the actions in its progress report will have no impact on regulatory burdens.

Of the rules affecting manufacturers, one quarter will reduce costs. EPA does not indicate whether half of the regulatory actions affecting manufacturers will increase costs, reduce costs, or have any impact at all, making it difficult to gauge whether EPA is successfully reducing excessive burdens on the regulated public. Additionally, all of the regulatory review actions which increase costs will fall to manufacturers, adding to the already significant regulatory burdens which exist in that sector.

EPA has estimated that the total five-year savings from *all* review actions either underway or already completed is \$1.5 billion—1.3 percent of EPA's annual regulatory burden on the manufacturing sector. Even if all of these reforms were targeted at manufacturers, the effect is not substantial enough for EPA to claim credit for seriously reducing regulatory burdens on heavily-burdened sectors, such as manufacturing.

¹ This includes one rule which developed uniform standards for equipment leaks (RIN 2060-AR00) that incurred both savings and costs to regulated entities.

