

Senator Mark R. Warner
Testimony
Hearing: Federal Regulation: A Review of Legislative Proposals
Homeland Security and Government Affairs Committee
June 23, 2011

Chairman Lieberman, Ranking Member Collins and Members of the Committee, thank you for holding this hearing today and inviting me to share my views.

Federal regulations are a frequent topic on Wall Street, Main Street and at kitchen tables across the country. I'm glad to see that this Committee is holding a hearing to consider the current proposals and how we can take action on the regulatory concerns voiced by many of our constituents.

Before I begin talking about some of my ideas – I think it's important to start by stressing how critical regulations are to the public and our nation. I am not here today to question the need for regulations – rather to challenge us to think about smarter regulations – about our tendency to add regulations and rarely, if ever, remove any that have become obsolete or unworkable. I also want to talk about how we might bring more accountability to the cost and burden that government regulations impose on our economy.

We need balanced regulations to protect the environment and the health and safety of our citizens. But as any nation matures over time, it comes to a point where the regulations need to be reviewed, prioritized and rebalanced.

I believe that time has come.

In fact, the administration has recognized this need. President Obama has launched an effort to review existing regulations. In January, he asked each executive agency to identify existing rules that could be modified or eliminated to reduce the cost to businesses.

So far, they've turned up some impressive results. Preliminary plans released last month from 30 agencies have identified more than 500 regulations to be reviewed for possible elimination or refinement. But most of these preliminary plans don't include cost estimates of how much they might save.

However, about 5% of the recommendations did include a potential savings – and even that 5% carried potential savings of more than \$7 billion dollars and over 60 million hours in possible compliance savings.

Those are pretty impressive numbers.

I'm here today because I've been working on a proposal to improve cost accountability for federal regulations. The proposal I plan to release soon, will require that all government agencies – independent and executive – conduct impact analysis on all economically significant rules, much like the ones OMB requires now for executive agencies. For the first time, independent agencies will be required to do this, too.

Next, my proposal will include a short-term Regulatory PAYGO process that will help to balance our regulatory costs over the next few years. The temporary PAYGO process will help ensure that agencies act on and expand their retrospective review plans to eliminate outdated rules and modernize others over the next few years.

Under Regulatory PAYGO, agencies would have to provide cost estimates for the economically significant rules they plan to impose -- and then offset those rules by cost burden reductions on existing regulations. And this PAYGO approach will help quantify the compliance savings to our businesses – something we currently do not do.

I believe a PAYGO process will force more conversations about alternatives to ensure that the needed regulations impose the least cost possible – balancing the costs with the benefits. In my proposal, the PAYGO process will be overseen by OMB's Office of Information and Regulatory Analysis (OIRA) and they will develop a scorecard to track agency compliance and government-wide savings.

Chairman Lieberman, Ranking Member Collins and Members of the Committee, thank you for the chance to share my views and information about my proposal today. I look forward to working with you to create more cost accountability and transparency in our regulatory framework.

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