Materials on President Reagan's Program of Regulatory Relief

PRESS RELEASE

THE WHITE HOUSE
Office of the Press Secretary

EMBARGOED FOR RELEASE: 6:00 p.m. E.D.T.
June 13, 1981

STATEMENT BY THE PRESIDENT ON REGULATORY RELIEF

Excessive and inefficient Federal regulations place an undue burden on our society. They limit job opportunities, raise prices, and reduce the incomes of all Americans.

During the Presidential campaign, I promised quick and decisive action. Since taking office, I have made regulatory relief a top priority. It is one of the cornerstones of my economic recovery program.

Thanks to the constructive work of my Task Force on Regulatory Relief, chaired by Vice President Bush, many needless and unproductive regulations have been eliminated. Other officials in my Administration are moving forward with equal vigor and are producing tangible results. Regulatory relief actions to date have resulted in billions of dollars in savings to the American people.

The materials in this volume document some of our progress. But more needs to be done, and will be done. I am confident that the legitimate purposes of regulation can be met at considerably lower costs. We shall not rest until that goal is achieved.

PRESS RELEASE

THE VICE PRESIDENT
OFFICE OF THE PRESS SECRETARY

EMBARGOED FOR RELEASE: 6:00 p.m. E.D.T.
June 13, 1981

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STATEMENT BY THE VICE PRESIDENT
REGARDING PROGRESS MADE IN ACHIEVING
THE PRESIDENT'S GOAL OF REGULATORY RELIEF

This is an appropriate time to give an update on our progress in achieving President Reagan's goal of regulatory relief. Before getting into the specifics, however, it is important to emphasize that this Administration's regulatory relief initiatives, which the President has asked me to lead, are an essential component part of the President's program of economy recovery. The goal is to get this economy moving again -- to create jobs, to reduce inflation, and to increase the incomes of all Americans.

With the help of Congress we are achieving real success with the President's budgetary proposals. We need the tax program as well -- to provide incentives for consumers to save and for businesses to invest. We need regulatory relief, and we are all working toward that end. And finally, we need a sound, stable monetary policy, one that will reduce uncertainty and restore credibility to our monetary system.

We are releasing today several documents relating to regulatory relief. The first, entitled "Summary of The Reagan Administration's Regulatory Relief Actions," was prepared for the Presidential Task Force On Regulatory Relief by the staff of the Office of Management and Budget. This report concludes that the more than 180 regulatory relief initiatives announced thus far by the Administration will generate significant savings for the American people. Although these figures are fairly rough estimates, they show potential one-time savings of as much as $15 to $18 billion, with annual savings approaching $6 billion. I should emphasize, however, that this is only the beginning. Our purpose in putting this together is as much for our own use as for the public. One thing we want to make sure of is that we are making progress now and will continue making progress in the future.

Second, there are two other analyses -- one on the President's sixty-day regulatory postponement, and another of the first one hundred days of Executive Order 12291. Partly as a result of

the postponement, there has been a notable reduction in the size of the Federal Register during recent months. The average size of the Register is down one-third, and the number of proposed rules has been cut roughly in half. Agencies are responding well to the Executive Order, and I believe that we now have in place a reasonably well-functioning process for the review of new and existing regulations.

Third, we are releasing a set of guidelines to agencies concerning the Regulatory Impact Analyses which they are required to prepare for major rules and regulations. This is an effort to flesh out the requirements listed in the Executive Order. It should be noted, however, that these are interim guidelines and may be amended depending on further experience under the Executive Order and suggestions coming from the agencies and others who make use of the system.

Fourth, we have compiled a set of information entitled, "Materials on President Reagan's Program of Regulatory Relief." This is a collection we put together for purposes of better explaining the President's program and for providing relevant materials to those in the press. We plan to mail this volume to some 3,000 reporters, editors, and others in the media, and shall make it available to others who show an interest.

Two other points should be made. First, the President has asked the Task Force to review pre-existing White House regulations -- that is, the hundreds of Executive Orders that are currently in effect. We have discovered that many of these are no longer relevant, some have been ignored for years, and others are plainly counterproductive to the kind of regulatory relief we are trying to achieve. We have begun a process of winnowing these down and expect to complete the process over the next few months.

Second, the Task Force and its staff are working actively with those in the Congress to achieve legislative change in the regulatory area. Of obvious importance is the initiative to reform regultory procedures being addressed by Senator Laxalt, Senator Leahy, Senator Roth, Congressman Danielson, Congressman McClory, and others. Of equal importance is the Clean Air Act. The Administration is developing a position on amendments to the Act under the leadership of Anne Gorsuch, the new Administrator of the Environmental Protection Agency. The Task Force, the Cabinet Council on Natural Resources and Environment, and others in the Administration expect to review Ms. Gorsuch's recommendations in the near future, and we look forward to working with Senators Stafford and Randolph, Congressmen Dingell and Broyhill, and others in achieving needed corrections to the Clean Air Act.

Finally, an expression of sincere appreciation is owed by me to those in the private sector and those in government who have contributed so much to getting this regulatory relief program off to such a good start. We have received hundreds of substantial responses to my letter of March 25. Moreover, agencies have been enthusiastic about this program, and all have indicated timetables for completion of the analyses of existing rules that I announced on March 25. With this degree of cooperation, I am sure we will fulfill the President's pledge to achieve significant regulatory relief.

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THE WHITE HOUSE

Office of the Press Secretary

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HIGHLIGHTS OF RECENT PROGRESS

President's Program of Regulatory Relief

- Regulatory relief measures announced to date have the potential for a one-time saving to the American people of $15 to $18 billion and annual savings of between $5.5 and $6 billion.

- Since January 20, more than 180 regulations have been withdrawn, modified, or reviewed. The Environmental Protection Agency, the Department of Transportation, and the Department of Housing and Urban Development together account for over 100 of these actions.

- Examples of recent regulatory actions include:

  - The Department of Education has eliminated its regulations subjecting schools to loss of Federal funds if their dress codes distinguish between girls and boys.

  - The U.S. Postal Service has delayed implementation of the nine-digit ZIP code until it can show that the benefits of the rule exceed the costs.

  - The Department of Energy has eliminated 20 forms and reduced the paperwork burden it places on the American people by 820,000 hours, or roughly 6 percent.

- Since January, the number of rules published daily in the Federal Register has been cut in half, and the number of pages is down a third.

- Thousands of pre-existing Executive Orders are under active review; many of these appear to the obsolete or counter-productive and will be modified or rescinded by the President.

- New guidelines have been issued to govern the preparation of Regulatory Impact Analyses of major agency rules.

- Many agencies have established their own task forces to review new and existing regulations.

- The Administration is working with Congress to achieve procedural reform as well as corrections in the Clean Air Act.

THE WHITE HOUSE
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SUMMARY FACT SHEET

The President's Economic Recovery Program
and Regulatory Relief

BACKGROUND

The President has proposed a national program for economic recovery designed to revitalize economic growth, increase productivity, reduce inflation and unemployment, and rekindle the Nation's entrepreneurial creativity.

The program is designed to restore forward momentum to the economy in order to achieve a full and vigorous recovery. The Administration's economic recovery program has four key components:

* A stringent budget policy designed to reduce the rate of growth in Federal spending.

* An incentive tax policy designed to increase after-tax returns for savings, work, and investment.

* A regulatory relief program designed to eliminate unnecessary and costly regulations and bring efficiency to the overall regulatory process.

* A stable monetary policy designed to reduce uncertainty and bring inflation under control.

These components are mutually reinforcing. Taken together, they constitute a positive program for the achievement of economic prosperity.

The remainder of this summary fact sheet focuses on the President's efforts to reduce the Federal government's regulatory burden on all Americans.

EXCESSIVE FEDERAL REGULATIONS

As President Reagan said in his February 18 economic address to Congress, American society experienced a virtual explosion in Government regulation during the past decade. Between 1970 and 1979, expenditures for the major regulatory agencies

quadrupled. The number of pages published annually in the Federal Register nearly tripled, and the number of pages in the Code of Federal Regulations increased by nearly two-thirds.

The budgetary costs of these excessive regulations were passed onto individuals in the form of higher taxes, while regulatory compliance costs by businesses added billions of dollars per year to the price of goods and services Americans bought.

REGULATORY RELIEF INITIATIVES

Faced with a regulatory machine run amuck, the President commenced a number of swift, effective actions to eliminate unproductive and unnecessary regulations, better coordinate and improve the management of the entire regulatory process, and reduce Federal intervention in the lives of all Americans.

These actions include:

* Establishment of the Task Force on Regulatory Relief

  On January 22, the President created a cabinet-level Task Force on Regulatory Relief, chaired by Vice President George Bush. Among its ongoing responsibilities, the Task Force will review proposed regulations, assess existing regulations with an eye toward their revision, and coordinate proposals for legislative change.

* Postponement of Pending Regulations

  On January 29, the President requested the heads of 12 Federal departments and agencies, to the extent permitted by law, to postpone the effective dates of regulations scheduled to become effective before March 29 and refrain from issuing any new final regulations during the same 60-day period. This action was taken to allow review of regulations issued during the previous administration, allow time for Reagan Administration appointees to familiarize themselves with the details of these regulations and programs, and allow the Presidential Task Force on Regulatory Relief to develop procedures to improve management and oversight of the regulatory process.

* Signing of Executive Order 12291

  On February 17, the President signed a new Executive Order designed to produce better

quality regulations. The Executive Order sets forth the President's regulatory principles; directs agencies to determine the most cost-effective approach for meeting any regulatory objective; requires that agencies prepare Regulatory Impact Analyses to evaluate the potential benefits and costs of their major regulatory proposals; and establishes the pre-eminence of the Presidential Task Force in spearheading the Administration's regulatory relief efforts.

* Announcement of Changes in National Air Pollution Rules

On March 7, the Vice President, in his capacity as Chairman of the Presidential Task Force on Regulatory Relief, announced that the Environmental Protection Agency would propose an important change in its national air pollution regulations. The change, dealing with EPA's treatment of new sources of air pollution, sharply reduces Federal restrictions on new industrial development while continuing to protect the public against air pollution hazards.

* Further Postponement and Review of Federal Regulations

Building on the actions announced by the President on January 29 and February 17 for more cost-effective regulations, the Vice President on March 25 announced that 63 regulations which had been in effect or awaiting adoption by a number of government agencies would be candidates for modification or elimination.

The Vice President also announced that: (a) he had solicited views on regulation and priorities from business, labor, consumer, academic, and other groups, (b) the Environmental Protection Agency had approved New Jersey's rule to permit more flexible emission standards, known as "bubble" rules, and (c) the *Calendar of Federal Regulations* would continue to be published, with input gathered from both executive and independent agencies.

* Initiatives Affecting the Auto Industry

On April 6, the Administration's Auto Industry Task Force and the Presidential Task Force on Regulatory Relief announced changes in regulation designed to

save the U.S. auto industry $1.4 billion in capital costs, hold down consumer prices by some $9.3 billion over the next five years, and return 200,000 idle auto workers to their jobs by the end of 1982.

* Regulatory Relief Actions At the Agencies

Many cabinet departments and agencies, in coordination with the Presidential Task Force on Regulatory Relief, have taken significant regulatory actions of their own. These include:

- o On February 2, the Secretary of Education withdrew the proposed bilingual education rules. These rules would have required all school systems to offer bilingual instruction to each child whose primary language is other than English. The Department estimated that the proposed rule could have cost up to $1 billion over the first 5 years of the program and an annual maintenance cost of between $72 million and $157 million thereafter.

- o On February 17, the Secretary of Energy:

  -- Announced that national energy efficiency standards for major household appliances will not be issued until a thorough review is completed. The 1980 proposal would require producers to redesign, by 1986, virtually all existing models of these appliances, and retool their production lines. As a result, many small firms would probably be forced out of business and consumers would face sharply higher costs -- about $500 million annually. Low-income families could be especially hard-hit, since the standards would inhibit the production of lower-cost appliances.

  -- Withdrew proposed standby energy conservation measures involving a compressed work week, vehicle use stickers, and the part

of the employer-based commuter and travel measures concerning working hours and transit subsidies. In addition, the Secretary proposed to withdraw several interim final measures, including odd-even day motor fuel purchases, additional employer-based commuter and travel measures, increased enforcement and/or reduction of the 55 m.p.h. speed limit, and mandatory temperature restrictions. This action rescinded measures which, if implemented, would have interfered excessively in citizens' daily lives.

- o On February 17, the Director of OMB revoked the Department of Energy's clearance under the Federal Reports Act for the collection of industrial energy consumption data. This action terminated the collection of industrial energy data for sites not subject to Federal regulation and precluded the Federal Government from expanding certain regulatory programs.

- o On February 17, President Reagan revoked Executive Order 12265, which established a cumbersome, duplicative, and burdensome regulatory policy regarding the export of some hazardous substances. The rescinded Executive Order would have threatened American workers' jobs and could have disrupted production abroad where affected U.S. exports serve as vital material inputs. Procedures already exist which inform foreign governments of hazards associated with exported American products.

EARLY SUCCESSES

The President's program of regulatory relief has already attained tangible results. For instance:

- * Approximately 181 regulatory relief actions (regulations withdrawn, modified, or under review) have been taken by 13 Federal regulatory agencies since January 20.

- * These relief actions affect regulations with an estimated annual cost of $5.5 to $6 billion, and an estimated one-time cost of $15.5 to $18.6 billion.

* Relief initiatives taken by two agencies alone -- the Environmental Protection Agency and the Department of Transportation -- affect regulations with an estimated annual cost of over $3 billion and an estimated one-time cost of $14 billion.

* By the end of March, reflecting the President's 60-day postponement, the volume of Federal rules proposed or made final was nearly cut in half while the number of pages printed daily in the Federal Register was down a third.

Much more will be accomplished in the coming months. The job has just begun. Regulatory relief, as a major component of the President's economic recovery program, will continue to be a high priority for the Reagan Administration.

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INTRODUCTION

The materials in this information packet summarize the Reagan Administration's early progress in reducing the burden of excessive and inefficient Federal regulation on the American public.

This continuing effort is under the overall direction of a cabinet-level Presidential Task Force on Regulatory Relief, chaired by Vice President George Bush. Other members of the Task Force are: Treasury Secretary Regan, Attorney General Smith, Commerce Secretary Baldridge, Labor Secretary Donovan, Office of Management Budget Director Stockman, Assistant to the President for Policy Development Anderson, and Council of Economic Advisers Chairman Weidenbaum.

This packet contains information on several announcements made by the Vice President on June 13. Included are:

1. Summary of regulatory relief initiatives, January 20 - April 24. Included is a table showing that the initiatives announced to date could save the American public between $15.5 billion and $18.6 billion, or between $5.5 billion and $6.0 billion annually (pp. 5-7).

2. Experience under the first 100 days of Executive Order 12291, "Federal Regulation." This report describes procedures developed by the Office of Management and Budget for reviewing new and existing regulations, and the types of regulations reviewed thus far (pp. 9-19).

3. Effects of the 60-day postponement of new regulations. This report summarizes the Administration's initiative to address the "midnight regulations" issued by the previous Administration (pp. 21-27).

4. Guidelines for preparation of Regulatory Impact Analyses. This outlines in more detail the Executive Order's requirement for agency analyses to accompany major proposed regulations or regulatory changes (pp. 29-35).

In addition, this packet contains key documents which describe in chronological order the Administration's regulatory policies and their implementation. These include:

5. Press release on President's announcement of the Task Force, dated January 22, 1981. With the Vice President in attendance, the President announced his intention to establish a task force to be "more than just another presidential task force that files a report" (p. 37).

6. President's memorandum of January 29, 1981 asking executive agencies to postpone the effective dates of new regulations for 60 days. President Reagan's January 29 memorandum instituted a moratorium on new Federal regulations to allow for review of the so-called "midnight regulations" issued in the last days of the previous Administration (pp. 39-40).

7. Vice President's statement on Task Force membership and charter, dated January 30, 1981. In this statement the Vice President details the role of the Task Force and its organization (pp. 41-44).

8. President Reagan's Executive Order 12291, "Federal Regulation," and accompanying fact sheet, both dated February 17, 1981. The Executive Order states the President's regulatory principles, creates a mechanism for reviewing all new and many existing regulations by the Office of Management and Budget, and establishes the pre-eminence of the Task Force in overseeing the President's regulatory relief program (pp. 45-53).

9. Excerpts on regulatory relief from "America's New Beginning: A Program for Economic Recovery," and a fact sheet on the President's initiatives to reduce regulatory burdens, both dated February 18, 1981. As part of the President's announcement of his Program for Economic Recovery, these documents describe the Administration's initial regulatory relief actions, including the abolition of the Council on Wage and Price Stability's wage/price monitoring program (pp. 55-66).

10. Press release by Vice President Bush on Environmental Protection Agency change in national air pollution rules, dated March 7, 1981. This rule change allows firms to offset pollution caused by plant expansion by reducing pollution from other sources in the plant (pp. 67-68).

11. Press statement of Vice President Bush dated March 25, 1981 and accompanying materials on 36 new (proposed) rules to be postponed and 27 existing agency rules to be reviewed under the Executive Order, EPA's "bubble" initiative, and certain correspondence (pp. 69-101).

12. Fact sheet dated April 6, 1981 summarizing the President's program of regulatory relief for the U.S. automobile industry (pp. 103-108).

EMBARGOED FOR RELEASE: 6:00 p.m. E.D.T.
June 13, 1981

Excerpts from: Summary of Reagan Administration's Regulatory Relief Actions: A Report to the Presidential Task Force on Regulatory Relief, Prepared by the Staff of the Office of Management and Budget

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The attached tables reflect a preliminary effort to quantify the regulatory relief initiatives taken between January 20 and April 24. A brief description of the contents of these tables and some useful commentary on their usefulness follow:

1. The tables contain: (a) the items on the Task Force list of rules designated for postponement; (b) the items on the Task Force list of existing regulations to be reviewed; (c) the list of actions to help the auto industry; and (d) other major actions initiated by the agencies themselves. The list does not include regulations allowed to go into effect during, or at the end of the postponement, or subsequent actions that are not perceived as being in the nature of granting regulatory relief. The list includes a wide variety of actions, some arguably trivial and some very important. Some of the items involve the withdrawal or change of a rule, while others involve only an intention to review.

2. Some type of cost estimate is provided for 57 of the 181 items in the tables. Almost all of the cost estimates are from the agencies, and almost all represent non-budgetary costs. Because of the variety of sources for the estimates, we cannot be sure that they have been derived in a consistent manner. (For example, in some cases there is double counting because annual costs include a share of investment costs in the form of depreciation.) Thus, we look forward to comparing these cost estimates with those provided in response to the Vice President's letter of March 25.

3. The totals -- $15.5 to $18.6 billion in one-time costs and $5.5 to $6.0 billion in recurring costs -- are large. However, it should be stressed that they are not precise. On the one hand, since there are no estimates for 70 percent of the items, we might assume that the total is low, even allowing for the fact that many of the items for which no estimates are available are trivial. On the other hand, except for the auto package items, the cost estimates generally represent potential savings if the regulation were entirely eliminated; since, in many cases, the regulation may go forward in modified form, the actual savings could be lower.

4. The largest potential savings estimates are for the Department of Transportation and the Environmental Protection Agency. Somewhat surprisingly, the majority of the savings are for items not included in the auto package: EPA items not in the auto package account for $3.4 billion in one-time costs and $1.3 billion in recurring costs; DOT items not in the auto package account for $8.7 to $9.7 billion in one-time costs and about $400 million in recurring costs.

Table 1:

SUMMARY OF REGULATORY RELIEF INITIATIVES
JANUARY 20 TO APRIL 24

Agency	Number of Regulations	Number of Regulations With a Cost Estimate	Annual (Recurring) Cost (millions)	Investment (One-Time) Cost (millions)
USDA	5	3	$ 602-610	$ NA
Commerce	10	3	20	3
Education	5	1	72-157	900-2,950
Energy	6	1	500	NA
EPA	27	19	2,118 a/	4,327 b/
HHS	4	0	NA	NA
HUD	31	0	NA	NA
DOI	12	1	0	NA
Justice	3	0	NA	NA
Labor	18	10	913-1,298	1,087
OMB	3	0	NA	NA
DOT	55	19	1,289	9,204-10,204
Treasury	2	0	NA	NA
	181	57	$ 5,514 to $ 5,992	$ 15,521 to $ 18,571

a/ This estimate does not include the $1 billion to $2 billion savings which could result from EPA's review of the Hazardous Waste Disposal regulations.

b/ Same as in above footnote, except that this estimate includes a $1.5 billion savings which would occur if EPA substantially modified its BCT effluent guidelines.

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Excerpts from: The First 100 Days of E.O. 12291, "Federal Regulation": A Report to the Presidential Task Force on Regulatory Relief, Prepared by the Staff of the Office of Management and Budget

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BACKGROUND

In pursuit of a myriad of desirable goals, the Federal government's direct regulatory intervention has increased dramatically in recent years. For example, since 1965 laws have been enacted to require that automobiles be safe, non-polluting, and efficient; the environment be cleaned up and protected; consumer products be made safe; and that workers be protected from accidents and exposure to health hazards. All too often, these goals have been pursued without appropriate concern for resource limitations. The increasing prevalence of serious debate over the question of whether, in the aggregate, the benefits of regulation outweigh the costs in itself reveals that something is very wrong with our nation's regulatory program.

Many regulations suffer from two related weaknesses. First, their objectives often could be achieved at lower cost (i.e., they are not cost-effective). Second, the costs imposed by individual regulations are often greater than the benefits they generate. As a result of not examining alternatives critically and not weighing costs against benefits, Federal regulators have unnecessarily increased inflation, decreased productivity, limited employment opportunities, and restrained growth in real incomes.

A major reason for poor regulatory performance is that Federal agencies have not been held fully accountable for the costs they impose on the economy. While spending programs are regularly scrutinized by the Office of Management and Budget and by the Congress, regulatory compliance costs have escaped close review. Executive Order 12291, signed by President Reagan on February 17, 1981 responds to the need for centralized review to ensure that regulations are cost-effective and that their benefits outweigh their costs.

MAJOR REQUIREMENTS OF E.O. 12291

Executive Order 12291 sets forth the President's regulatory principles and prescribes means to assure that these principles are followed. The regulatory principles are essentially as follows:

- o Any regulatory initiative shall be based on adequate information concerning the need for and consequences of the proposed action;
- o The potential benefits to society of implementing regulatory action must outweigh the potential costs; and
- o Of all alternative approaches to a given regulatory objective, the course of action selected must maximize net benefits to society.

All agencies must adhere to these requirements to the extent permitted by law.

For each "major" rule, agencies are required to prepare a Regulatory Impact Analysis (RIA) to facilitate an informed judgment as to whether a proposed or existing rule comports with the President's regulatory principles.

The principal responsibility for reviewing regulatory proposals under the Executive Order falls on OMB, subject to the overall direction of the Presidential Task Force on Regulatory Relief. Executive-branch agencies are required to submit all proposed and final rules to OMB prior to publication in the Federal Register.

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MAJOR STEPS BY OMB TO IMPLEMENT E.O. 12291

The Office of Management and Budget has taken a series of major steps to ensure prompt and effective implementation of E.O. 12291 These include integration and coordination of the Executive Order's authority with related requirements of law, changes in OMB's own organization, implementation of internal tracking processes to support timely and orderly action by OMB, and provision of guidance to agencies concerning implementation. Each step has been taken with an awareness of the need to minimize the administrative burden placed on agencies and to avoid delay in the regulatory process.

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PRELIMINARY RESULTS

Major accomplishments during the first 100 days following issuance of the Executive Order include: prompt review by the OMB of more than 700 proposed regulations; designation by the Vice President

of 27 major existing rules or programs to be reviewed; and actions by agencies to meet the goals and requirements of the Executive Order.

Regulations Reviewed by the Office of Management and Budget under E.O. 12291: Under the terms of the Executive Order, OMB has limited time to review regulations (10, 15, 30, or 60 days depending upon their classification). A regulatory tracking system, mentioned earlier, was designed to ensure rapid processing. During the first 100 days, the average regulation was reviewed in eight calendar days, well within the Executive Order's time limits. As of May 27, 1981, some 847 regulations had been received for review under the Executive Order. Of these, reviews had been completed for 725. This is an average of over 50 reviews per week. (See Table 1.)

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Only 56 (slightly less than eight percent) of the rules reviewed by OMB were found to be inconsistent with the President's regulatory principles; in these cases OMB so advised the submitting agencies.

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Existing Regulations Chosen for Review Under Section 3(i) of E.O. 12291: On March 25, 1981, the Vice President, as Chairman of the Presidential Task Force on Regulatory Relief, announced a list of 27 existing regulations to be reassesed and possibly modified in accordance with the Executive Order. Table 2 shows the tentative schedule established by the agencies and OMB for these reviews.

The potential savings from these actions are significant. Table 3 provides preliminary estimates, where available, of the costs of these regulations. The regulations for which estimates are available involve annual costs of $1.8 to $2.1 billion and investment (one-time) costs of $6.0 billion. Estimates are not available for the great majority of regulations on the list and, indeed, this is one of the reasons they have been targeted for review.

Executive Agency Actions: During the first 100 days of the Executive Order agencies installed internal management mechanisms, modified existing internal guidelines for analysis and established a working relationship with the Presidential Task Force on Regulatory Relief and in the Office of Management and Budget. In addition to procedural accomplishments, many agencies made substantial progress in having their regulatory actions comport with the new Executive Order.

In many agencies major regulatory relief programs are now underway. For example:

- o The Department of Transportation is reviewing 46 existing regulations;
- o The Department of Health and Human Services, and its Food and Drug Administration (FDA) and Health Care Financing Administration (HCFA), have dramatically curtailed the number of regulations issued since the Executive Order was signed;
- o The Department of the Interior has initiated a review of 10 major regulations and 12 major regulatory programs, including those for surface mining, the Federal coal management program, and the outer continental shelf;
- o The Department of Energy's Task Force on Regulations has identified approximately 200 existing regulations for possible recission or modification; and
- o The Department of Labor has moved quickly to address a number of existing or proposed rules, including: withdrawing a burdensome proposed rule that required labeling of hazardous chemicals in the workplace regardless of the extend of the hazard and the possibility that in complying with the proposal some companies would be forced to give away trade secrets, proposing to withdraw a 40 year-old rule that restricted individuals from doing certain kinds of work at home, and reconsidering proposed amendments to the Occupational Safety and Health Administration's noise, lead, and cotton dust exposure standards.

Independent Agency Actions: On March 25 Vice President Bush sent a letter to the "independent" regulatory agencies asking them to comply voluntarily with Sections 2 and 3 of the Executive Order and to comply with its overall spirit "to demonstrate to the American people the willingness of all components of the Federal Government to respond to their concerns about the unnecessary intrusion of government into their daily lives." Seven agencies have responded to the Vice President's request thus far (Civil Aeronautics Board, Federal Emergency Management Agency, Federal Energy Regulatory Commission, Federal Home Loan Bank Board, Federal Mine Safety and Health Review Commission, Interstate Commerce Commission, and the Securities and Exchange Commission). All of these agencies indicated their willingness to abide by the spirit and principles of the Executive Order.

CONCLUSION

Implementation of the President's program of regulatory relief appears to be off to a good start. The Executive Order lays the foundation for a sound, continuing process to establish reasonable regulations and to eliminate those that are unnecessarily burdensome. Relationships between agencies and OMB have been established to ensure close communications in meeting the Executive Order's goals. And, procedures for implementing the Order have been put in place at the agencies and at OMB.

This is not to say that the program is working perfectly: improvements are needed and will be undertaken. But given the magnitude of the problem being addressed and the reversal of historic trends envisioned, one should be reasonably optimistic based upon the first 100 days of the new Executive Order.

TABLE 1: REGULATIONS RECEIVED BY OMB FOR REVIEW UNDER E.O. 12291
February 17, 1981 - May 27, 1981

	All Regulations			Final Regulations			Proposed Regulations		
	Total	Major	Non-Major	Total	Major	Non-Major	Total	Major	Non-Major
Total received	847	*	*	*	*	*	*	*	*
Reviews completed by OMB:	725	4	721	455	2	453	270	2	268
- Regulations found consistent with E.O. 12291	636	3	633	375	1	374	261	2	259
- Emergency regulations or those with statutory deadlines a/	33	-	33	31	-	31	2	-	2
- Regulations returned to agencies for reconsideration	56	1	55	49	1	48	7	-	7

* Classification of regulation is unknown pending completion of reviews

a/ These regulations are submitted to, but not reviewed by, OMB under the terms of E.O. 12291.

TABLE 2: SCHEDULE FOR COMPLETION OF REVIEWS OF 27 EXISTING REGULATIONS*

Agency	Regulation	Date
Department of Agriculture	- Mechanically Processed (Species) Product	June 15, 1981
	- Marketing Orders for Fruits and Vegetables	September 10, 1981
	- National Forest Service Planning Regulations	July 15, 1981
Department of Commerce	- Regulations Implementing Various Fishery Management Plans	September 1981
Department of Education	- Education of Handicapped Children	July 15, 1981
Department of Energy	- Coal Conversion Program	In process
	- Residential Conservation Service	In process
Environmental Protection Agency	- BCT Effluent Guidelines	September 1981
	- Hazardous Waste Disposal	
	1) Analysis of Cost/Risk/Feasibility	Mid 1982
	2) Paperwork	Late 1981
	3) Storage facilities	September 1981
	4) Phase I economic analysis	December 1981
	5) Phase II economic analysis	January 1982
	- Electroplating Pretreatment and General Pretreatment Standards	October 1981
Department of Health and Human Services	- New Drug Application Requirements	Partial completion by October 1981
	- Medicaid Regulations Affecting States	In process
	- Health Care Institution Certification and Surveys	In process
Department of Housing and Urban Development	- Minimum Property Standards:	
	1) One-and Two-Family Dwellings	June 15, 1981
	2) Multi-Family Dwellings	December 1, 1981

Agency	Regulation	Date
Department of the Interior	- Surface Mining Rules	July 1981-March 1982
	- Federal Coal Management Program	Under development
Department of Justice	- Leadership and Coordination of Nondiscrimination Laws	Ongoing
Department of Labor	- Occupational Noise	In process
	- Office of Federal Contract Compliance Policy	May 1981
	- Prevailing Wage	May 1981
	- Personal Protective Devices	April 1982
	- OSHA Carcinogen Policy	December 1981
Office of Management and Budget	- Urban/Community Impact Analyses	July 1981
	- University Research	June 1981
	- Cost Sharing in University Research	June 1981
Department of Transportation	- Access to Handicapped	In process
Department of Treasury	- Use of Published Indices to Determine Inventory	In process Public hearing on June 30, 1981

* As announced by Vice President Bush on March 25.

TABLE 3: TASK FORCE LIST OF 27 EXISTING REGULATIONS TO BE REVIEWED

Agency	Number of Regulations	Number of Regulations with a Cost Estimate	Annual Cost (millions)	Investment Cost (millions)
Agriculture	3	1	$100	$ NA
Commerce	1	0	NA	NA
Education	1	0	NA	NA
Energy	2	0	NA	NA
Environmental Protection Agency	3	3	1,090 a/	3,400 b/
Health and Human Services	3	0	NA	NA
Housing and Urban Development	1	0	NA	NA
Interior	2	0	NA	NA
Justice	1	0	NA	NA
Labor	5	2	478-763	0
Office of Management and Budget	3	0	NA	NA
Transportation	1	1	139	2,600
Treasury	1	0	NA	NA
	27	7	$1,807 - $2,092	$6,000

a/ This estimate does not include the $1 billion to $2 billion savings which could result from EPA's review of the Hazardous Waste Disposal regulations.

b/ Same as in above footnote, except that this estimate includes a $1.5 billion savings which would occur if EPA substantially modified its BCT effluent guidelines.

EMBARGOED FOR RELEASE: 6:00 p.m. E.D.T.
June 13, 1981

Excerpts from: The President's 60-Day Regulatory Postponement: A Report to the Presidential Task Force on Regulatory Relief, Prepared by the Staff of the Office of Management and Budget

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BACKGROUND

During 1980, the cabinet departments and EPA issued more than 5,000 new regulations. These regulations and related notices were printed in the Federal Register. In 1970, the Federal Register contained a total of 20,000 pages. Last year, the Federal Register contained more than 87,000 pages. That number has been increasing by about 10,000 pages each year for the past four years.

In the last few weeks of the previous Administration, Federal agencies put the finishing touches on a number of regulations that had been under development over the preceding four years. In the last two days of that Administration, each issue of the Federal Register topped 1,000 pages -- roughly three times its normal average length for 1980. The sheer volume of these last-minute (or "midnight") regulations threatened to overwhelm efforts by the new Administration to evaluate the substance of new regulations and provide the regulatory relief that it had promised.

PRESIDENTIAL ACTION

Faced with this situation, President Reagan took two major steps:

- First, he moved to delay the implementation of the so-called midnight regulations. On January 29, he sent a memorandum to the heads of his 11 cabinet departments and the Environmental Protection Agency, directing them to delay for 60 days -- until March 30 -- the effective dates of all final regulations not yet effective. He also directed agencies to refrain from issuing any additional final regulations during the postponement period unless they were mandated by Court order or legislative mandate, were of an emergency nature, or were essential for economic activity to go forward.

- Second, he moved to develop improved procedures for overseeing the regulatory process. On January 22, he announced central regulatory oversight at the highest level by establishing a cabinet-level Task Force on Regulatory Relief chaired by Vice President George Bush. To

articulate his regulatory principles, the President issued Executive Order 12291 on February 17 to provide for a regulatory review and coordination mechanism and to formalize the role of the Task Force in this process. In it, he directed agencies to maximize the net benefits to society of their regulatory programs and directed the Office of Management and Budget, under the direction of the Task Force, to play a major role in this process.

Of course, a key to the Administration's early efforts to achieve regulatory relief was the memorandum directing a 60-day regulatory postponement. The postponement served three distinct purposes. First, it offered the new Administration a chance to review the last-minute regulations of the past Administration, to ensure that they comported with the President's regulatory principles. Second, it allowed time for the new Administration's appointees to establish priorities and assess their regulatory agendas. Third, it enabled the new Administration, through the Presidential Task Force on Regulatory Relief, to develop improved procedures for reviewing the necessity and economic consequences of new and existing regulations.

AGENCY RESPONSES

Agencies implemented this postponement in a constructive way. Shortly after January 29, each of the 12 agencies published notices in the Federal Register, postponing the effective dates of their final regulations issued by their agencies that were scheduled to take effect between January 29 and March 30. In all, the effective dates of 172 final regulations were postponed. At the same time, the agencies postponed issuing a number of final regulations they had contemplated during this 60-day period.

Some final regulations, however, did go forward. As contemplated in the President's memorandum, OMB established a process of consultation with the agencies in order to ensure that urgent regulations, regulations under judicial or statutory deadlines, and regulations that lessened regulatory burdens or were necessary for economic activities went forward expeditiously.

After consulting with OMB, the affected agencies allowed a total of 96 final regulations to take effect during the postponement period. Forty-four of these were emergency regulations that responded to urgent needs or were required to meet judicial or statutory deadlines. Of the remaining 52 regulations, approximately two-thirds were final regulations, already issued but not yet effective, and one-

third were rules that the agencies had not yet issued in final when the 60 day postponement was announced.

At the end of the postponement period, agencies made effective 100 of the 172 regulations they had postponed. However, 72 final regulations were withdrawn or further postponed. Thirty-five regulations were withdrawn: the Department of Housing and Urban Development withdrew 11 previously published final regulations and 23 final regulations that were ready to be published in the Federal Register; and the Department of Energy withdrew one postponed regulation as part of its program of oil decontrol. Thirty-seven regulations were postponed further at the end of the 60-day period.*

Tables 1 and 2 contain a summary of the regulations affected by the postponement. As a caution, however, it is important to note that these initiatives do not constitute all actions taken by the agencies to provide regulatory relief. The tables describe only those actions taken in direct response to the President's memorandum.

CONSEQUENCES

The most immediate consequence of the 60-day regulatory postponement was a dramatic decrease in the rate of issuance of proposed and final regulations. During the month of January, 1981, the daily average length of the Federal Register had swelled to 461 pages -- 35 percent more than the daily average for 1980. That rate slowed substantially after the postponement memorandum was issued, as is illustrated in Table 3.

By the end of March, all three measures of the volume of rulemaking had declined by at least 45 percent. The length of the Federal Register had declined 33 percent below the 1980 average. The volume of proposed rulemakings declined by almost 50 percent, even though the postponement order did not preclude their issuance.

.....

* Thirty-six of these were identified by Vice President Bush on March 25. The Department of Justice later decided to postpone an additional regulation dealing with certification of prison inmate grevience procedures.

TABLE 1: Decreased Regulatory Activity In Response to the President's Memorandum

Agency	Final Regulations Postponed	Final Regulations Reconsidered	Final Regulations Made Effective
1. Agriculture	8	1	7
2. Commerce	7	3	4
3. Education	31	1	30
4. Energy	4	1*	3
5. Health and Human Services	1	-	1
6. Housing and Urban Development	39	34**	5
7. Interior	14	10***	4
8. Justice	5	2****	3****
9. Labor	29	9	20
10. Transportation	18	7	11
11. Treasury	4	1	3
12. Environmental Protection Agency	12	3	9
TOTAL	172	72	100

* Regulation withdrawn.
** All 34 regulations withdrawn.
*** Seven of 10 regulations postponed until determination of effects completed.
**** Only portions of regulations affected.

TABLE 2: Regulatory Activity Occuring During the 60-Day Regulatory Postponement

Agency	Final Regulations Made Effective	Additional Regulations Issued in Final Form	Emergency Regulations Issued in Final Form	Total Final Regulations Issued and Made Effective
1. Agriculture	7	6	8	21
2. Commerce	4	3	-	7
3. Education	30	4	-	34
4. Energy	3	3	-	6
5. Health and Human Services	1	3	27	31
6. Housing and Urban Development	5	0	-	5
7. Interior	4	2	-	6
8. Justice	3	1	-	4
9. Labor	20	-	-	20
10. Transportation	11	2	3	16
11. Treasury	3	-	-	3
12. Environmental Protection Agency	9	28	6	43
TOTAL	100	52	44	196

TABLE 3: Daily Average Number of Regulations Issued and Printed, 1981

	Jan. 2-Jan. 29	Jan. 29-Feb. 28	Mar. 1-Mar. 31	Percent Change: Feb. vs. Jan.	Percent Change: Mar. vs. Jan.
Final Rules Issued	38	21	21	-45	-45
Proposed Rules Issued	25	14	11	-44	-56
F.R. Pages Printed	461	230	231	-50	-50

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SPECIMEN

EMBARGOED FOR RELEASE: 6:00 p.m. E.D.T.
June 13, 1981

June 12, 1981

Dear _____:

As you know, the Executive Order on Federal Regulation (E.O. 12291) requires that agencies prepare Regulatory Impact Analyses (RIAs) of major regulations. Several agencies have asked the Office of Management and Budget, which is required to oversee compliance with the Executive Order, for guidance about how to satisfy the RIA requirement. The attached document is intended to assist agencies in understanding the objectives of the Order. It does not add any new burdens beyond those specified in the Order. At least on an interim basis it will form the basis for OMB's review of RIAs and for its consultations with agencies concerning proposed regulatory actions. Individual agencies may find it desirable to propose supplements to this document containing more detailed guidance tailored to their own particular needs, taking into account circumstances in which some variation from the established norm may make sense. In addition, agencies are invited to comment on this document and suggest improvements, including ways to incorporated requirements mandated by the Regulatory Flexibility Act.

The purpose of RIAs is to ensure well-reasoned regulations that are based on a full consideration of the need for the regulation itself, its economic impact, and the availability of other, less burdensome alternatives. To this end, RIAs must be prepared for all "major rules," as described in the Executive Order. The definition of a "major rule" is broad, and OMB retains the authority to designate any rule or set of rules as "major." This term encompasses regulations that are promulgated through notice-and-comment rulemaking as well as agency actions of general applicability and future effect, including policy statements, guidelines, and manuals. In addition, agencies should identify related rules that should be considered together as a major rule and actions taken at a local level that will have a major application on a national basis. Of

course, even if a regulation does not fall within the definition of a major rule, it is still subject to the general principles and review procedures set forth in the Executive Order.

I believe that you and other policy-making officials at your agency will find Regulatory Impact Analyses extremely valuable bases upon which to make regulatory decisions and carry out the President's program of regulatory relief. If I or my staff can be of assistance to you or your staff, please do not hesitate to call upon us.

Sincerely yours,

James C. Miller III
Administrator for Information
and Regulatory Affairs

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

EMBARGOED FOR RELEASE: 6:00 p.m. E.D.T.
June 13, 1981

INTERIM REGULATORY IMPACT ANALYSIS GUIDANCE

A Regulatory Impact Analysis (RIA) should demonstrate that a proposed regulatory action satisfies the requirements of Section 2 of Executive Order 12291. To do so, it should show that:

- o There is adequate information concerning the need for and consequences of the proposed action;
- o The potential benefits to society outweigh the potential costs; and
- o Of all the alternative approaches to the given regulatory objective, the proposed action will maximize net benefits to society.

The fundamental test of a satisfactory RIA is whether it enables independent reviewers to make an informed judgment that the objectives of E.O. 12291 are satisfied. An RIA that includes all the elements described below is likely to fulfill this requirement. Although variations consistent with the spirit and intent of the Executive Order may be warranted for some proposed or existing rules, most RIAs are expected to include these elements.

This document is written primarily in terms of proposed regulatory changes. However, it is equally applicable to the review of existing regulations. In the latter case, the impact of the regulation under review should be compared to a baseline case of no regulation and to reasonable alternatives.

Elements of a Regulatory Impact Analysis

Preliminary and final Regulatory Impact Analyses of major rules should contain five elements.

(1) Statement of need for and consequences of the proposal.

The statement of the need for and consequences of the proposed regulatory change should address the following questions:

(a) What precisely is the problem that needs to be corrected? (That is, what market imperfection(s) give(s) rise to the regulatory proposal? Causes, not just symptoms, should be identified.)

(b) How would the regulatory proposal, if promulgated, improve the functioning of the market, or otherwise meet the regulatory objective(s)? Since regulatory failure may be a real possibility, is it clear that the proposed regulation would produce better results than no regulatory change? (Imperfectly functioning markets should not be compared with idealized, perfectly functioning regulatory programs.)

(2) An examination of alternative approaches.

The RIA should show that the agency has considered the most important alternative approaches to the problem and must provide the agency's reasoning for selecting the proposed regulatory change over such alternatives. Although only the most promising alternatives need be evaluated at length, the agency should consider:

(a) The consequences of having no regulation. (Are there existing or potential market, or judicial, or state or local regulatory, mechanisms that could resolve the problem? For example, RIAs for health and safety regulations should consider the adequacy of tort law or state programs such as workmen's compensation.)

(b) The major alternatives (if any) that might lie beyond the scope of the specific legislative provision under which the proposed regulation is being promulgated. (This may require a broad comparison across programs, including those both within and outside the jurisdiction of the issuing agency.)

(c) Alternatives within the scope of the specific legislative provision. These include:

(i) Alternative stringency levels;

(ii) Alternative effective dates; and

(iii) Alternative methods of ensuring compliance.

(d) Alternative, market-oriented ways of regulating (whether or not they are explicitly authorized in the agency's legislative mandate), including:

(i) Information or labeling (to enable consumers or workers to evaluate hazards themselves);

ii) Performance rather than design standards; and

(iii) Economic incentives, such as fees or charges, marketable permits or offsets, changes in insurance provisions, or changes in property rights.

(3) Analysis of benefits and costs.

(a) Benefit estimates:

The RIA should state the beneficial effects of the proposed regulatory change and its principal alternatives. It should include estimates of the present value of all potential real incremental benefits to society. Benefits that can be estimated in monetary terms should be expressed in constant dollars. Other favorable effects should be described in detail and quantified where possible. An annual discount rate of 10 percent should be used; however, where it appears desirable, other discount rates also may be used to test the sensitivity of the results. Assumptions should be stated, and the RIA should identify the data or studies on which the analysis is based.

There should be an explanation of the mechanism by which the proposed action is expected to yield the anticipated benefits.

A schedule of benefits should be included that would show the *type of benefit*, to whom it would accrue, and when it would accrue. The numbers in this table should be expressed in constant dollar terms.

(b) Cost estimates:

The analysis should include estimates of the present value of all the real incremental costs of the proposed regulatory change and its principal alternatives (i.e., the costs that would be incurred by society as a result of taking the proposed action or an alternative). All costs that can be estimated in monetary terms should be expressed in constant dollars. Other costs should be

described completely and quantified where possible. An annual discount rate of 10 percent should be used; however, where it appears desirable, other discount rates also may be used to test the sensitivity of the results.

To support the present value estimates, a schedule of costs should be included that would identify the type of cost (capital, recurring, etc.), who would bear that cost, and when that cost would be incurred. The numbers in this table should be expressed in constant dollar terms. Assumptions should be stated, and the RIA should identify the data or studies on which the analysis is based.

Where possible, various adverse effects of the regulation -- such as those from reductions in competition, innovative activity, or productivity growth -- should also be identified.

Transfer payments from one group to another, such as taxes and insurance premiums, should not be included in the calculation of real resource costs, but they nevertheless should be identified. Any major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions also should be identified.

(c) Net benefit estimates:

The monetary social cost should be subtracted from the monetary social benefit to obtain the monetary net benefit estimate (which could be negative). Any remaining nonmonetary but quantifiable benefit and cost information also should be presented. Then, nonquantifiable benefits and costs should be listed, in a way that facilitates making an informed final decision. Where many benefits are not easily quantified, the results should show the cost-effectiveness of the several alternatives. When there are major uncertainties affecting the assumptions or the methodology, the most likely or best estimates should be used, but reasonable alternative assumptions also should be examined to test the sensitivity of the results to changes in assumptions. The results should be arrayed so that the policymaker can easily see the effects of the different assumptions.

(4) Rationale for choosing the proposed regulatory action.

The RIA should include an explanation of the reasons for choosing the selected regulation. Ordinarily the regulatory alternative selected should be the one that achieves the greatest net benefits. If legal constraints prevent this choice, they should be identified and explained, and their net cost should be estimated.

(5) Statutory Authority

The RIA should include a statement of determination and explanation that the proposed regulatory action is within the agency's statutory authority.

THE WHITE HOUSE

Office of the Press Secretary

FOR IMMEDIATE RELEASE JANUARY 22, 1981

REMARKS BY THE PRESIDENT
Press Briefing Room

(1:01 P.M. EST)

THE PRESIDENT: Well, ladies and gentlemen, I have a statement here that I want to make. The regulatory reform as you know we've been talking about for a long time as one of the keystones in our program to return the nation to prosperity and to set loose again the ingenuity and energy of the American people.

Government regulations impose an enormous burden on large and small businesses, discourage productivity and contribute substantially to our current economic woes. To cut away the thicket of irrational and senseless regulations requires careful study, close coordination between the agencies and bureaus in the federal structure.

Therefore, I announcing today my intention to establish a presidential task force on regulatory relief, a task force that will review pending regulations, study past regulations with an eye towards revising them and recommend appropriate legislative remedies.

I intend that this be more than just another presidential task force that files a report and is soon forgotten. We're seeking real reform and tangible results. And accomplishing this will take a vigorous leader, talented administrator and an absolutely, no doubt, a superb diplomat. And that person is Vice President George Bush who's agreed to serve as chairman of this task force and to coordinate an inter-agency effort to end excessive regulation.

I've asked them to get back to me promptly with recommended members of the task force and a detailed plan for its operation. And our goal is going to be to see if we can not reverse the trend of recent years and see at the end of the year a reduction in the number of pages in the Federal Register instead of an increase.

And now I'm not taking any questions and I'm going to leave and George will take you questions here. George

END

(1:03 P.M. EST)

THE WHITE HOUSE

January 29, 1981

MEMORANDUM FOR: THE SECRETARY OF THE TREASURY
THE ATTORNEY GENERAL
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
THE SECRETARY OF EDUCATION
THE ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY

SUBJECT: Postponement of Pending Regulations

Among my priorities as President is the establishment of a new regulatory oversight process that will lead to less burdensome and more rational federal regulation. I am now directing certain measures that will give this Administration, through the Task Force on Regulatory Relief, sufficient time to implement that process, and to subject to full and appropriate review many of the prior Administration's last-minute decisions that would increase rather than relieve the current burden of restrictive regulation. This review is especially necessary in the economic climate we have inherited.

1. Postponement of Pending Final Regulations. To the extent permitted by law, your agency shall, by notice in the Federal Register, postpone for 60 days from the date of this memorandum the effective date of all regulations that your agency has promulgated in final form and that are scheduled to become effective during such 60-day period.

2. Postponement of Proposed Regulations. To the extent permitted by law, your agency shall refrain, for 60 days following the date of this memorandum, from promulgating any final rule.

3. Emergency Regulations and Regulations Subject to Short-Term Deadlines. Your agency shall not postpone regulations that respond to emergency situations or for which a postponement pursuant to this memorandum would conflict with a statutory or judicial deadline.

4. Consultation with the Office of Management and Budget.

(a) Your agency shall report to the Director of the Office of Management and Budget all regulations that cannot legally be postponed under paragraphs 1 and 2 of this memorandum and all regulations that will not be postponed under paragraph 3 of this memorandum, including a brief explanation of the legal or other reasons why the effective date of any such regulation will not be be postponed.

(b) After consultation with the Director, or the Director's designee, your agency may decide to postpone the effective date or promulgation of a regulation for fewer than 60 days from the date of this memorandum, if circumstances warrant a shorter period of postponement.

5. Exemptions. This memorandum shall not apply to:

(a) regulations issued in accordance with the formal rulemaking provisions of the Administrative Procedure Act, 5 U.S.C. 556, 557;

(b) regulations issued with respect to a military or foreign affairs function of the United States;

(c) regulations related to Federal government procurement;

(d) matters related to agency organization, management, or personnel; or

(e) regulations issued by the Internal Revenue Service.

6. Definition. For purposes of this memorandum, "regulation" or "rule" shall mean an agency statement of general applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the procedure or practice requirements of an agency.

RONALD REAGAN

# # # # #

January 30, 1981

FOR IMMEDIATE RELEASE

CONTACT: Peter Teeley
Shirley Green
202/456-6772

FROM THE OFFICE OF THE PRESS SECRETARY
TO VICE PRESIDENT GEORGE BUSH

STATEMENT BY VICE PRESIDENT GEORGE BUSH
REGARDING THE MEMBERSHIP AND
THE CHARTER OF THE
PRESIDENTIAL TASK FORCE ON REGULATORY RELIEF

President Reagan has made regulatory relief one of the top priorities of his economic policy. He has asked me, as Chairman of the Presidential Task Force on Regulatory Relief, to take clear, constructive and decisive action and to recommend to him a number of individuals who should serve on the Task Force.

The President has appointed the following officials:

* Donald Regan, Secretary of the Treasury
* William French Smith, Attorney General
* Malcolm Baldrige, Secretary of Commerce
* Raymond Donovan, Secretary of Labor-designate
* David Stockman, Director, Office of Management and Budget
* Martin Anderson, Assistant to the President for Policy Planning
* Murray Weidenbaum, Chairman, Council of Economic Advisors

Serving as Executive Director of the Task Force will be James C. Miller III, Administrator for Information and Regulatory Affairs, Office of Management and Budget. Special Assistant to

the President, Rich Williamson will serve as Associate Director, and C. Boyden Gray, Counsel to the Vice President, will serve as Counsel to the Task Force. Finally, the Task Force will utilize staff support from the Office of Management and Budget to identify the major regulatory actions that fit the charter and to provide needed analytical support. (Initial assessment of regulations will, of course, be the responsibility of the agencies themselves in the first instances, with backup support and review by the Task Force.)

The basic charter of the Task Force is to:

* Review major proposals by executive branch regulatory agencies, especially those proposals that would appear to have a major policy significance or where there is overlapping jurisdiction among agencies.

* Assess executive branch regulations already on the books, especially those that are particularly burdensome to the national economy or to key industrial sectors.

* Oversee the development of legislative proposals in response to Congressional timetables (e.g., The Clean Air Act amendments expire this year), and, more importantly, to codify the President's views on the appropriate role and objectives of regulatory agencies.

The Task Force, consistent with the President's regulatory beliefs, will be guided by the following general principles:

* Federal regulations should be initiated only when there is a compelling need.

* Alternative regulatory approaches (including no regulation) should be considered and the approach selected that imposes the least possible burden on society consistent with achieving the overall statutory and policy objectives.

* Regulatory priorities should be governed by an assessment of the benefits and costs of the proposed regulations.

As the President has said, government regulations are imposing an enormous economic burden on our national economy and our people.

Government regulation has not only been a serious impediment to capital formation, increased productivity, and expanding our trade abroad, but also in our ability to compete at home with foreign companies.

Excessive regulations is a serious factor in the continued high rate of inflation and unemployment.

Our intent is not to damage the environment, make the work place unsafe, or reduce the quality of life for our citizens. We are striving to find the balance--a balance that has not been reached in recent years. We must never forget that the nation's economy must continue to grow and that new jobs must be created for an expanding work force.

I fully recognize the thousands and thousands of pages of information and regulations that must be reviewed. We will begin shortly to establish liaison with the Congress and non-governmental groups to gain the benefit of their views and expertise.

We fully intend to produce results and recommendations that will, as President Reagan has stated, help "return the nation to prosperity and set loose again the ingenuity and energy of the American people."

Federal Register
Vol. 46, No. 33
Thursday, February 19, 1981

Presidential Documents

Title 3—

The President

Executive Order 12291 of February 17, 1981

Federal Regulation

By the authority vested in me as President by the Constitution and laws of the United States of America, and in order to reduce the burdens of existing and future regulations, increase agency accountability for regulatory actions, provide for presidential oversight of the regulatory process, minimize duplication and conflict of regulations, and insure well-reasoned regulations, it is hereby ordered as follows:

Section 1. *Definitions.* For the purposes of this Order:

(a) "Regulation" or "rule" means an agency statement of general applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the procedure or practice requirements of an agency, but does not include:

(1) Administrative actions governed by the provisions of Sections 556 and 557 of Title 5 of the United States Code;

(2) Regulations issued with respect to a military or foreign affairs function of the United States; or

(3) Regulations related to agency organization, management, or personnel.

(b) "Major rule" means any regulation that is likely to result in:

(1) An annual effect on the economy of $100 million or more;

(2) A major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or

(3) Significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

(c) "Director" means the Director of the Office of Management and Budget.

(d) "Agency" means any authority of the United States that is an "agency" under 44 U.S.C. 3502(1), excluding those agencies specified in 44 U.S.C. 3502(10).

(e) "Task Force" means the Presidential Task Force on Regulatory Relief.

Sec. 2. *General Requirements.* In promulgating new regulations, reviewing existing regulations, and developing legislative proposals concerning regulation, all agencies, to the extent permitted by law, shall adhere to the following requirements:

(a) Administrative decisions shall be based on adequate information concerning the need for and consequences of proposed government action;

(b) Regulatory action shall not be undertaken unless the potential benefits to society for the regulation outweigh the potential costs to society;

(c) Regulatory objectives shall be chosen to maximize the net benefits to society;

(d) Among alternative approaches to any given regulatory objective, the alternative involving the least net cost to society shall be chosen; and

(e) Agencies shall set regulatory priorities with the aim of maximizing the aggregate net benefits to society, taking into account the condition of the

particular industries affected by regulations, the condition of the national economy, and other regulatory actions contemplated for the future.

Sec. 3. *Regulatory Impact Analysis and Review.*

(a) In order to implement Section 2 of this Order, each agency shall, in connection with every major rule, prepare, and to the extent permitted by law consider, a Regulatory Impact Analysis. Such Analyses may be combined with any Regulatory Flexibility Analyses performed under 5 U.S.C. 603 and 604.

(b) Each agency shall initially determine whether a rule it intends to propose or to issue is a major rule, *provided that,* the Director, subject to the direction of the Task Force, shall have authority, in accordance with Sections 1(b) and 2 of this Order, to prescribe criteria for making such determinations, to order a rule to be treated as a major rule, and to require any set of related rules to be considered together as a major rule.

(c) Except as provided in Section 8 of this Order, agencies shall prepare Regulatory Impact Analyses of major rules and transmit them, along with all notices of proposed rulemaking and all final rules, to the Director as follows:

(1) If no notice of proposed rulemaking is to be published for a proposed major rule that is not an emergency rule, the agency shall prepare only a final Regulatory Impact Analysis, which shall be transmitted, along with the proposed rule, to the Director at least 60 days prior to the publication of the major rule as a final rule;

(2) With respect to all other major rules, the agency shall prepare a preliminary Regulatory Impact Analysis, which shall be transmitted, along with a notice of proposed rulemaking, to the Director at least 60 days prior to the publication of a notice of proposed rulemaking, and a final Regulatory Impact Analysis, which shall be transmitted along with the final rule at least 30 days prior to the publication of the major rule as a final rule;

(3) For all rules other than major rules, agencies shall submit to the Director, at least 10 days prior to publication, every notice of proposed rulemaking and final rule.

(d) To permit each proposed major rule to be analyzed in light of the requirements stated in Section 2 of this Order, each preliminary and final Regulatory Impact Analysis shall contain the following information:

(1) A description of the potential benefits of the rule, including any beneficial effects that cannot be quantified in monetary terms, and the identification of those likely to receive the benefits;

(2) A description of the potential costs of the rule, including any adverse effects that cannot be quantified in monetary terms, and the identification of those likely to bear the costs;

(3) A determination of the potential net benefits of the rule, including an evaluation of effects that cannot be quantified in monetary terms;

(4) A description of alternative approaches that could substantially achieve the same regulatory goal at lower cost, together with an analysis of this potential benefit and costs and a brief explanation of the legal reasons why such alternatives, if proposed, could not be adopted; and

(5) Unless covered by the description required under paragraph (4) of this subsection, an explanation of any legal reasons why the rule cannot be based on the requirements set forth in Section 2 of this Order.

(e) (1) The Director, subject to the direction of the Task Force, which shall resolve any issues raised under this Order or ensure that they are presented to the President, is authorized to review any preliminary or final Regulatory Impact Analysis, notice of proposed rulemaking, or final rule based on the requirements of this Order.

(2) The Director shall be deemed to have concluded review unless the Director advises an agency to the contrary under subsection (f) of this Section:

(A) Within 60 days of a submission under subsection (c)(1) or a submission of a preliminary Regulatory Impact Analysis or notice of proposed rulemaking under subsection (c)(2);

(B) Within 30 days of the submission of a final Regulatory Impact Analysis and a final rule under subsection (c)(2); and

(C) Within 10 days of the submission of a notice of proposed rulemaking or final rule under subsection (c)(3).

(f) (1) Upon the request of the Director, an agency shall consult with the Director concerning the review of a preliminary Regulatory Impact Analysis or notice of proposed rulemaking under this Order, and shall, subject to Section 8(a)(2) of this Order, refrain from publishing its preliminary Regulatory Impact Analysis or notice of proposed rulemaking until such review is concluded.

(2) Upon receiving notice that the Director intends to submit views with respect to any final Regulatory Impact Analysis or final rule, the agency shall, subject to Section 8(a)(2) of this Order, refrain from publishing its final Regulatory Impact Analysis or final rule until the agency has responded to the Director's views, and incorporated those views and the agency's response in the rulemaking file.

(3) Nothing in this subsection shall be construed as displacing the agencies' responsibilities delegated by law.

(g) For every rule for which an agency publishes a notice of proposed rulemaking, the agency shall include in its notice:

(1) A brief statement setting forth the agency's initial determination whether the proposed rule is a major rule, together with the reasons underlying that determination; and

(2) For each proposed major rule, a brief summary of the agency's preliminary Regulatory Impact Analysis.

(h) Agencies shall make their preliminary and final Regulatory Impact Analyses available to the public.

(i) Agencies shall initiate reviews of currently effective rules in accordance with the purposes of this Order, and perform Regulatory Impact Analyses of currently effective major rules. The Director, subject to the direction of the Task Force, may designate currently effective rules for review in accordance with this Order, and establish schedules for reviews and Analyses under this Order.

Sec. 4. *Regulatory Review.* Before approving any final major rule, each agency shall:

(a) Make a determination that the regulation is clearly within the authority delegated by law and consistent with congressional intent, and include in the **Federal Register** at the time of promulgation a memorandum of law supporting that determination.

(b) Make a determination that the factual conclusions upon which the rule is based have substantial support in the agency record, viewed as a whole, with full attention to public comments in general and the comments of persons directly affected by the rule in particular.

Sec. 5. *Regulatory Agendas.*

(a) Each agency shall publish, in October and April of each year, an agenda of proposed regulations that the agency has issued or expects to issue, and currently effective rules that are under agency review pursuant to this Order. These agendas may be incorporated with the agendas published under 5 U.S.C. 602, and must contain at the minimum:

(1) A summary of the nature of each major rule being considered, the objectives and legal basis for the issuance of the rule, and an approximate

schedule for completing action on any major rule for which the agency has issued a notice of proposed rulemaking;

(2) The name and telephone number of a knowledgeable agency official for each item on the agenda; and

(3) A list of existing regulations to be reviewed under the terms of this Order, and a brief discussion of each such regulation.

(b) The Director, subject to the direction of the Task Force, may, to the extent permitted by law:

(1) Require agencies to provide additional information in an agenda; and

(2) Require publication of the agenda in any form.

Sec. 6. *The Task Force and Office of Management and Budget.*

(a) To the extent permitted by law, the Director shall have authority, subject to the direction of the Task Force, to:

(1) Designate any proposed or existing rule as a major rule in accordance with Section 1(b) of this Order;

(2) Prepare and promulgate uniform standards for the identification of major rules and the development of Regulatory Impact Analyses;

(3) Require an agency to obtain and evaluate, in connection with a regulation, any additional relevant data from any appropriate source;

(4) Waive the requirements of Sections 3, 4, or 7 of this Order with respect to any proposed or existing major rule;.

(5) Identify duplicative, overlapping and conflicting rules, existing or proposed, and existing or proposed rules that are inconsistent with the policies underlying statutes governing agencies other than the issuing agency or with the purposes of this Order, and, in each such case, require appropriate interagency consultation to minimize or eliminate such duplication, overlap, or conflict;

(6) Develop procedures for estimating the annual benefits and costs of agency regulations, on both an aggregate and economic or industrial sector basis, for purposes of compiling a regulatory budget;

(7) In consultation with interested agencies, prepare for consideration by the President recommendations for changes in the agencies' statutes; and

(8) Monitor agency compliance with the requirements of this Order and advise the President with respect to such compliance.

(b) The Director, subject to the direction of the Task Force, is authorized to establish procedures for the performance of all functions vested in the Director by this Order. The Director shall take appropriate steps to coordinate the implementation of the analysis, transmittal, review, and clearance provisions of this Order with the authorities and requirements provided for or imposed upon the Director and agencies under the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, and the Paperwork Reduction Plan Act of 1980, 44 U.S.C. 3501 *et seq.*

Sec. 7. *Pending Regulations.*

(a) To the extent necessary to permit reconsideration in accordance with this Order, agencies shall, except as provided in Section 8 of this Order, suspend or postpone the effective dates of all major rules that they have promulgated in final form as of the date of this Order, but that have not yet become effective, excluding:

(1) Major rules that cannot legally be postponed or suspended;

(2) Major rules that, for good cause, ought to become effective as final rules without reconsideration. Agencies shall prepare, in accordance with Section 3 of this Order, a final Regulatory Impact Analysis for each major rule that they suspend or postpone.

(b) Agencies shall report to the Director no later than 15 days prior to the effective date of any rule that the agency has promulgated in final form as of the date of this Order, and that has not yet become effective, and that will not be reconsidered under subsection (a) of this Section:

(1) That the rule is excepted from reconsideration under subsection (a), including a brief statement of the legal or other reasons for that determination; or

(2) That the rule is not a major rule.

(c) The Director, subject to the direction of the Task Force, is authorized, to the extent permitted by law, to:

(1) Require reconsideration, in accordance with this Order, of any major rule that an agency has issued in final form as of the date of this Order and that has not become effective; and

(2) Designate a rule that an agency has issued in final form as of the date of this Order and that has not yet become effective as a major rule in accordance with Section 1(b) of this Order.

(d) Agencies may, in accordance with the Administrative Procedure Act and other applicable statutes, permit major rules that they have issued in final form as of the date of this Order, and that have not yet become effective, to take effect as interim rules while they are being reconsidered in accordance with this Order, *provided that,* agencies shall report to the Director, no later than 15 days before any such rule is proposed to take effect as an interim rule, that the rule should appropriately take effect as an interim rule while the rule is under reconsideration.

(e) Except as provided in Section 8 of this Order, agencies shall, to the extent permitted by law, refrain from promulgating as a final rule any proposed major rule that has been published or issued as of the date of this Order until a final Regulatory Impact Analysis, in accordance with Section 3 of this Order, has been prepared for the proposed major rule.

(f) Agencies shall report to the Director, no later than 30 days prior to promulgating as a final rule any proposed rule that the agency has published or issued as of the date of this Order and that has not been considered under the terms of this Order:

(1) That the rule cannot legally be considered in accordance with this Order, together with a brief explanation of the legal reasons barring such consideration; or

(2) That the rule is not a major rule, in which case the agency shall submit to the Director a copy of the proposed rule.

(g) The Director, subject to the direction of the Task Force, is authorized, to the extent permitted by law, to:

(1) Require consideration, in accordance with this Order, of any proposed major rule that the agency has published or issued as of the date of this Order; and

(2) Designate a proposed rule that an agency has published or issued as of the date of this Order, as a major rule in accordance with Section 1(b) of this Order.

(h) The Director shall be deemed to have determined that an agency's report to the Director under subsections (b), (d), or (f) of this Section is consistent with the purposes of this Order, unless the Director advises the agency to the contrary:

(1) Within 15 days of its report, in the case of any report under subsections (b) or (d); or

(2) Within 30 days of its report, in the case of any report under subsection (f).

(i) This Section does not supersede the President's Memorandum of January 29, 1981, entitled "Postponement of Pending Regulations", which shall remain in effect until March 30, 1981.

(j) In complying with this Section, agencies shall comply with all applicable provisions of the Administrative Procedure Act, and with any other procedural requirements made applicable to the agencies by other statutes.

Sec. 8. *Exemptions.*

(a) The procedures prescribed by this Order shall not apply to:

(1) Any regulation that responds to an emergency situation, *provided that,* any such regulation shall be reported to the Director as soon as is practicable, the agency shall publish in the **Federal Register** a statement of the reasons why it is impracticable for the agency to follow the procedures of this Order with respect to such a rule, and the agency shall prepare and transmit as soon as is practicable a Regulatory Impact Analysis of any such major rule; and

(2) Any regulation for which consideration or reconsideration under the terms of this Order would conflict with deadlines imposed by statute or by judicial order, *provided that,* any such regulation shall be reported to the Director together with a brief explanation of the conflict, the agency shall publish in the **Federal Register** a statement of the reasons why it is impracticable for the agency to follow the procedures of this Order with respect to such a rule, and the agency, in consultation with the Director, shall adhere to the requirements of this Order to the extent permitted by statutory or judicial deadlines.

(b) The Director, subject to the direction of the Task Force, may, in accordance with the purposes of this Order, exempt any class or category of regulations from any or all requirements of this Order.

Sec. 9. *Judicial Review.* This Order is intended only to improve the internal management of the Federal government, and is not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers or any person. The determinations made by agencies under Section 4 of this Order, and any Regulatory Impact Analyses for any rule, shall be made part of the whole record of agency action in connection with the rule.

Sec. 10. *Revocations.* Executive Orders No. 12044, as amended, and No. 12174 are revoked.

Ronald Reagan

THE WHITE HOUSE,
February 17, 1981.

[FR Doc. 81-5790
Filed 2-17-81; 3:19 pm]
Billing code 3195-01-M

THE OFFICE OF THE VICE PRESIDENT

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EMBARGOED FOR RELEASE UNTIL 3:00 p.m. February 17, 1981

FACT SHEET

Executive Order on Regulatory Management

Summary: Vice President Bush today announced details of a new Executive Order replacing current Executive Order 12044 to a) set forth an express Presidential policy on regulation and to provide a structured system to enable agencies to implement that policy effectively pursuant to the overall direction of the Task Force on Regulatory Relief, b) provide for centralized review, in order that the most sensitive questions of regulatory policy will be brought in timely fashion to the Presidential Task Force (and, if necessary, to the President himself), and c) to afford the Task Force and the Director of OMB sufficient flexibility to minimize paperwork and unnecessary regulatory delay.

BACKGROUND:

A comprehensive program of regulatory management is needed to replace the "freeze" on new and "midnight" regulations being implemented by the Cabinet (and EPA) pursuant to the President's memorandum signed on January 29. Such a program is also essential to the President's goal of reducing the excess burden of regulation.

On January 22, the President announced that the Vice President had agreed to chair a Task Force on Regulatory Relief, consisting of: Vice President Bush (Chairman), Treasury Secretary Regan, Attorney General Smith, Commerce Secretary Baldridge, Labor Secretary Donovan, OMB Director Stockman, CEA Chairman Weidenbaum, and Assistant to the President Anderson. The Vice President also announced that Jim Miller, OMB Administrator of Information and Regulatory Affairs, will serve as the Task Force's Executive Director; that Rich Williamson, Special Assistant to the President for Intergovernmental Relations, will serve as Associate Director; and that C. Boyden Gray, Counsel to the Vice President, will serve as Counsel to the Task Force.

In order for the Task Force to carry out its work, it must establish procedures for careful review of new and existing regulations to assure their compliance with the President's

goal of reducing regulatory burdens. To this end, the staff of the Task Force, OMB and the Justice Department developed an Executive Order that would replace Executive Order 12044, which has proven ineffective. The new Order would build upon the management responsibilities and expertise of OMB and OMB's other responsibilities for regulatory oversight (e.g., under the Paperwork Reduction Act of 1980), and would place the Presidential Task Force in charge of the President's overall regulatory reform program.

THE EXECUTIVE ORDER:

The Executive Order, which does not cover independent agencies and applies primarily to the 150 major annual executive agency rules:

1. Imposes, to the extent permitted by law, a requirement that agencies choose regulatory goals and set priorities to maximize benefits to society, and choose the most cost-efficient means among legally available options for securing these regulatory goals;

2. Requires all agencies to prepare, for each major rule, a Regulatory Impact Analysis that will be designed to permit an accurate assessment of the potential costs and benefits of each major regulatory proposal, including alternatives;

3. Authorizes the Director of the Office of Management and Budget, subject to the direction of the Presidential Task Force, to oversee the implementation of the Order and to take a variety of steps to achieve its purposes, including the review of proposed and final agency regulations and Regulatory Impact Analyses for consistency with the Order;

4. Requires agencies to determine that proposed final regulations are within authority vested by law, and are supported by the agency record in each case; and

5. Requires agencies to publish semiannual agendas that will keep the public abreast of pending and expected regulatory actions that could have a major impact on the economy.

Under this new program, the agencies would be the first line of offense to reduce the regulatory burden and the first line of defense to assure that regulations not comporting with the President's policies did not slip through. The management program will assure that: (a) deregulatory initiatives (and unimportant regulations) are approved quickly; (b) major new regulations are scrutinized carefully; and (c) regulations of truly major consequence are brought before the Presidential Task Force (and the President, if necessary) for final review. The Task Force will also convene working groups representing key agencies to develop appropriate

legislative proposals and responses where existing statutory constraints, identified more clearly by the review process described above, preclude effective regulatory decisions (the Clean Air Act Amendments, for example, are up for renewal this year).

Experience under the Executive Order may suggest the need for technical modifications. Accordingly, the Task Force welcomes comments from the public as the Order is implemented.

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Excerpts from: America's New Beginning:
A Program for Economic Recovery, submitted to
Congress by President Reagan on February 18, 1981

The rapid growth in Federal regulation has retarded economic growth and contributed to inflationary pressures. While there is widespread agreement on the legitimate role of government in protecting the environment, promoting health and safety, safeguarding workers and consumers, and guaranteeing equal opportunity, there is also growing realization that excessive regulation is a very significant factor in our current economic difficulties.

The costs of regulation arise in several ways. First, there are the outlays for the Federal bureaucracy which administers and enforces the regulations. Second, there are the costs to business, nonprofit institutions, and State and local governments of complying with regulations. Finally, there are the longer run and indirect effects of regulation on economic growth and productivity.

The most readily identifiable of the costs are the administrative outlays of the regulatory agencies, since they appear in the Federal budget. These costs are passed on to individuals and businesses directly in the form of higher Federal taxes. Much larger than the administrative expenses are the costs of compliance, which add $100 billion per year to the costs of the goods and services we buy. The most important effects of regulation, however, are the adverse impacts on economic growth. These arise because regulations may discourage innovative research and development, reduce investment in new plant and equipment, raise unemployment by increasing labor costs, and reduce competition. Taken together, these longer run effects contribute significantly to our current economic dilemma of high unemployment and inflation.

In many cases the costs of regulation can be substantially reduced without significantly affecting worthwhile regulatory goals. Unnecessarily stringent rules, intrusive means of enforcement, extensive reporting and recordkeeping requirements, and other regulatory excesses are all too common.

During this Administration's first month in office, five major steps have been taken to address the problem of excessive and inefficient regulation. Specifically, we have:

- Established a Task Force on Regulatory Relief chaired by Vice President George Bush;
- Abolished the Council on Wage and Price Stability's ineffective program to control wage and price increases;

- o Postponed the effective dates of pending regulations until the end of March;

- o Issued an Executive order to strengthen Presidential oversight of the regulatory process; and

- o Accelerated the decontrol of domestic oil.

Presidential Task Force on Regulatory Relief

Previous efforts to manage the proliferation of Federal regulation failed to establish central regulatory oversight at the highest level. On January 22, the President announced the creation of a Task Force on Regulatory Relief to be chaired by the Vice President. The membership is to include the Secretary of the Treasury, the Attorney General, the Secretary of Commerce, the Secretary of Labor, the Director of the Office of Management and Budget, the Assistant to the President for Policy Development and the Chairman of the Council of Economic Advisers.

The Task Force's charter is to:

- o Review major regulatory proposals by executive branch agencies, especially those that appear to have major policy significance or involve overlapping jurisdiction among agencies.

- o Assess executive branch regulations already on the books, concentrating on those that are particularly burdensome to the national economy or to key industrial sectors.

- o Oversee the development of legislative proposals designed to balance and coordinate the roles and objectives of regulatory agencies.

Termination of CWPS's Wage-Price Standards Program

The Council on Wage and Price Stability (CWPS) was created in 1974, and like many government agencies, rapidly grew in size and scope. But the CWPS program of wage-price standards proved to be totally ineffective in halting the rising rate of inflation.

On January 29, the President rescinded the CWPS's wage-price standards program. As a result, taxpayers will save about $1.5 billion, employment in the Executive Office of the President will decline by about 135 people, and Federal requirements that businesses submit voluminous reports will end.

Postponing Pending Regulations

On January 29, the President also sent a memorandum to cabinet officers and the head of the Environmental Protection Agency (EPA), requesting that, to the extent permitted by law, they postpone the effective dates of those regulations that would have become effective before March 29 and that they refrain from issuing any new final regulations during this 60-day period.

This suspension of new regulations has three purposes: First, it allows the new Administration to review the "midnight" regulations issued during the last days of the previous Administration to assure that they are cost-effective. Second, the Administration's appointees now can become familiar with the details of the various programs for which they are responsible before the regulations become final. Lastly, the suspension allows time for the Administration, through the Presidential Task Force, to develop improved procedures for management and oversight of the regulatory process.

The Executive Order on Federal Regulation

The President has signed a new Executive order designed to improve management of the Federal regulatory process. It provides reassurance to the American people of the government's ability to control its regulatory activities. The Office of Management and Budget is charged with administering the new order, subject to the overall direction of the Presidential Task Force on Regulatory Relief.

The order emphasizes that regulatory decisions should be based on adequate information. Actions should not be undertaken unless the potential benefits to society outweigh the potential costs, and regulatory priorities should be set on the basis of net benefits to society. The order requires agencies to determine the most cost-effective approach for meeting any given regulatory objective, taking into account such factors as the economic condition of industry, the national economy, and other prospective regulations.

As part of the development of any important regulation, the order also requires that each agency prepare a Regulatory Impact Analysis to evaluate potential benefits and costs. The Task Force will oversee this process; OMB will make comments on regulatory analyses, help determine which new and existing regulations should be reviewed, and direct the publication of semiannual agendas of the regulations that agencies plan to issue or review.

Decontrolling Domestic Oil Prices

The President has also ordered the immediate decontrol of domestic oil prices, instead of waiting until October as originally scheduled. This has eliminated a large Federal bureaucracy which administered a cumbersome and inefficient system of regulations that served to stifle domestic oil production, increase our dependence on foreign oil, and discourage conservation.

Integrating the Goals of Regulatory Relief with Paperwork Reduction

Our program to reduce regulatory burdens will dovetail with the efforts under the Paperwork Reduction Act of 1980. Lamentably, present regulations will require Americans to spend over 1.2 billion hours filling out government forms during 1981. This is equivalent to the annual labor input for the entire steel industry.

The Congress responded to the need for consistent management of Federal paperwork and regulatory issues by passing the Paperwork Reduction Act of 1980. The act creates an Office of Information and Regulatory Affairs within OMB with the power to review Federal regulations that contain a recordkeeping or reporting requirement and directs this agency to reduce the paperwork burden by 15 percent.

Future Targets for Regulatory Review

The program of regulatory relief is just getting under way. Future regulatory reform efforts will be directed not only at proposed regulations, but also at existing regulations and regulatory statutes that are particularly burdensome. This process has already begun: in the first month of the Administration several cabinet departments and agencies -- on their own initiative and in coordination with the Task Force -- have taken action on particularly controversial rules. For example, rules mandating extensive bilingual education programs, passive restraints in large cars, the labeling of chemicals in the workplace, controls on garbage truck noise, and increased overtime payments for executives have been withdrawn or postponed. The actions taken already are expected to save the American public and industry almost $1 billion annually. The Administration will be reviewing a host of other regulations in the near future.

Legislative Changes

Not all of our regulatory problems can be resolved satisfactorily through more effective regulatory management and decisionmaking. Existing regulatory statutes too often preclude

effective regulatory decisions. Many of the statutes are conflicting, overlapping, or inconsistent. Some force agencies to promulgate regulations while giving them little discretion to take into account changing conditions or new information. Other statutes give agencies extremely broad discretion, which they have sometimes exercised unwisely.

The Administration will examine all legislation that serves as the foundation for major regulatory programs. This omnibus review, spearheaded by the Presidential Task Force on Regulatory Relief, will result in recommendations to reform these statutes. The Task Force will initially concentrate its efforts on those laws scheduled for Congressional oversight or reauthorization, such as the Clean Air Act.

THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR WIRE TRANSMISSION
UNTIL 4:00 P.M. (E.S.T.) AND
EMBARGOED FOR RELEASE UNTIL
9 P.M. (E.S.T.), Wednesday, February 18, 1981

February 18, 1981

FACT SHEET

President Reagan's Initiatives to Reduce Regulatory Burdens

Summary: President Reagan today announced the details of a far-reaching program to reduce the burden of Federal regulations and paperwork, and to reduce the intrusion of the Federal Government into our daily lives.

BACKGROUND

- During the campaign, President Reagan promised swift action to ease the economic burden of government regulation.
- Previous administrations have instituted programs to manage the regulatory process. But, despite these measures, regulations have continued to proliferate, often based on inadequate analysis of the costs and benefits that would result.
- During the last month of the Carter Administration, regulatory agencies in the Executive Branch issued more than 150 final regulations. Of these so-called "Midnight Regulations," over 100 were scheduled to become effective within the next 60 days. Many of these new regulations impose substantial new burdens on the economy.
- Often, the high cost of regulatory compliance is due to the cumulative effect on an industry of many agencies' rules, rather than to a single major rule. For example, at least five Federal agencies directly regulate the auto industry, and these five agencies are now considering more than 50 significant new auto rules.
- This year, the Federal government is forcing Americans to spend over a billion hours providing information to the government.

ACTIONS TAKEN SINCE JANUARY 20

Since taking office on January 20th, the President has taken a number of actions as a part of a broad effort to free the economy, wherever feasible, of the hidden tax of complying with Federal rules and paperwork requirements which do not contribute to the public welfare. This effort will also seek to assure that regulations essential to the goal of protecting the public health and safety achieve their goal in the most efficient manner.

1. Task Force on Regulatory Relief

   President Reagan announced the creation of a Presidential Task Force on Regulatory Relief on January 22, 1981. It is chaired by the Vice President. The other members are the Secretary of the Treasury, the Attorney General, the Secretary of Commerce, the Secretary of Labor, the Director of the Office of Management and Budget, the Assistant to the President for Policy Development, and the Chairman of the Council of Economic Advisers.

This Task Force has ongoing responsibilities which will be reinforced by the President's Executive Order on Federal Regulation. The Task Force will:

- Review major regulatory proposals by executive branch agencies, especially those proposals that would appear to have major policy significance or where there is overlapping jurisdiction among agencies.
- Assess executive branch regulations already on the books, especially those that are burdensome to the national economy or to key industrial sectors.
- Oversee the development of legislative proposals in response to Congressional timetables (e.g., the Clean Air Act must be reauthorized this year), and codify the President's views on the appropriate role and objectives of regulatory agencies.
- Seek to increase public awareness of regulations and their impact, including regulatory expenditures that do not show up in the Federal budget.
- Make recommendations to the President on regulatory personnel and how to reform regulation through Executive Orders, agency actions, and legislative changes.

2. Termination of CWPS's Wage-Price Program

On January 29, President Reagan issued Executive Order 12288 terminating the Council on Wage and Price Stability's wage-price standards program.

The Council on Wage and Price Stability (CWPS) was created in 1974 to study and encourage wage and price restraint, monitor inflation in the economy, encourage productivity, and review the inflationary impact of government programs and regulations. In 1978, President Carter directed CWPS to establish a program of "voluntary" wage and price standards. The Office of Federal Procurement Policy was ordered to issue regulations denying Federal contracts to violators of these standards. The CWPS staff grew from approximately 50 to 238 in 1979. As of January 20, 1981, employment was 170.

The CWPS program of wage-price standards proved ineffective in halting the rising rate of inflation. It proved to be an unnecessary burden on labor and industry, and a waste of taxpayers' money.

About $1.5 million will be saved in 1981 by this action, employment in the Executive Office of the President will be reduced by about 135 people, and Federal requirements that businesses submit voluminous reports will be ended. Companies spent some $300 million to comply with the reporting requirements alone of this program (more than 5,000 company reports were submitted to CWPS). CWPS's small regulatory staff will work closely with OMB and the Presidential Task Force on Regulatory Relief to carry out the program of regulatory relief.

3. Postponement of Pending Regulations

On January 29, President Reagan requested the heads of 12 departments and agencies, to the extent permitted by law, to postpone the effective dates of regulations that otherwise would have become effective before March 29 and refrain from issuing any new final regulations during this same 60-day period. This suspension in the effective date of new regulations was to:

- Allow the new Administration time to review the "midnight" regulations issued during the last days of the Carter Administration to assure that they are cost-effective and in concert with this Administration's policies.
- Allow time for this Administration's appointees to come aboard and to become familiar with the details of the various programs for which they will be responsible.

- Allow time for this Administration, through the Presidential Task Force, to develop improved procedures for management and oversight of the regulatory process.

The request was sent to the heads of the Departments of Agriculture, Commerce, Education, Energy, Health and Human Services, Housing and Urban Development, Interior, Justice, Labor, Transportation and Treasury, and the Environmental Protection Agency.

With certain exceptions, the effective dates of all rules that would have become legally effective during the 60-day period have been extended. The Office of Management and Budget has received and has granted several requests for waivers of this regulatory suspension. Most such cases involve regulatory actions necessary for economic activity to go forward.

4. Initial Regulatory Actions

The program of regulatory relief is underway. Several cabinet departments and agencies, on their own initiative and in coordination with the President's Task Force, have taken action on several significant issues:

- On February 2, the Secretary of Education withdrew the proposed bilingual education rules. These rules would have required all school systems to offer bilingual instruction to each child whose primary language is other than English. The Department estimated that the proposed rule could have cost up to $1 billion over the first 5 years of the program and an annual maintenance cost of between $72 million and $157 million thereafter.

- On February 9, the Secretary of Transportation proposed a one-year delay in a regulation which would have mandated the installation of passive restraints, beginning with large cars, in September 1981. The implementation of this regulation could have resulted in consumers paying as much as $800 more per vehicle equipped with air bags. Moreover, this requirement would have hit U.S. auto producers hardest. Before the government imposes additional costs on the consumer and puts an additional financial burden on an already troubled industry, it must be sure that such an action is warranted. A one-year delay will provide the opportunity for such an evaluation.

- On February 9, the EPA asked the D.C. Court of Appeals to remand to it a rule setting noise emission standards for garbage trucks. This request set in motion a process in which EPA will review regulatory alternatives suggested by the garbage truck industry. During this review, EPA will not enforce any aspect of the rule. When the rule was issued, EPA estimated that it would cost $25 million annually to comply with the rule, most of which would be borne by municipalities.

- On February 12, the Secretary of Labor announced action on three major rules.

  - An OSHA rule requiring that chemicals in the workplace be labeled was withdrawn for reconsideration. This rule, if issued in final form, would have cost between $643 million and $900 million initially, and between $338 million and $473 million annually according to Labor Department figures. Lower-cost means of assuring worker protection will be sought.

  - New rules under the Fair Labor Standards Act were postponed indefinitely. These would have raised the salary levels used as tests, in part, to determine whether executives must be paid overtime. This would have cost employers over $50 million annually, would have reduced employment opportunities, and would have raised prices, especially in the fast foods industry.

  - The implementation of new rules under the Service Contract Act was postponed. These rules would have extended Davis-Bacon "prevailing wage" principles to those timber sales, automatic data processing, and research and development firms

under contract with the Federal government. The Department estimated that these rules would have cost at least $68 million annually.

- On February 14, OMB withdrew the policy memorandum on Federal Support for Hospital Construction issued by the previous Administration. This policy set out an elaborate review process to prevent Federal support for unnecessary hospital construction and renovation projects. In the Administration's judgment, the objectives of the policy could be met more simply and effectively through other means.

- On February 17, the President rescinded the mandatory Federal controls on building temperatures which had been imposed by the previous Administration. This action allows operators of non-residential buildings to choose the methods of conserving energy that best suit their circumstances.

- On February 17, the Secretary of Energy took several actions:

  - Announced that national energy efficiency standards for major household appliances will not be issued until a thorough review is completed. The 1980 proposal would require producers to redesign, by 1986, virtually all existing models of these appliances and to retool their production lines. As a result, many small firms would probably be forced out of business. Consumers would face sharply higher purchase prices —about $500 million annually. Low-income families could be especially hard-hit, since the standards would prohibit continued production of the kinds of lower cost appliances they can afford.

  - Withdrew proposed standby energy conservation measures involving a compressed work week, vehicle use stickers, and the part of the employer-based commuter and travel measures concerning working hours and transit subsidies. In addition, the Secretary has proposed to withdraw several interim final measures, including odd-even day motor fuel purchases, additional employer-based commuter and travel measures, increased enforcement and/or reduction of the 55 m.p.h speed limit and mandatory temperature restrictions. This action will remove measures which, if implemented, would interfere excessively in the daily life and business of Americans.

- On February 17, the Director of OMB revoked the Department of Energy's clearance under the Federal Reports Act for the collection of industrial energy consumption data.. A number of respondents have provided data which demonstrated that the information requested is needlessly detailed and unduly burdensome. This action will terminate the collection of industrial energy data for sites not subject to Federal regulation and preclude the Federal Government from expanding its regulatory programs.

- On February 17, President Reagan revoked Executive Order 12264, which established a cumbersome, duplicative and burdensome regulatory policy regarding the export of some hazardous substances. The rescinded Executive Order would have threatened American workers' jobs and could have disrupted production abroad where affected U.S. exports serve as vital material inputs. Procedures already exist which inform foreign governments of hazards associated with exported American products. Thus, each foreign government can decide for itself whether to import the products and what precautions to take.

NEW ACTIONS ANNOUNCED BY THE PRESIDENT

Building on the steps taken since January 20th, today the President announced the following additional actions taken by his Administration:

1. The Executive Order on Federal Regulation

Yesterday, the President signed a new Executive Order designed to improve coordination and management of the Federal regulatory process. This Order will produce better quality regulation and reduce the excess burden of regulation on the American people. The Order:

- Instructs the agencies on what is expected of them with respect to their regulatory work and provides reassurance to the American people of the government's ability to control its regulatory activities.
- Charges the Office of Management and Budget with administering the new order, subject to the overall direction of the Presidential Task Force on Regulatory Relief.
- Emphasizes that: regulatory decisions should be based on adequate information; actions should not be undertaken unless the potential benefits to society outweigh the potential costs; and regulatory priorities should be set on the basis of net benefits to society.
- Directs agencies to determine the most cost-effective approach for meeting any given regulatory objective, and requires that factors such as the economic condition of industry, the national economy, and prospective regulations be taken into account.
- Requires each agency to perform certain tasks as part of the development of an important regulation. A Regulatory Impact Analysis is required to evaluate potential benefits and costs in light of the regulatory objectives. A determination must be made that any proposed rule is consistent with applicable legal authority and Presidential policy and that it reflects careful evaluation of the comments of all persons affected by or interested in the regulation. The Task Force is to oversee this process; the Office of Management and Budget is to make substantive comments on regulatory analyses, help determine which new and existing regulations should be so analyzed, and oversee the publication of semiannual regulatory agendas.

2. Integrating the Goals of Regulatory Relief with Paperwork Reduction

The Administration's program to reduce regulatory burdens will be integrated with its program to implement the Paperwork Reduction Act of 1980. During 1981, given present requirements, Americans will spend over 1.2 billion hours filling out government forms. This is equivalent to the annual labor input for the entire steel industry.

The costs of Federal paperwork and regulation discourage Americans from opening small businesses, doctors from accepting Medicare patients, and State and local governments from requesting needed Federal aid. The Office of Management and Budget has exercised some control over the paperwork burdens of the cabinet departments since 1942. Last year, OMB supervised an effort which resulted in a reduction of almost 10 percent in the burden imposed by agencies subject to OMB Federal Reports Act authority. However, agencies not subject to OMB information collection review increased their paperwork load last year by more than 10 million hours.

The Paperwork Reduction Act of 1980 brings the independent regulatory agencies under OMB authority, directs that the paperwork burden be reduced by 15 percent by October 1, 1982, and relates the effort to reduce paperwork burden to the need to minimize regulatory burden.

This Act creates an Office of Information and Regulatory Affairs within OMB and directs the agency to review Federal regulations that contain a recordkeeping or reporting requirement under a variety of different procedures. It provides that no agency may impose civil or criminal penalties on any person who fails to comply with a recordkeeping or reporting requirement that has not received OMB approval.

3. Future Candidates for Regulatory Review

The Administration is completing a comprehensive initial review of the regulations of 14 key executive branch agencies: Departments of Treasury, Justice, Interior, Agriculture, Commerce, Labor, Health and Human Services, Housing and Urban Development, Transportation, Energy and Education, and the Environmental Protection Agency, the Equal Employment Opportunity Commission and the Office of Management and Budget. This review covers both rules under development as well as rules now in effect. Regulations now under development can usually be withdrawn, modified, or cancelled by the agency head at his or her direction. In the case of existing rules, the agency head will have to issue a new notice of proposed rulemaking and follow usual procedures before making substantive change. That is, revision or withdrawal of these existing rules would require that the agency propose the revision or withdrawal and obtain public comment before taking final action.

During the coming weeks and months, agencies will be conducting intensive reviews of many existing and proposed regulations -- at their own initiative, and in response to requests from the Task Force on Regulatory Relief.

4. Legislative Changes

The Administration will examine all legislation that serves as the foundation for major regulatory programs. This review will be led by the Presidential Task Force on Regulatory Relief and will result in recommendations to reform these statutes.

Not all of our regulatory problems can be solved satisfactorily through more effective regulatory management and decision-making. Statutory constraints often preclude effective regulatory decisions. Also, the Administration's efforts to better control the regulatory process may, in some cases, require further Congressional action. For example:

- Many of the statutes are conflicting, overlapping, or inconsistent. Some force agencies to promulgate regulations while giving them little discretion to take into account changing conditions or new information. Other statutes give agencies extremely broad discretion, which they may sometimes exercise unwisely. Statutes should not force agencies to promulgate inefficient regulations: they should provide agencies with requisite discretion and sufficient direction so that they act wisely.
- Compliance deadlines are often established in various laws. In general, they are imposed to ensure that agencies move forward expeditiously in implementing the law. However, these deadlines are often impossible to meet, especially if the rules developed are to be based on adequate information. Deadlines in statutes also constrain agencies' ability to tailor rules to the economic conditions of the affected parties. Where deadlines are unreasonable, changes will be sought.

Over the past few years numerous procedural reforms have been introduced in Congress that would respond to increasingly burdensome and intrusive regulations being imposed by the Federal Government. They have included requirements for regulatory analyses, an across-the-board legislative veto, and broader judicial review of the substance of regulations. While supportive of the goals of such proposals, the Administration is concerned about legislation that may result in excessive layering of review or an undue broadening of control responsibility. Legislative proposals should be developed in a manner to ensure they do not make the process even more complex, increase the size of the federal bureaucracy, make it more difficult to make needed changes in regulations, create additional delay and uncertainty, or contribute to the waste that results from the current adversarial nature of the rulemaking process.

PRESS RELEASE

THE VICE PRESIDENT
OFFICE OF THE PRESS SECRETARY

FOR IMMEDIATE RELEASE
March 7, 1981

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Vice President George Bush, Chairman of the President's Task Force on Regulatory Relief, announced today that the Environmental Protection Agency, on Monday, will propose an important change in its national air pollution regulations that will ease a regulatory burden on industries.

The change which deals with how the EPA defines a pollution source will sharply reduce red tape binding new industrial development while continuing to protect public health against air pollution.

The regulatory change applies to all types of industries nationwide, but one significant benefit can be seen in the State of California.

In much of California, substantial modifications of petroleum refinery facilities are prohibited under the current EPA rule defining pollution sources--with serious consequences for the state and the country. A study conducted last year by the Governor's office concluded that California could probably achieve energy self-sufficiency in the 80's provided that over a billion dollars in modifications of California refineries be made in the next few years.

These modifications will allow state refiners to process more than a quarter million additional barrels a day of California oil in place of imported oil now being refined. This could result, in this one state's production alone, in a savings to the national economy of several billion dollars a year. For the country it would mean a significant reduction in our oil imports. The change EPA is proposing would remove a Federal roadblock to these modifications without increasing air pollution.

The change will also allow two General Motors assembly plants--in Van Nuys and Southgate, California--to retool. That new retooling, in turn, will allow these plants to build smaller cars.

The change concerns EPA's regulatory treatment of new sources of air pollution in areas that do not meet Federal atmospheric air quality standards.

The Clean Air Act forbids any new construction of a "major source" in areas that do not have an EPA-approved plan needed to meet Federal standards, and forbids any "modification of a major source that would increase emissions 'significantly.'"

- more -

In areas that do have a plan to meet these standards, but have not yet met them, construction or modification may proceed provided that the involved source gets a construction permit and meets certain other pollution control requirements.

The burdens imposed by these requirements depend largely on what EPA defines a "source" to be. If the entire plant is taken as the "source," its owners could increase pollution from one part of the plant, as long as they decreased emissions in another part of the plant. Since on balance pollution from the plant as a whole would not have increased "significantly," there would have been no modification under the statute and formal preconstruction review would not be required. However, if EPA views each individual facility within that plant as a "source," then the owners must meet the regulatory requirements for each facility whenever its emissions increase beyond a certain amount, even if total plant-wide emissions do not increase as a whole.

At present, EPA applies the second definition in areas that are not meeting air quality standards--that is, it defines each individual facility as a separate pollution source. Monday's proposal will adopt the first approach instead. Under it, only the plant as a whole is considered a "source." This is the approach that EPA currently applies in areas that are meeting air quality standards.

In addition to this change, EPA will propose dropping its current requirement that any existing plant that is substantially rebuilt in an area that is not meeting air quality standards must get a permit and meet the related requirements, even if its total pollution does not increase significantly.

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PRESS RELEASE

THE VICE PRESIDENT
OFFICE OF THE PRESS SECRETARY

FOR RELEASE: 3:00 p.m.
March 25, 1981

CONTACT: Peter Teeley
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Statement by the Vice President
Regarding Actions Taken
by the
President's Task Force on Regulatory Relief

Today I have several announcements concerning actions taken by the President's Task Force on Regulatory Relief.

As you know, our mandate is to achieve the regulatory relief our economy desperately needs -- to reduce costs, to reduce inflation, to increase productivity, and to provide more jobs, while at the same time maintaining due concern for the environment, and for the health and safety of our citizens. The latest actions of the Task Force further these goals.

First, we are releasing a list of regulatory rules that are designated for postponement. These are "midnight" regulations that were caught in the regulatory "freeze." They will not be made final in their current form, but will be reviewed by the agencies.

Second, we are releasing a list of existing regulations that various agencies will be reassessing and possibly modifying. The regulations on both lists will undergo the review procedure outlined in the Executive Order signed by the President on February 17. For most of these regulations, agencies will prepare Regulatory Impact Analyses, and their decisions will be guided by the President's regulatory principles as set forth in the Order.

Third, we are announcing EPA's approval of the first State "bubble" rule that avoids the need for case-by-case EPA review. Approval of this rule, submitted by New Jersey, will permit cheaper and more flexible pollution control at the State level and will result in greater pollution reductions at the same time.

These regulations do not include those rules that affect the automobile industry. The automobile industry relief package now under preparation has highest priority and will be announced separately in the future.

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I also want to announce that I am issuing correspondence to various departments, agencies, business, labor and other private sector groups.

* First, I have sent a letter to the heads of executive agencies informing them of a decision of the President to abolish the Regulatory Council. Some members of the Council will continue working on the useful Regulatory Calendar and other projects.

* There is another letter that I have sent to the heads of independent agencies, asking for their continued cooperation in preparing the Regulatory Calendar, but also -- and I think this is very important -- asking them to cooperate with the spirit of the requirements of the Executive Order insofar as they are able.

* Finally, there are some 100 letters that I have signed, a copy of which you have there, formally requesting input to us and the agencies from the private sector. These letters are going to labor organizations, businesses, trade associations, State and local governments, and academic groups.

Let me say finally that with regard to private sector inputs, we seek and need help, not only in eliminating regulations from which relief is warranted, but support for what we are doing. And we are getting a lot of support. I want to read a letter received two days ago written by a coal miner in West Virginia. He says that, "due to the excessive pressure, unjust regulations, and civil penalties that the federal government has imposed on the coal mining industry, our future in maintaining a job in coal fields is in great jeopardy . . . we feel that the Code of Federal Regulations is hampering our production and making it impossible to compete with foreign imports." His petition is signed by 65 fellow miners.

What the President is attempting to do in this area is find a balance between safety in the work place and environmental protection, and, at the same time, eliminate from our economy unneeded regulations so that we can grow and increase our nation's productive capacity.

There can be no hope for the jobless, the wage earner or the retiree if inflation at double digit rates persists, if productivity continues to fall, and if business and industry do not have the capital to invest in job-producing enterprises.

Regulatory relief, as a major component of the President's economic program, is essential if we are to accomplish the goals which he has established. This Task Force was instructed by the President to take action, not write reports. Actions have been taken during the past few weeks that will bring some relief and will help our economy grow. I am confident that the actions announced today continues that movement in a positive direction.

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March 25, 1981

RULES DESIGNATED FOR POSTPONEMENT

DEPARTMENT OF AGRICULTURE

1.	Revision and Redesignation of Section 502 Rural Housing Loan Policies, Procedures, and Authorization (Farmers Home Administration, 46 FR 4681)	This regulation relaxes eligibility requirements for low interest, subsidized loans to moderate-income families for buying homes. The Secretary has suspended the effective date to facilitate further analysis. Also, the regulation has major budgetary implications.

DEPARTMENT OF COMMERCE

2.	Federal Interaction with Voluntary Standards Bodies; Procedures (46 FR 1574)	Prescribes procedures for (1) the listing and delisting of organizations setting voluntary standards eligible for Federal agency support and participation and (2) a DOC sponsored dispute resolution service for procedural complaints against listed voluntary standard bodies. Comments were received before and during the freeze which need to be analyzed.
3.	The Channel Islands National Marine Sanctuary (45 FR 65198)	Establishes limitations and prohibitions on the activities regulated within the Sanctuary, the procedures by which persons may obtain permits for prohibited activities and the penalties for committing prohibited activities. A major issue requiring review is the impact of the rule on the development of hydrocarbon energy sources. Only the portion of the rule dealing with this issue will remain frozen until the Department takes further action.
4.	The Point Reyes-Farallon Islands National Marine Sanctuary (46 FR 7936)	Establishes limitations and prohibitions on the activities regulated within the Sanctuary, the procedures by which persons may obtain permits for prohibited activities, and the penalties for committing prohibited activities. A major issue requiring review is the impact of the rule on the development of hydrocarbon energy sources. Only the portion of the rule dealing with this issue will remain frozen until the Department takes further action.

DEPARTMENT OF EDUCATION

5.	Assistance to States for Education of Handicapped Children (46 FR 4912)	This is an interpretation of the Education of the Handicapped Act and Section 504 of the Rehabilitation Act of 1973. This interpretation specifies that schools should provide catheterization service during the school day. This requirement needs to be reexamined.

DEPARTMENT OF INTERIOR

6.	Prime Farmlands (46 FR 7208)	This rule implements the Surface Mining Act, and replaces rules invalidated by the Courts in 1978 concerning the standard defining whether mined areas should be returned to prime farmland and the "grandfather" rule concerning land being mined before passage of the Act. This rule will be reexamined.
7.	Prime Farmlands (46 FR 7894)	This amendment also implements the Surface Mining Act, dealing only with the grandfather clause and also implementing the Court's ruling. This rule will be reexamined.
8.	Extraction of Coal, Two Acres or Less (46 FR 7902)	These rules tighten the two acre exemption included in the Surface Mining Act. The Department has decided to reconsider it.
9.	Tribal Government Elections (46 FR 1668, 1674)	The rule extends to tribes in Oklahoma and Alaska existing rules governing tribal elections in other states. Also, rules governing process for petitioning for an election are rewritten. The rule will remain frozen until the Department decides whether to reconsider it.
10.	FLPMA Exchange Authority for Public Land (46 FR 1634)	This rule deals with procedures governing the Department's authority to exchange public lands for private lands. The rule will remain frozen until the Department decides whether to reconsider it.

DEPARTMENT OF INTERIOR (Continued)

11. Land Withdrawal Procedures Amendments (46 FR 5794)	The rule sets out, for the first time, a consistent management process for handling withdrawal applications. The rule will remain frozen until the Department decides whether to reconsider it.
12. Leases, Permits, Easements Through Public Lands (46 FR 5773)	This rule sets out revised rules for leases, permits and easements of public lands. The rule will remain frozen until the Department decides whether to reconsider it.
13. Hawaiian Tree Snail (46 FR 3178)	This rule extends endangered species protection to the Hawaiian tree snail. The rule will remain frozen until the Department decides whether to reconsider it.
14. Gypsum Wild Buckwheat and Todsens Pennyroyal (46 FR 5730)	These rules extend endangered species protection to the Pennyroyal plant and to the wild Buckwheat plant. These rules will remain frozen until the Department decides whether to reconsider them.
15. Glacier Bay National Monument; Protection of Humpback Whale (45 FR 85741)	This rule establishes limits on small vessels within Glacier Bay and prohibits commercial harvesting of the organisms upon which the humpback whale feeds. The rule will remain frozen until the Department decides whether to reconsider it.

DEPARTMENT OF JUSTICE

16. The Effect of a Strike on the Admission and Continued Employment of Certain Nonimmigrants (46 FR 4856)	Clarifies under which conditions temporary alien workers cannot be used as strike-breakers. INS will delay that part of the rule which deals with the role of manager/ supervisor alien workers as strikebreakers until additional analysis is completed.

DEPARTMENT OF LABOR

17. Walkaround Compensation (46 FR 3582)	The rule would have required employers to pay their employees for time spent accompanying OSHA compliance officers in their inspection of the work place. The Department has submitted a Federal Register notice to withdraw this rule as it appears to be unnecessary.

DEPARTMENT OF LABOR (Continued)

18. Occupational Exposure to Lead (46 FR 6134)	The rule specifies the amount of lead that can be in the ambient air before engineering controls must be introduced. The rule also contains monitoring requirements. The lead standard is under review. The Department is postponing the standard for 30 more days to permit additional fact finding as a basis for a policy decision.
19. Procedures for Pre-determination of Wage Rate under Davis-Bacon (46 FR 4306)	This rule modified the 30% modal rate defining the "prevailing wage". In the absence of such a rate, the mean rate is established as the prevailing rate. The Department is planning thoroughly reexamining the Davis-Bacon regulation.
20. Payment of Membership Fees (46 FR 3892)	The rule would have prohibited employers from paying membership fees for their employees to private clubs unless it was clear that the club did not discriminate by race, sex, national origin or creed. The Department has submitted a Federal Register notice withdrawing this rule.
21. Service Contract Act (46 FR 4398)	The Department is reexamining the SCA regulations which require the payment of "prevailing wages" to service employees working for firms that have contracts with the Federal Government. The Department is reexamining these regulations.
22. Salary Test Levels to Determine Eligibility for Exemption from Overtime Provisions (46 FR 3010)	The regulation would have raised the salary test levels so that fewer workers would have been exempted from the overtime requirements of the FLSA. The Department is extending the effective date to permit reexamination.
23. Government Contractors: Affirmative Action Requirements (46 FR 9084)	These specify what actions and reporting and recordkeeping requirements government contractors must comply with in order to do business with the Federal Government. The Department is working on a major reexamination of the OFCCP affirmative action requirements.
24. Labor Standards Provisions: Construction Contracts (46 FR 4380)	This regulation is related to the Davis-Bacon regulations but is issued under the Contract Work Hours and Safety Standards Act. This Davis-Bacon and related regulations are being thoroughly reviewed.

DEPARTMENT OF LABOR (Continued)

25.	Certification Process and Adverse Effect Wage Rate (46 FR 4568)	The rule would have changed the method of determining the adverse effect wage rate from a regional to national level method and rate. The Department has submitted a Federal Register notice withdrawing this rule.

DEPARTMENT OF TRANSPORTATION

26.	Urban Transportation Planning (46 FR 5702)	This rule implements the urban transportation planning process mandated by the Federal-Aid Highway Act and the Urban Mass Transportation Act of 1964. DOT is postponing this rule so that FHWA and UMTA can determine what portions will be made effective and what portions will be withdrawn.
27.	Addition of Water to Pipelines Transporting Anhydrous Ammonia (46 FR 39)	Establishes a water standard for pipelines transporting anyhdrous ammonia. DOT is postponing the effective date to permit additional analysis of potential costs and benefits.
28.	Traffic Control Devices (46 FR 2038)	Reduces and consolidates existing regulations that prescribe procedures for States to develop uniform traffic control devices. DOT is withdrawing this rule to allow a thorough reevaluation of FHWA's traffic control program.
29.	Carpool and Vanpool Projects (46 FR 2298)	Revises eligibility criteria for federal funding of carpool and vanpool projects in accordance with the Surface Transportation Assistance Act of 1978. DOT is withdrawing this regulation for FHWA to review the overall program.
30.	Bus Rehabilitation Program Policy and Procedures (46 FR 9862)	Establishes policy and eligibility criteria for grants to aid in bus rehabilitation projects. DOT is withdrawing this regulation. A more flexible policy statement is being considered in its place.
31.	Emergency Stockpiling of Buses (46 FR 5480)	Allows grantees to stockpile buses for future emergency use. DOT is withdrawing this rule. A more flexible policy statement is being considered in its place.

DEPARTMENT OF TRANSPORTATION (Continued)

32. Urban Initiatives Program (46 FR 5820)	This regulation concerns funding for mass transportation projects to enhance urban development. DOT is withdrawing this regulation. Funding for this program is scheduled to end.

DEPARTMENT OF TREASURY

33. Revenue Sharing Handicapped Discrimination Regulations (46 FR 1120)	The rule imposes extensive new obligations on local governments that are recipients of revenue sharing funds to prevent discrimination against the handicapped in services, employment and access to facilities, as provided in Section 504 of the Rehabilitation Act of 1973, as amended. These regulations should be postponed pending further analysis of the potential impacts.

ENVIRONMENTAL PROTECTION AGENCY

34. Timber Products Effluent Guidelines: BPT and BCT (46 FR 8260)	On January 26, EPA promulgated best conventional pollutant control technology (BCT) effluent limitation for categories of the timber industry. Pending EPA's current review of the economic methodology for determining the reasonableness of BCT standards, it is appropriate to postpone the final BCT regulations. The BPT regulations will go into effect.
35. Amendments to General Pretreatment Standards (46 FR 9404)	These amendments modify an earlier program for controlling industrial discharges into municipal sewage systems. These regulations will be postponed pending further examination.
36. Pesticides: Classification of Uses of Active Ingredients and State Registration of Pesticide to Meet Local Needs (46 FR 2008 and 5696)	EPA issued two regulations classifying uses of active ingredients for restricted use and specifying provisions for State registration of pesticides to meet local needs. At EPA's initiative, these regulations are being postponed due to special Congressional review provisions under FIFRA.

March 25, 1981

EXISTING REGULATIONS TO BE REVIEWED

DEPARTMENT OF AGRICULTURE

1. Mechanically processed (species) product	The Department of Agriculture has established, by regulation, requirements for the production, use and labeling of mechanically processed (species) product (a meat food product resulting from the mechanical separation of bone and skeletal muscle), and the labeling and preparation of products in which it is used as an ingredient. The regulations' primary impacts are on processors of the product and processors and consumers of products in which it is used. A review of the regulations will determine whether modifications would result in higher net benefits to processors and consumers.
2. Marketing orders for fruits and vegetables	Regulations issued to implement fruit and vegetable marketing orders have a direct impact on both producers and first handlers by specifying the quality of the regulated commodities to be marketed, the quantities to be marketed on a scheduled basis within a season, or the outlets into which a seasonal crop may be marketed. Orders also may provide for establishment of a reserve pool whereby supplies in excess of marketing requirements must be set aside for later sale. In addition to meeting the marketing regulations, handlers also must finance the local administration and any research or promotional activities under the programs. A review of fruit and vegetable marketing orders will focus on the programs' effects on economic efficiency, costs and productivity.

3. National Forest Service planning regulations	The National Forest Management Act (NFMA), enacted in 1976, required the development of regulations establishing standards and guidelines for land and resource management planning on 191 million acres of National Forest System lands. The Act requires these plans to be developed by September 30, 1985. For the past 1 1/2 years the Forest Service has been implementing the regulation developed in 1979 pursuant to NFMA. During this period, it has become apparent that certain revisions are needed to clarify direction to planners in order to streamline and speed up the process. The purpose of the review is to simplify the procedures, improve efficiency in planning, and encourage prompt land use decisions that will meet public needs.

DEPARTMENT OF COMMERCE

4. Regulations implementing various fishery management plans	The National Marine Fisheries Service issues rules for the management of fisheries off the U.S. Coast, primarily to prevent "over-fishing." While these rules have been successful in sustaining the fisheries, in many cases they may require inefficient and wasteful fishery methods.

DEPARTMENT OF EDUCATION

5. Education of handicapped children	The regulations to implement the Education of Handicapped Children Act of 1975 (P.L. 94-142) define a special education program for handicapped children, involving an individual education plan for each handicapped student and the concept of "mainstreaming." While the Department does not have an estimate of the cost of complying, school districts are concerned that Federal funds for this program are inadequate.

DEPARTMENT OF ENERGY

6. Coal Conversion Program	A complex set of rules implementing a statute which directs electric utilities and large industrial fuel users to switch from oil and gas to coal or some alternative fuel. The statute includes a prohibition of natural gas for baseload power generation after 1990.

		These requirements may be unnecessary with decontrol and counterproductive given increased availability of natural gas since the Fuel Use Act was passed.
7.	Residential Conservation Service	These regulations implement a statute which requires the States to have utilities provide to residential customers, for a nominal fee, a complete "energy audit" of their home or apartment pointing out ways to conserve energy. The requirements for these inspections are complex and expensive. The cost of inspection, beyond the nominal fee, would likely show up in customers' utility bills.

ENVIRONMENTAL PROTECTION AGENCY

8.	BCT Effluent Guidelines	Under the 1977 Amendments to the Clean Water Act, EPA is required to consider the reasonableness of costs in establishing more stringent effluent limits for industrial dischargers of conventional (non-toxic) pollutants in relation to comparable municipal costs. Under these requirements, EPA established the incremental cost of achieving a more stringent treatment of municipal wastewater as a benchmark for determining the "reasonableness" of more stringent controls for industrial dischargers. EPA determined a benchmark cost of $1.15 per pound for municipal treatment. However, recent analysis indicates that EPA's methodology may be incorrect. EPA is restudying the BCT benchmark cost to ascertain whether a lower cost figure would meet the requirements of the law. Adoption of a lower benchmark cost figure could result in substantial savings.
9.	Hazardous Waste Disposal	These rules establish a comprehensive, "cradle-to-grave" program governing the generation, handling, and disposal of hazardous wastes. Estimates of the costs of this program range from one to two billion dollars per year; however, EPA has never completed a thorough regulatory/economic

analysis of the program and any cost figure is somewhat speculative. Several major issues deserve review, including the comprehensive definition of hazardous waste under the rules and the limited extent to which EPA has been able to vary program requirements based on the degree of hazard of the waste. This program will impose a substantial additional burden in terms of the time, effort, and financial resources required of the private sector in meeting the information requirements imposed by the program.

10. Electroplating Pretreatment and General Pretreatment Standards

Electroplating pretreatment rules establish national, technology-based standards requiring roughly 90 percent removal of the toxic pollutants (heavy metals and cyanide) discharged by the electroplating industry into municipal sewage treatment systems. EPA estimated that in order to meet these pretreatment standards the electroplating industry would incur capital costs of $1.3 billion and annual costs of $490 million (in 1976 dollars). Electroplaters have been shown to be a major source of toxic water pollution. In addition to the categorical electroplating pretreatment standards, EPA also promulgated general pretreatment regulations requiring municipal sewage treatment systems to establish pretreatment programs. These regulations establish a national program for controlling industrial discharges into municipal sewage systems. EPA will review its pretreatment program to evaluate whether it appropriately balances environmental protection, economic impacts, and flexibility for states and localities.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

11. New Drug Application Requirements

This set of regulations (21 CFR 314) governs the submission and review of new drug applications. It involves requirements for testing and marketing of all drugs to be used by consumers in the United States. Concern from the public, Congress and the drug industry about delays in the existing process and its cost justifies a thorough review.

12. Medicaid Regulations Affecting States	At present a variety of regulations impose significant administrative requirements on States. States contend that these regulations hamper their ability to provide services to needy people at reasonable funding levels. In addition, the President has promised States that regulatory relief will accompany his proposal to limit Federal Medicaid expenditures. For these reasons, a thorough review is warranted.
13. Health Care Institution Certifications and Surveys	Hospitals, nursing homes, and other institutional health care providers are subject to myriad, frequent and duplicative surveys and reviews. Many of these reviews are a result of the Federal government's role in insuring the health and safety of patients. Given an expanding role and improved performance by State and local governments and voluntary organizations in this area, a reassessment of the appropriate Federal role is warranted.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

14. Minimum Property Standards for one- and two-family dwellings and multi-family dwellings	The Minimum Property Standards (MPS) are composed of numerous design, construction, and amenities criteria used as requirements for new residential construction under HUD mortgage insurance, public housing, and rent subsidy programs. In September 1980 HUD proposed to delete "livability and marketability" standards from the One- and Two-Family MPS. An expanded review would examine whether much more extensive deletions may be in order. For numerous objectives of the MPS, alternative government programs and private market forces (e.g., local building codes, homebuilders' warranties) may achieve the same purposes. No improvements in the MPS for Multi-Family Dwellings have been proposed to date, but there appear to be equally strong grounds for a comprehensive review of them as well.

DEPARTMENT OF THE INTERIOR

15. Surface Mining Rules	These regulations implement the Surface Mining Act, which sets forth techniques that must be used for surface mining, particularly recontouring and reclaiming the land

afterwards. The requirements for original contour and vegetation may preclude more useful or aesthetic treatment. These rules not only raise the cost of surface mining, but could render some areas uneconomical to mine at all.

16. **Federal Coal Management Program**

These regulations govern competitive lease sales for coal on federal lands. They determine the rate at which coal will be made available (target-setting procedures), and withdraw some areas entirely from coal mining ("unsuitability" criteria). In the West, where Federal lands contain the major share of total coal reserves, excessively restrictive management can cause shortages, lessen competition, and raise coal prices.

DEPARTMENT OF JUSTICE

17. **Leadership and Coordination of Nondiscrimination Laws**

Rules implementing Executive Order 12250 to coordinate the implementation of Federal laws that prohibit discrimination on the basis of race, color, national origin, religion, sex or handicap in programs receiving Federal financial assistance warrant review. Under this Executive Order, DOJ has a leadership and coordination role which includes issuing regulations affecting non-discrimination programs in other Federal agencies.

DEPARTMENT OF LABOR

18. **Occupational Noise**

On January 16, 1981, the Occupational Safety and Health Administration published regulations effective April 15, 1981 that require employers to institute hearing conservation measures for all workers in general industry (except agriculture and construction) exposed to noise levels equal to or exceeding an eight-hour time weighted average of 85 decibels. This rule is an outgrowth of the occupational noise standard revision which was first proposed in 1974. The issues of the permissible exposure level and the appropriate methods of compliance with that level should be reviewed. In any case, the hearing conservation measures,

themselves, are expensive (over $250 million annual costs), controversial (petitions challenging the rules have been filed in three Courts of Appeals) and possibly not cost-effective (the standards are alleged to be too design-specific and not performance-oriented enough).

19. **Office of Federal Contract Compliance Policy**

The Federal Contract Compliance programs are administered under the authority of a 1965 Executive Order (11246) and subsequent legislation. These regulations need to be examined to determine if they exceed legal requirements. To a large extent these regulations impose specification standards on government contractors. These should be reviewed to see if broad performance standards could replace the tight specifications. There is an overlap between EEOC's statutory authority and the Department's Executive Order 11246 authority. The Department's regulations place more stringent requirements on firms that do business with the government than the Civil Rights Act of 1964 requires of other businesses. The appropriateness of such dual tiering should be examined.

20. **Prevailing Wage**

Under the Davis-Bacon and Service Contract Acts, the Department of Labor establishes minimum rates, based on a prevailing wage concept, for wages and benefits paid to workers by Government construction and service contractors. The original intent of these laws was to prevent competitive Government procurement from depressing wages below minimum rates prevailing in localities where Federal contracts are being implemented. Their effect over time (since 1931 for the Davis-Bacon Act and since 1965 for the Service Contract Act) has been to escalate wages above rates prevailing in the private sector. This happens because contractors can pass through wage costs without having to worry about competition. Service contract costs are determined largely by wage and benefit levels (about 75 percent of contract costs) and construction costs are about 25 percent labor related. The Davis-Bacon Act covers at least $30-35 billion per year of construction contracts. The Service Contract Act covers an additional estimated $5-10 billion per year of Federal contracts for services.

21. Personal Protective Devices

Although OSHA does not have a published comprehensive policy on personal protective devices apart from its individual rulemakings on specific occupational hazards, OSHA has consistently adopted a policy of requiring engineering controls first and personal protective devices only when engineering controls are not feasible or as supplements to engineering controls. This policy has been implemented regardless of the degree of risk of the hazard (carcinogens were treated the same as cotton dust or noise) and regardless of the costs. A policy that simply set performance standards, allowing employers the option of using personal protective devices where they are as effective as engineering controls, might be more cost-effective and ultimately more beneficial to workers and society.

22. OSHA Carcinogen Policy

The Cancer Policy does not regulate specific chemicals nor require their regulation. Instead, it explains how OSHA will regulate carcinogens in the future. It is intended to streamline the regulatory process, thereby conserving the resources of both the Agency and affected industries, as well as providing greater protection to employees. It is also designed to assist industries' long-term planning by giving them notice of how regulation would proceed. The policy achieves these goals by establishing (1) the evidentiary criteria by which OSHA will conclude that a substance causes cancer; (2) a system for establishing priorities; (3) rulemaking procedures, including limitations on the issues which can be raised; and (4) certain substantive requirements which must be incorporated into future regulations of Category I carcinogens, most notably that employee exposure must automatically be reduced to the lowest feasible level (i.e., through engineering and work practice controls). The policy specifically rejects the use of cost-benefit analysis in setting exposure levels.

OFFICE OF MANAGEMENT AND BUDGET

23. Urban/Community Impact Analyses

This OMB Circular (A-116) requires agencies to conduct analyses to identify the likely effects of proposed major programs and policy initiatives on cities, counties and other

communities. The intent of these analyses is to inform decisionmakers of agency actions which may run counter to the President's urban policy. The Circular provides guidance on the conduct and format of such analyses.

24. University Research

Circular 73-7 establishes certain requirements for administration of college and university research programs. These include restrictions on how research projects are managed, and limitations on certain kinds of costs. They also call for numerous approvals by the Federal Government. Many Federal agencies have continuing relationships with educational institutions via grants or other agreements for research, training and similar services. The OMB policies have a direct impact on both the nature and level of this relationship.

25. Cost Sharing on University Research

Circular 73-3 provides guidelines to Federal agencies requiring universities to share in the cost of research projects, whether or not cost sharing is required by law. Many Federal agencies have continuing relationships with educational institutions via grants or other agreements for research, training and similar services. The OMB policies have a direct impact on both the nature and level of this relationship.

DEPARTMENT OF TRANSPORTATION

26. Access to Handicapped

These rules require local governmental entitities receiving Federal financial assistance for mass transit purposes to assume extensive handicap accessibility obligations. Each mode of transportation in an urban mass transit system must be made accessible to the handicapped. Renovation of "key" subway stations is required; if other stations are not accessible, alternative modes of transportation must be available to serve the handicapped. New buses must have ramps or lifts to accommodate wheelchairs. New York City alone estimates the capital costs (principally for purchasing lift-equipped buses and retrofitting subway stations) at between $1.1 billion and $1.6 billion, annual operating costs at between $68 million and $140 million, and total cost over 50 years between $2.6 billion and $6.1 billion.

DEPARTMENT OF TREASURY

27. Use of Published Indices to Determine Inventory

Many taxpayers, especially small businesses, do not currently use the dollar value LIFO method of accounting for inventory because existing rules relating to the computation of inventory price indexes used in connection with the dollar-value LIFO method of inventory valuation are perceived as being too complex and burdensome. IRS proposed on January 16, 1981 amendments to the LIFO regulations that would permit taxpayers to use price indexes prepared by the United States Bureau of Labor Statistics in lieu of computing an inventory price index based on their own inflation experience. The objective of the amendments is to provide taxpayers with an alternative, simplified, method of computing an inventory price index that will make the use of the dollar-value LIFO method easier to understand and use. However, unresolved technical issues that were not addressed in the proposed rulemaking, such as the application of the 80 percent limitation to the inflation rate for a period of more than one taxable year, need to be addressed.

EPA Rule Changes

The Environmental Protection Agency today announced final action to remove several procedural restrictions from EPA's "bubble" policy. At the same time, the Agency approved a New Jersey state rule that reflects the new approach. These changes, which affect hydrocarbons, will significantly expand the number of sources that can use a "bubble" approach to controlling pollution. They will also reduce the degree of Federal involvement in state decisions involving "bubbles" to the minimum necessary to carry out the Clean Air Act. Together, these two changes should result in cheaper pollution control and greater pollution reductions at the same time.

The bubble policy involves treating the various stacks of a factory as though they were one emission point under a large dome or bubble, rather than as separate entities to be rigidly regulated individually. Thus, in contrast to the traditional approach where government officials set specific emission standards at each pollution source within a factory, the bubble permits plant managers to propose their own emission standards -- tightening them in places where it is least costly, and relaxing or even eliminating them where pollution control costs are high. The bubble is a voluntary program.

The changes announced today make the following two major changes in EPA's "bubble" policy.

1. The Clean Air Act generally requires EPA to review, and affirmatively approve, all elements of a "state implementation plan" to meet air quality standards. The requirement of affirmative approval was designed to allow EPA to make sure that the particular control approach the state has chosen will in fact meet the air quality standards on schedule.

Because of the characteristics of hydrocarbon emissions, however, EPA concluded that review of each separate state "bubble" transaction was not needed to meet this basic statutory purpose if a state approved such "bubbles" through tightly-drawn rules like New Jersey's. Hydrocarbons are controlled because they react in the atmosphere to form photochemical oxidants or "smog". Smog is a broad, area-wide problem, and EPA believes that all hydrocarbon emissions within a broad geographic area contribute equally to it. Accordingly, if <u>total</u> emissions of hydrocarbons in an area will not increase, EPA believes that the state may allow sources to rearrange their emissions under rules like New Jersey's within that total without case-by-case EPA approval.

The impact on air quality of certain other pollutants -- such as sulfur oxides and particulates -- appears much more dependent on the exact location of an individual source. EPA is now studying the extent to which the present requirement of affirmative Federal approval could be relaxed for these sources.

2. Previously, EPA did not allow "bubble" transactions to involve sources for which EPA had not issued recommended control standards. The purpose was to make sure that emissions increased under a "bubble" would not be balanced by reductions that would have been legally required in any event. To allow that would in effect allow bubbles to lead to emission increases rather than to achieving a given emission reduction at a decreased cost.

EPA today is loosening its application of this basic policy, but not abandoning it. Sources can now participate in a "bubble" whether or not EPA has issued recommended standards regarding them as long as the state has defined and requires an acceptable minimum level of control.

The New Jersey rule approved today also contains a number of safeguards to help assure that it will work properly. Public notice of all "bubbles" will be given, and public comment will be invited by the state on the more important ones. Also EPA will be informed of any adjustments of emission limitations under a "bubble" so that it will know what control requirements are legally binding and enforceable.

OFFICE OF THE VICE PRESIDENT

WASHINGTON

March 25, 1981

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Consolidation of Regulatory Oversight

President Reagan has made regulatory relief one of the top priorities of his economic policy. He has asked me, as Chairman of the Presidential Task Force on Regulatory Relief, to take clear, constructive, and decisive action to restrain Federal regulation and to improve the regulatory process. Through Executive Order 12291, issued February 17, 1981, President Reagan has directed the Director of the Office of Management and Budget, subject to the direction of the Task Force, to coordinate Executive branch regulatory policies.

This approach renders unnecessary the Regulatory Council, established by President Carter in 1978 as part of his efforts to gain control over the regulatory agencies. To avoid duplication of Task Force efforts and to ensure consistent direction to the agencies, the President has directed me to disband the Council effective immediately.

One major activity of the Council has been to publish, at least every six months, a unified "Regulatory Calendar" describing the goals and anticipated effects of major regulations under development. This is a useful effort which will be continued under the auspices of the Office of Management and Budget. I request that you continue to participate in this project and to provide the information which will be requested.

George Bush

OFFICE OF THE VICE PRESIDENT

WASHINGTON

March 25, 1981

SPECIMEN OF LETTER SENT TO INDEPENDENT AGENCIES

Dear

President Reagan is deeply concerned about the burden of Federal regulations and paperwork, and strongly believes we need to reduce the intrusion of the Federal government into our daily lives. He has established a Task Force on Regulatory Relief, which I chair, and he has issued Executive Order 12291 to establish procedures for careful review of new and existing regulations to assure their compliance with his goals of reducing regulatory burdens.

In this Executive Order, President Reagan ordered cabinet departments and agencies to choose, among feasible alternative approaches to any given regulatory objective, the alternative involving the least net cost to society. To help focus these efforts, he ordered that these agencies prepare a regulatory impact analysis of major regulatory actions.

We appreciate that your organization's internal procedures may make it difficult for you to comply with every provision of Executive Order 12291. For upcoming major regulations, however, I am requesting that you voluntarily adhere to Sections 2 and 3 of the Order. To the extent you can comply with the spirit of the Order, this will help demonstrate to the American people the willingness of all components of the Federal government to respond to their concerns about unnecessary intrusion of government into their daily lives.

By the enclosed communication, I have today carried out the President's wish to disband the U.S. Regulatory Council. You should note, however, that the staff will continue to prepare for publication the extraordinarily useful Regulatory Calendar. We solicit and urge your continued, and valued, participation in the Regulatory Calendar project.

President Reagan joins me in asking for your cooperation. Working together, we will be able to coordinate and reduce the cumulative burden of needless and overly rigid government regulation.

Sincerely,

George Bush

Enclosure

THE VICE PRESIDENT
WASHINGTON

March 25, 1981

SPECIMEN OF LETTER SENT TO SMALL BUSINESS GROUPS

Dear

As you may know, President Reagan has asked me to chair his Cabinet-level Task Force on Regulatory Relief. Unlike many efforts in the past, the Task Force's job is not to study regulation, but to reform regulation.

We need your participation in this effort. Secretary of Commerce Malcolm Baldrige is a member of our Task Force and will serve as the Task Force's principal contact with the small business community. I hope you will work with Mr. Baldrige to provide us with much-needed information.

Your organization is comprised of many people who have direct experience with the effects of government regulation. Therefore, would you please send us documentation of instances in which specific regulations could be changed in order to increase benefits or decrease costs, thereby generating greater net benefits overall.

We would like to have your first ten priority issues listed first. In the interest of time, it would be especially useful to us if you would be specific in the ways you wish these changed -- whether legislation would be required; whether agencies could make the change on their own initiative and how; and any other staff work that would speed up the process, such as proposed language. It is also important that you include with this report a one-page summary of each regulation issue in the format indicated on the enclosed sheet. (We know that some groups have already submitted similar reports to the Task Force and the agencies. For such reports, it would be sufficient simply to prepare the one-page summaries, including reference to the recipient of the underlying material so that we can ensure coordination.)

We'd like your input by May 1, 1981. You should send this summary, together with supporting documentation, to the agency head responsible for enforcement of the regulation. To help us coordinate, we'd like you to send a copy of the one-page summaries to Mr. Baldrige, to the Executive Director of the Task Force and to my office.

I appreciate your consideration on this matter. Together we can provide the regulatory relief our economy desperately needs.

Sincerely,

George Bush

Enclosure

Suggested Format of One-Page Summary of Review Requests

Source of Rule:	(Agency enforcing the regulation
Citation:	(Precise legal reference)
Description of Problems:	(Adverse impact)
Estimated Cost:	(Defensible estimate)
Estimated Benefit:	(Defensible estimate)
Other Impact:	(Nonquantifiable impacts)
Originator:	(Name, title, address and telephone number of the person to contact with questions)

Routing:

Original, with supporting documentation, to the Secretary or head of the enforcing agency.

A copy of the summary page to each of the following:

The Honorable Malcolm Baldrige
Secretary of Commerce
Washington, D.C. 20230
Attn: Regulatory Relief

Dr. James C. Miller III
Executive Director, Presidential Task Force
on Regulatory Relief
Old Executive Office Building
Washington, D.C. 20503
Attn: Regulatory Relief

C. Boyden Gray, Esquire
Office of the Vice President
Washington, D.C. 20501
Attn: Regulatory Relief

NOTES ON REGULATION AND REGULATORY RELIEF

I. General Statistics

90 Federal agencies have some regulatory responsibilities.

The eleven cabinet agencies and EPA issued more than 5,000 new regulations in 1980.

The Federal Register filled more than 87,000 pages in 1980, up from 20,000 in 1970, and increasing at the rate of 10,000 pages per year.

Budget expenditures on regulatory programs at the principal regulatory agencies amounted to at least $4 billion in FY 1980. The total cost of regulation may exceed $100 billion annually. Environmental regulation, according to CEQ, will cost more than $500 billion over the next 10 years.

II. Regulatory "Freeze"

The postponement in effective dates of final regulations affected 12 agencies:

USDA	Interior
Commerce	Justice
Education	Labor
Energy	Transportation
HHS	Treasury
HUD	EPA

A. 172 regulations that had already been issued in final form but which had not yet taken effect were initially postponed.

- 41 were released during the 60-day period.
- About 100 more will be released on March 30, when the postponement ends.
- The remaining 30 or so will be further postponed and reconsidered.

B. An indefinite number of regulations that were about to be issued in final form--a hundred or more--were held up. Twenty-one of these regulations were released during the 60-day period.

C. 44 final regulations were issued on an emergency basis, without going through the postponement process.

III. Executive Order

223 submissions had been received under the Executive Order by close of business, March 23. New submissions are arriving at a rate of 30 per day, which would translate to 7,500 annually. (Each rule will be reviewed twice, first as a proposal and later as a final rule.)

IV. Initial Impact of "Freeze" and Executive Order

During the month of January 1981, the average daily length of the Federal Register increased by 50 percent over the average for the previous year. By the end of February, after the postponement and freeze, the Federal Register was 25 percent shorter than the average for the previous year. The average daily number of proposed and final rules each declined by at least 50 percent after the postponement and Executive Order were announced, compared to the average for the month of January.

	Average Number Per Day		
	Final Rules	Proposed Rules	Federal Register Pages
Jan 2 - Jan 29	38	24	525
Jan 30 - Feb 17	22	17	244
Feb 18 - Feb 27	19	11	254

Note: the postponement was issued on January 29; the Executive Order was signed on February 17.

Among the regulations withdrawn or deferred since the announcement of the Task Force and the regulation postponement are:

Agency	Regulation	Capital Cost (in millions of dollars)	Annual Cost (in millions of dollars)
Education	Bilingual Education	--	180-590
Transportation	Passive Restraints	100	50
OSHA	Chemical Labelling	650-900	340-470
EPA	Garbage Truck Noise	--	30

V. Paperwork Burden

OMB's inventory of reporting requirements contains 3,829 active reports, accounting for a total of 195 million burden hours. (That understates the annual burden, since additional reports will be added during the course of the year.) OMB processes 3,000 transactions annually, covering 50 agencies. The two largest reports are:

Medicare Forms	30 million hours
Food Stamps	18 million hours

IRS tax forms are not covered. When they and other agencies are brought into the system, annual burden hours will increase to 1.25 billion hours, annual transactions to 10,000.

THE WHITE HOUSE

Office of the Press Secretary

April 6, 1981

FACT SHEET

President Reagan's Program for the U.S. Automobile Industry

Promptly after taking office, President Reagan appointed a Cabinet-level Task Force to examine the problems of the U.S. auto industry. Based on the advice of the Task Force and other Presidential advisers, he has adopted a positive program to address directly the immediate problems of depressed sales, record losses, and severe unemployment. The program also addresses the industry's critical longer term needs to offer new competitive models and to reduce unit costs.

BACKGROUND ON THE AUTO INDUSTRY

The Situation is Serious

- In 1980 a stagnant and inflationary economy reduced sales of U.S.-made cars to the lowest point in 19 years. Compared with only three years earlier, total auto sales (domestic and imported) were down 20 percent, and sales of light trucks and vans were down 35 percent.

- The domestic companies incurred unprecedented losses of $4.3 billion in 1980.

- The downturn in auto sales has exacted a severe human toll. Over 180,000 auto workers are on indefinite layoff, 300,000 more are estimated to be unemployed in supplier industries, and another 100,000 are out of work in the dealer network.

The Problems are Longer Term as well as Cyclical

- Not only are sales depressed because of the stagnant economy, but the U.S. auto industry has experienced a dramatic change in its markets, induced by escalating energy prices. As gasoline increased from 70¢ per gallon in January 1979 to $1.35 per gallon in February 1981, consumer demand shifted dramatically to small cars. Partly as a result, imports increased from 18 percent to 28 percent of all auto sales during that same period.

- The auto industry is also burdened with stringent regulatory requirements which add hundreds of dollars to the cost of each vehicle and billions to the industry's capital requirements. Regulation also diverts engineering and managerial talent from the industry's adjustment problems.

The Industry Retains Tremendous Strengths

- Despite its unprecedented problems, the U.S. auto industry has tremendous economic and competitive strengths. It is now engaged in a $70-$80 billion program of new investment to modernize its plants and make its products more competitive. This program has already resulted in lower production costs and the introduction of technologically advanced, fuel-efficient, front-wheel drive models.

To address the problems and exploit the strengths of this important sector of our economy, the President has adopted a program of economic recovery, regulatory relief, and other important measures.

THE ECONOMIC RECOVERY PROGRAM

The cornerstone of the President's initiative for the auto industry is his Economic Recovery Program, including spending cuts, tax reforms, and general regulatory relief. There is simply no doubt that revitalization of the economy is the single most important remedy for the auto industry's problems.

Stimulating Sales, Profits, and Jobs

The Economic Recovery Program will provide immediate relief to the industry by stimulating the sales of new cars and trucks:

- Renewed growth in real incomes and higher employment will give consumers added income to buy new cars.

- Reduced interest rates will lower the costs of automobile financing, further encouraging new car sales.

- The investment tax credit provided under the Accelerated Cost Recovery System will increase commercial and fleet purchases of new cars and trucks.

- A stable economic environment will renew consumer confidence and encourage individuals who have deferred purchases in recent years to buy new cars and trucks.

The sales recovery induced by the President's program will improve the industry's financial condition and restore job opportunities:

- Sales of new cars (foreign and domestic) should rise from approximately 9 million units in 1980 to 11 million units by 1982 and 12 million by 1983; truck sales should show similar growth.

- Since every 500,000 units of additional car or truck sales generate nearly $1 billion in additional net operating income, by 1983 this should amount to an additional $6 billion per year (before taxes) for U.S. auto makers.

- Increased production should permit the rehiring of most unemployed auto workers by the end of 1982.

Improving Productivity and Lowering Unit Costs

Over the longer term, the most important effect of the Economic Recovery Program will be to reduce production costs, thereby improving the industry's international competitive position:

- Higher production volumes will mean lower unit costs due to economies of scale.

- Lower inflation rates and reduced federal borrowing will lower the cost to the industry of capital necessary for plant modernization.

- Tax reductions for individual taxpayers and lower rates of inflation should also moderate pressures for costly wage settlements and contribute to a more stable environment for collective bargaining and labor relations.

REGULATORY RELIEF

President Reagan is committed to reducing the excessive burdens of regulation throughout the economy and has established a Task Force on Regulatory Relief, chaired by the Vice President, to oversee that process. The Presidential Task Force and the Executive branch regulatory agencies will give high priority to relief for the auto industry. These measures will result in considerable savings in capital costs to the industry and even greater savings to consumers.

The President recognizes the importance of protecting health, safety, and the environment. Nevertheless, some of the regulations governing the auto industry's plants and products are unnecessarily stringent, and can be relaxed or rescinded with little or no cost to worthwhile regulatory goals. Other regulations now pending may be needed over the long run, but can be safely postponed until the industry has completed its structural adaptation.

Regulatory relief will benefit the auto industry and its customers by:

- Reducing substantially the cost of producing and operating a new car or truck. This will not only benefit consumers but further stimulate sales.
- Freeing capital needed for essential investments in new plant and equipment.
- Improving U.S. manufacturers' international competitive position.

Working together, the Auto Industry Task Force, the Presidential Task Force on Regulatory Relief, and the major regulatory agencies have developed a four-part program:

(1) 34 Specific Regulatory Actions

The Acting Administrators of the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) have today submitted to the Federal Register notices of intent to rescind, revise, or repropose a total of 34 specific regulations. EPA and NHTSA estimate that over the next five years these actions would save the auto industry more than $1.3 billion in capital that can be used instead for needed plant modernization. In addition, these actions will save consumers more than $8.0 billion over the next five years. The actions are described in considerable detail in the attachment.

(2) Statutory Requirements for High Altitude Emissions

As part of the proposed amendments to the Clean Air Act, EPA will ask Congress to eliminate the requirement that all passenger cars meet 1984 emissions standards at high altitudes. This action alone would save $38 million in capital costs and $1.3 billion in consumer costs over five years.

As shown in the table below, the combined savings generated by this legislative change and by the 34 specific regulatory actions just described amount to $1.4 billion in capital costs and $9.3 billion in consumer costs, or about $150 per car or truck.

Savings from Actions to be Taken by EPA and NHTSA
($ billions over 5 years)

Agency	Capital	Consumer
EPA	$0.8	$4.3
NHTSA	0.6	5.0
Total	$1.4	$9.3

(Estimates include savings for high altitude requirements and for 27 of 34 regulatory actions; estimated savings on remaining 7 actions are not available. Source of estimates: EPA and NHTSA (industry estimates typically run much higher).)

(3) Regulations Earmarked for More Intensive Review

EPA and NHTSA have identified additional regulations on which immediate action is not possible, but which are important candidates for regulatory relief. These regulations, also listed in the attachment, will be reviewed to see whether they should be revised or rescinded.

(4) Longer Range Reforms

The President's program to reduce the regulatory burden on the auto industry will be expanded to include:

- Regulations administered by executive agencies other than EPA and NHTSA.
- Regulations where potential cost savings are not as immediate as the other announced actions.
- Additional changes in the Clean Air Act and other basic regulatory statutes.

OTHER POLICY INITIATIVES

The President's program of economic recovery and regulatory relief will materially improve the condition of the U.S. auto industry, but more can--and will--be done to reinvigorate this industry:

Antitrust

- The President has asked the Attorney General to expedite consideration of the industry's request to vacate the 1969 "smog decree" as soon as a pending appeal has been concluded. The decree prohibits certain joint statements by the industry to governmental agencies concerned with auto emission and safety standards and exchanges of certain technical information on emission control devices.

- The Department of Transportation (NHTSA) will waive the prohibition on joint submissions on all of its future regulatory initiatives.

- EPA will adopt a liberal waiver policy and consider requests to make joint statements on a case-by-case basis.

- The Federal Trade Commission has on its own initiative withdrawn subpoenas for records in its long-standing investigation of the auto industry. The FTC has concluded that substantial changes in the industry have occurred since the investigation began in 1976.

Labor

- The Department of Labor is proposing to provide increased assistance to displaced auto workers by restructuring Federal programs for retraining and relocation through the existing employment and training delivery system.

Accelerated Federal Procurements

- The Administration is proposing to accelerate the Federal procurement of motor vehicles by $100 million in the current fiscal year, an action which would also reduce operating costs of the federal automobile fleet.

. . . . . .

In summary, the President's program addresses those fundamental problems of the industry fostered by the Government itself, thereby restoring needed sales, jobs, and profitability in the short term, while also encouraging the retooling, productivity improvements, and cost reductions that are critical for the industry over the longer term.