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Executive Office of the President
Office of Management and Budget
725 17th Street, NW
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RE: OMB Request for Information on Deregulation
Docket ID: 2025-06316[1]

Introduction

On behalf of the CEO members of Business Roundtable, we thank the White House Office of Management and Budget (OMB) for the opportunity to comment on its request for information regarding deregulation. Business Roundtable is an association of more than 200 CEOs of America's leading companies, representing every sector of the U.S. economy. Business Roundtable member companies support one in four American jobs and almost a quarter of U.S. GDP.

Regulations help to ensure a healthy environment, safe workplaces, and fair and competitive markets. However, they can be costly for consumers, businesses and the economy. Indeed, the growing burden of federal regulation is one of the most significant obstacles to investment, innovation and job creation: in a recent survey, Business Roundtable CEOs indicated that regulatory costs are the second-highest cost pressure facing their companies, trailing only labor costs. Balancing desired regulatory objectives with growth and innovation should be central to U.S. regulatory policy and lies at the heart of the Business Roundtable philosophy toward regulation.

Perhaps the most important component of this philosophy is the careful, systematic and transparent evaluation of a proposed rule's costs and benefits, using the best science available. Too often, however, federal rules are developed without a robust accounting of costs and benefits, particularly those promulgated by independent regulatory agencies. Moreover, agencies rarely account for how a proposed rule will contribute to the cumulative regulatory burden of existing rules.

Business Roundtable has long advocated a wide variety of reforms to improve the regulatory process, promote robust cost-benefit analysis and reduce the cumulative cost of regulation. We support the Trump Administration's efforts to more closely scrutinize — and, where appropriate, rescind or replace — existing regulations and related regulatory guidance. This

[1] 90 Fed. Reg. 15481 (April 11, 2025).

effort, like all regulatory efforts, should be conducted in a data-driven, process-based manner informed by public input, which will help to ensure that reform efforts stand the test of time and create a policy environment that promotes business confidence and encourages long-term investment.

The Trump Administration has a unique opportunity to reverse the trend of unchecked regulatory growth while also strengthening the foundation for enduring reform. By reining in excessive and duplicative rules and embedding smart regulatory practices into the rulemaking process, policymakers can deliver real relief to job creators while also helping to ensure that future rules are disciplined, justified and sustainable across Administrations.

Estimating the Cumulative Regulatory Burden

The cumulative burden of federal regulation imposes a significant drag on the U.S. economy — reducing capital investment, stifling innovation and complicating compliance for businesses of all sizes. While individual rules may appear justified in isolation, their combined weight reflects a fragmented, outdated regulatory process that lacks clear guardrails to ensure discipline, efficiency or economic accountability. Regulatory reform efforts should not only focus on repealing outdated rules but also institutionalizing process improvements that prevent such accumulation from recurring.

Based on agency estimates and annual reports issued by the Office of Management and Budget, the cost of "major" rules enacted from 2008–2023 totals nearly $229 billion in current dollars.[2] While regulators estimate that the benefits produced by these rules are even larger, regulations often interact with one another, creating additional market distortions and leading to higher and often underestimated costs.[3]

The $229 billion cost estimate over the last 16 years represents a floor estimate for the cumulative regulatory burden, as it is based on agency analyses conducted before rules went into effect, excludes thousands of "non-major" rules and ignores interactive effects. A variety of studies have been performed to estimate the cumulative regulatory burden, which is driven by both compliance costs and opportunity costs. While these studies vary in their methodological rigor, two of the most robust efforts were studies developed by economists at the Mercatus Center and economists at Cal-Berkeley and USC. The Mercatus study found that regulatory restrictions dampen economic growth by 0.8% per year, suggesting that the

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[2] Calculated from OMB Reports to Congress on the Benefits and Costs of Federal Regulations and Agency Compliance with the Unfunded Mandates Reform Act, 2008–2023. Calculations based on the average of the low- and high-cost estimate in 2001 dollars for all major rules for which agencies estimated costs. Cost estimates were converted to 2024 dollars using the Consumer Price Index for All Urban Consumers. "Major" rules are as those that have over $100 million in annual economic effect; significant effects on costs or prices for consumers; or significant adverse effects on employment, competition, investment, productivity, innovation, or global competitiveness.
[3] NERA Economic Consulting. (2012). "Macroeconomic impacts of federal regulation of the manufacturing sector."

cumulative regulatory burden imposed roughly $200 billion in additional costs in 2022.[4] The Berkeley/USC study found that that the labor costs of compliance alone were at least $79 billion per year in 2014 (or nearly $100 billion in current dollars)[5] and the opportunity cost associated with compliance is likely hundreds of billions more, given that resources devoted to compliance cannot be used for more productive activities, such as improving operating efficiency or innovating to better serve customers.[6] Other studies have likewise shown how high regulatory costs can lead firms to shift resources away from R&D activities, reduce investment, and delay or prevent new projects, resulting in less innovation.[7]

Notably, these studies were conducted before the Environmental Protection Agency issued several new rules in 2023 and 2024 that, per agency estimates, caused regulatory costs to skyrocket (see Figure 1). Indeed, during a four-month period in 2024, EPA finalized eight rules that will impose a combined $716 billion in additional costs according to the agency's own estimates—or more than six times the total costs of all major EPA rules finalized from 2008–2023.[8] If policymakers fail to adopt a smarter approach to regulation, the burden of environmental rules is expected to grow in a way that is not commensurate with benefits.

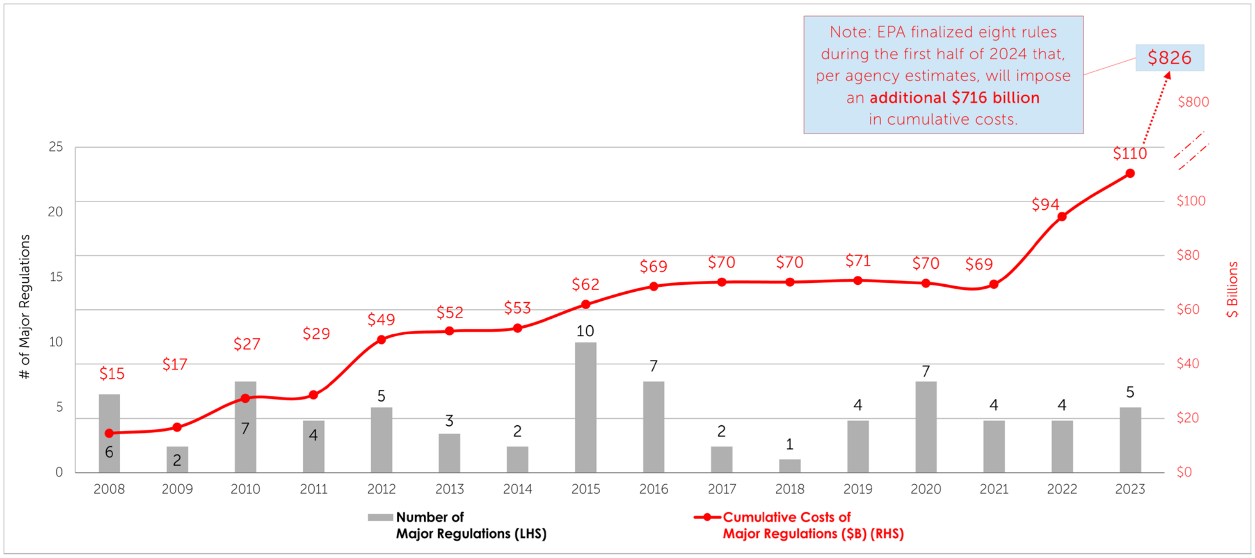
The cumulative regulatory burden affects businesses and the economy in two key ways:

- **Compliance Costs**: New regulations require significant investment in labor, equipment and processes to ensure compliance, with labor typically accounting for two-thirds or more of compliance costs.[9] Some of these costs are one-time investments (e.g., developing a compliance system or installing new equipment), but many others are recurring, particularly those related to hiring or retaining compliance workers.

[4] Coffey, B., McLaughlin, P., and Peretto, P. (2016) "The Cumulative Cost of Regulations." Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, April 2016.
[5] Trebbi, F., and Zhang, MB. (2023). "The Cost of Regulatory Compliance in the United States." NBER Working Paper No. w30691.
[6] National Association of Manufacturers (2016). "Holding US Back: Regulation of the U.S. Manufacturing Sector." Report prepared by Pareto Policy Solutions, LLC.
[7] Id. See also Marcus, A. (1981). "Policy Uncertainty and Technological Innovation." The Academy of Management Review. Vol. 6, No. 3: pp. 443-448.
[8] Based on agency cost estimates for each rule and converted to 2024 dollars using the Consumer Price Index for All Urban Consumers. The eight rules are (1) Greenhouse Gas Standards and Guidelines for Fossil Fuel-Fired Power Plants; (2) Updated Mercury and Air Toxic Standards (MATS); (3) Steam Electric Power Generating Effluent Guidelines Final Rule; (4) Legacy Coal Combustion Residuals Surface Impoundments and CCR Management Units; (5) Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium Duty Vehicles; (6) Greenhouse Gas Emissions Standards for Heavy-Duty Vehicles -Phase 3; (7) Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review and (8) National Ambient Air Quality Standards (NAAQS) for PM.
[9] Gorman, L. (2023). "Tracking the cost of complying with government regulation."

- **Opportunity Costs**: Estimates of the cumulative regulatory burden often focus on compliance costs because they are easier to measure, but opportunity costs are arguably even more important. High regulatory costs can lead firms to shift resources away from R&D activities, reduce investment, and delay or prevent new projects, resulting in less innovation.[10] Excessive regulation can also cause job and wage losses, deter companies from going public, and stifle entrepreneurship and new business starts.

Figure 1: Major EPA Regulations and Associated Costs, 2008 - 2023



Source: OMB annual reports on the costs and benefits of major regulations; Business Roundtable calculations. For more information, see Business Roundtable's 2025 report on the cumulative regulatory burden (link).

Reforming the Rulemaking Process to Reduce Regulatory Burdens

Improvements to regulatory planning and analysis (e.g., cost-benefit analysis, retrospective review and regulatory budgeting) — along with better interagency coordination and a deeper commitment to public engagement — are essential ingredients to ensuring that rules achieve their policy objectives without imposing excessive costs on U.S. businesses and consumers. These pillars underpin many Business Roundtable recommendations for improving the regulatory process and addressing the cumulative regulatory burden.

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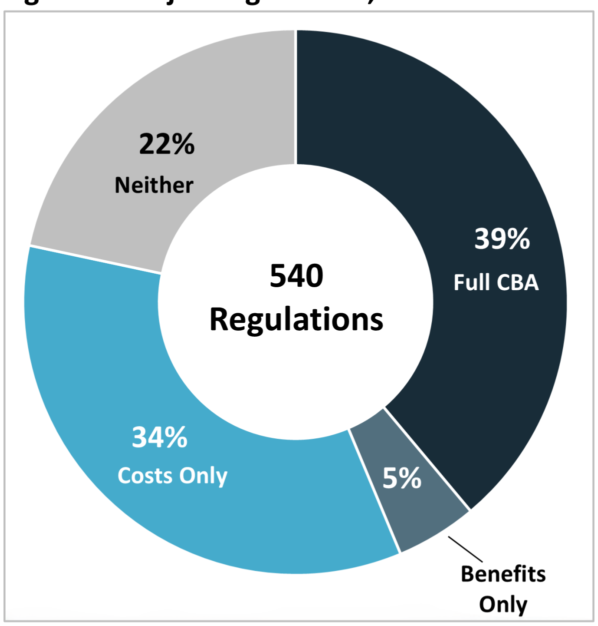
[10] Marcus, A. A. (1981). "Policy uncertainty and technological innovation." *The Academy of Management Review, 6*(3), 443–448.

Conducting Cost-Benefit Analysis on Major Rules Is Critical

As Business Roundtable has long argued, rigorous cost-benefit analysis is an essential component of effective regulatory planning and analysis.[11] By quantifying and comparing the likely costs and benefits of regulatory alternatives, CBA ensures that most regulations deliver net benefits to society. However, to be effective, CBA must be done well and used to inform new rules. According to OMB, less than 40% of the 540 major rules issued from 2008–2023 included a full CBA in which agencies monetized both costs and benefits (see Figure 2).[12] Since independent regulatory agencies historically have not been required to conduct CBAs, many more high-impact rules have avoided rigorous scrutiny. For example, of the 273 major rules issued by independent agencies from 2008–2023, only 20 included monetized estimates of both benefits and costs.[13] The inconsistent application of CBA weakens regulatory planning and analysis and leads to rules that impose costs that are higher than necessary. Business Roundtable commends the Trump Administration for its recent actions to require independent regulatory agencies to submit for review all proposed and final significant regulatory actions to the Office of Information and Regulatory Affairs.[14]

Figure 2: Major Regulations, FY 2008–2023



Source: OMB, Business Roundtable calculations. Excludes transfer rules and rules issued by independent regulatory agencies.

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[11] Business Roundtable. (2014). "Using cost-benefit analysis to craft smart regulation: A primer and key considerations for Congress and federal agencies."
[12] Calculated from Office of Management and Budget reports to Congress on the benefits and costs of federal regulations and agency compliance with the Unfunded Mandates Reform Act, FYs 2008–2023.
[13] ibid.
[14] Executive Order 14215: Ensuring Accountability for All Agencies. Issued February 18th, 2025.

Agencies Should Prioritize Retrospective Review

With retrospective review, or "look-back analysis," agencies periodically assess rules to determine how well they are achieving their policy goals. Administrations of both parties have endorsed retrospective reviews,[15] but they rarely occur in practice (and when they do, they are often *ad hoc* and under-resourced). President Trump's recent executive order, directing agencies to review "regulations that impose significant costs upon private parties that are not outweighed by public benefits," is a welcome indication that the Administration will prioritize retrospective review.[16]

In addition to reviewing prior regulations, Business Roundtable strongly supports requiring agencies to develop "prospective retrospective review plans" as part of the rulemaking process itself. These plans should identify clear regulatory objectives, specify metrics to track performance, and outline strategies for collecting and analyzing data over time. Embedding retrospective planning at the front end would make reviews more feasible and more likely to yield actionable insights about what works — and what doesn't.

Regulatory Budgets Can Help Rein in Costs

Regulatory budgets impose constraints on the costs that regulators can impose when issuing new rules. During the first Trump Administration, OMB capped the total costs that agencies could impose in all their rules and, in some cases, required agencies to eliminate existing regulations before adding new ones.[17] More recently, the Administration has taken more ambitious steps, including requiring agencies to incorporate expiration dates into energy-related rules[18] and mandating a "10-for-1" replacement policy and setting a "significantly less than zero" cost threshold for new regulations.[19] These recent efforts reflect a strong commitment to regulatory restraint and underscore the importance of building a durable framework to guide future reform efforts.

Although critics of regulatory budgets often point to the need to account for benefits as well as costs, a well-structured regulatory budget could accommodate offsets for rules that generate significant net benefits or achieve cost savings by revising existing rules.[20] As such, regulatory budgeting — when paired with rigorous cost-benefit analysis and applied consistently and thoughtfully across agencies, including independent regulatory agencies — can be an important

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[15] See, e.g. Executive Order No. 13563, Improving Regulation and Regulatory Review. Issued January 18th, 2011.
[16] Executive Order No. 14219, .Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative. Issued February 19th, 2025.
[17] Executive Order No. 13771, Reducing Regulation and Controlling Regulatory Costs. Issued February 3rd, 2017.; Bosch, D. (2021). "The legacy of the regulatory budget."
[18] Executive Order No. 14270, Zero-Based Regulatory Budgeting to Unleash American Energy. Issued April 9th, 2025.
[19] Executive Order No. 14192, Unleashing Prosperity Through Deregulation. Issued February 6th, 2025.
[20] Shapiro, S. (2019). "The limits of thinking of a regulatory budget like a fiscal budget." The Brookings Institute.

tool in addressing the cumulative regulatory burden. By establishing clear cost constraints on agency rulemaking, regulatory budgets create discipline, incentivize prioritization, and compel regulators to reexamine outdated or duplicative rules as a condition for issuing new ones. While the goal is to reduce unnecessary regulatory costs, a well-structured budgeting framework does not preclude important public protections; rather, it ensures that rules are subject to a meaningful threshold of justification. Just as thoughtful fiscal budgeting forces policymakers to consider tradeoffs when crafting spending bills, a well-considered regulatory budget can encourage agencies to focus their efforts on the rules that provide the greatest net benefits to society.

Improved Agency Coordination Would Reduce Overlap

Businesses are often subject to overlapping, inconsistent or even conflicting mandates from multiple agencies. These duplicative rules impose unnecessary costs and reduce the coherence of the regulatory system as a whole. To address this, agencies should be required to coordinate more closely during rule development — including through memoranda of understanding, joint rulemakings and designation of a lead agency for cross-cutting initiatives. In sectors such as energy, finance or data privacy, where multiple agencies have overlapping jurisdiction, interagency collaboration is essential to avoid imposing redundant reporting and compliance burdens on regulated entities. Similarly, regulators at the state and federal level — and where appropriate, with international counterparts — should collaborate to improve consistency and mutual recognition of standards, especially in areas that affect supply chains, emerging technologies or global competitiveness.

Public Engagement is Fundamental to Effective Regulation

Early public engagement is one of the most effective and underused tools available to federal agencies in the rulemaking process. Despite longstanding guidance to seek input from affected stakeholders throughout the rulemaking process, many continue to bypass this step. As a result, critical policy decisions — including the scope, design and cost of a regulation — are often made without meaningful outside input. By the time a Notice of Proposed Rulemaking (NPRM) is published, agencies are typically far along in their internal deliberations, making it more difficult to course-correct based on public feedback. This backward approach can lead to unnecessarily costly or unworkable rules that fail to reflect practical, lower-burden alternatives that stakeholders could have offered had they been consulted earlier.

Business Roundtable supports reforms that would make early engagement a standard feature of major rulemakings (including those intended to reduce the regulatory burden). Requiring agencies to issue a “Notice of Initiation” at the outset of a major regulatory or deregulatory process would create a formal opportunity for public comment before policy decisions are made. In addition, agencies should make more consistent use of Requests for Information (RFIs) and Advance Notices of Proposed Rulemaking (ANPRMs), which can surface policy alternatives that achieve regulatory objectives more cost-effectively. Greater use of these engagement mechanisms would not only improve rule quality but also foster a more transparent, accountable and responsive regulatory system. This is particularly important for deregulatory activities: given that agencies can no longer rely on "Chevron deference" and must demonstrate that their legal interpretations and factual support for new rules are as reasoned (or more reasoned) than those supporting the original rule, establishing a record of soliciting — and, where appropriate, incorporating — public input can help ensure a rule can withstand judicial scrutiny.

Conclusion: A Lasting Commitment to Smarter Regulation

Business Roundtable appreciates the opportunity to weigh in on the Trump Administration's deregulatory efforts. The cumulative regulatory burden is the result of decades of incremental rulemaking layered without adequate coordination, review or removal. Addressing it in a manner that will stand the test of time is of critical importance — and can be achieved while still protecting public health, safety and consumer welfare.

In its first 100+ days, the Trump Administration has taken important steps to embed a results-oriented, cost-conscious regulatory framework, particularly with respect to bringing independent agencies into the fold, applying budget constraints, and carefully scrutinizing existing rules with an eye toward rescinding or replacing those that are unnecessary, unlawful, unduly burdensome or unsound. To ensure these gains are sustained over the long term, however, further action is needed to institutionalize a data-driven, cost-benefit framework across all rulemaking bodies and processes.

Regulatory planning and analysis, interagency coordination, and a deep commitment to public engagement are foundational principles of effective regulation and should guide the Administration's regulatory reform efforts in the years ahead. Business Roundtable offers several specific recommendations across these three areas in an appendix to this letter (see below) and stands ready to work with OMB, federal agencies and Congress to advance these reforms.

Sincerely,

Corey Astill
Vice President, Smart Regulation
Business Roundtable

May 12, 2025

Appendix: Business Roundtable Recommendations to Ease the Cumulative Regulatory Burden

Business Roundtable has identified policy recommendations that reflect the principles of our philosophy toward regulation. These recommendations can guide Congress and the federal government as they consider policies to modernize our regulatory system and ease the cumulative regulatory burden.

To improve regulatory planning and analysis, policymakers should:

- Codify key principles of rigorous, transparent cost-benefit analysis. By creating an enforceable legal requirement, Congress would ensure that rules address a compelling public need, produce benefits that justify the costs they impose and are achieved in a cost-effective manner. Congress can also improve transparency by requiring agencies to disclose all data, assumptions, methods and models used in their analyses.

- Require agencies to use proper discount rates or shadow prices to ensure full consideration of opportunity costs when developing new rules.

- Ensure agencies conduct sensitivity and uncertainty analyses. Information about uncertainties and how they may alter a rule's impact can better inform policymakers and the public about how likely a rule will achieve its estimated benefits.

- Require agencies to provide additional justification of major rules that depend heavily on ancillary benefits. When indirect benefits are a primary driver of a proposed rule's societal value, agencies should demonstrate why they are regulating in a manner that achieves these benefits through indirect means when a direct approach could be more cost-effective.

- Require independent regulatory agencies to conduct cost-benefit analyses. Closing the independent agency loophole would ensure that every impactful rule is subject to the same rigorous evaluation.

- Require agencies to develop retrospective review plans during the rulemaking process. Prospective planning can make look-back analysis more accurate, less costly and more likely to occur.

- Consider establishing agency-specific regulatory budgets. A carefully considered regulatory budgeting regime that also accounts for benefits can encourage agencies to more fully consider the cumulative costs of new rules.

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To <u>improve interagency coordination and reduce regulatory overlap</u>, policymakers should:

- Enhance interagency coordination within the federal government. For example, federal agencies should establish memoranda of understanding and interagency working groups to promote coordination; conduct joint rulemakings for cross-cutting regulatory activities to improve consistency; and designate a lead agency to avoid duplicative rules.

- Facilitate coordination between regulatory agencies at federal, state and local levels. Convening federal, state and local regulators to discuss and harmonize rules would streamline compliance for business and reduce costs.

- Strengthen international regulatory cooperation. Communicating and coordinating with regulators outside the United States can help establish consistent regulatory practices and minimize areas of divergence that complicate compliance.

To <u>enhance public engagement and improve rule quality</u>, regulators should:

- Make greater use of Requests for Information (RFIs) and Advance Notices of Proposed Rulemaking (ANPRMs). These tools inform agency decision-making by creating opportunities for the public to provide input. Requiring agencies to use them would foster public engagement and equip regulators with valuable feedback as they develop regulatory alternatives.

- Require a "Notice of Initiation" for each major rule. RFIs and ANPRMs are often issued after agencies have already made key policy decisions. Requiring agencies to first issue a "Notice of Initiation" when beginning a major rulemaking process would allow stakeholders to provide earlier input, thereby helping agencies formulate and shape potential regulatory alternatives before getting too far down the road on a given approach.

- Target and engage relevant stakeholder groups early in the rulemaking process. The Small Business Regulatory Enforcement Fairness Act (SBREFA) creates special outreach requirements for rules from designated agencies that are likely to have a significant impact on small entities. OIRA should encourage all agencies to experiment with an expanded SBREFA-like process that encompasses a broader set of rules and stakeholders to help identify optimal regulatory approaches.