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With New Information on Federal Regulations, OMB Releases Draft Cost-Benefit Report

Program by program benefit-cost information provided for first time ever

Washington, DC – OMB's Office of Information and Regulatory Affairs (OIRA) today released a draft report on the costs and benefits of federal regulations. For the first time ever, the report includes benefit-cost information by agency program as well as by agency. A copy of the report can be viewed at: http://www.whitehouse.gov/omb/fedreg/2003draft_cost-benefit_rpt.pdf.

"More detailed information helps consumers make intelligent choices on the products they purchase. By that same token, knowing more about the benefits and costs of federal regulations helps policymakers promote smarter regulations," said Dr. John D. Graham, OIRA Administrator.

According to the draft report, the clean air program in EPA's Office of Air and Radiation accounts for the majority of the national regulatory benefits estimated over the last decade. The President's Clear Skies Initiative calls for expanded authority for this program to reduce power plant pollution by 70 percent over the next 15 years.

The draft report estimates that major federal regulations provide benefits of \$135 billion to \$218 billion annually, while costing between \$38 billion and \$44 billion. The total costs and benefits of all federal rules now in effect could easily be a factor of ten or more larger than the sum of the costs and benefits of major federal regulations.

To improve the technical quality of benefit-cost estimates for future rulemakings, OMB and the White House Council of Economic Advisers (CEA) have prepared a draft revision to OMB's guidelines for regulatory analysis. This draft contains calls for agencies to expand use of cost-effectiveness methods as well as benefit-cost methods in regulatory analysis; to report estimates using several discount rates in regulatory analysis; and to employ formal probability analysis of benefits and costs for rules based on uncertain science that will have more than a \$1 billion-dollar impact on the economy.

The draft report also calls for public comment on how federal regulatory agencies are currently assessing and managing emerging risks to human health, safety, and the environment, particularly those risks that are subject to substantial scientific uncertainty. For future homeland security regulations, the report seeks public comment on how agencies and OMB can do a better job of identifying, quantifying, and weighing the consequences of the rules.

The draft report is required by the Regulatory Right to Know Act and it will now be subjected to a 60-day public comment period, peer review by academic experts, and a formal process of interagency review.

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