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Fiscal Standoff?

With two weeks left before the end of the year, Congress and President Obama still appear far apart on a possible agreement to avert a pending "fiscal cliff" of tax increases and across-the-board spending cuts that will begin to phase in starting in January if no agreement is reached.

Despite the hype, the sky will not fall if no agreement is reached by Jan. 1. The administration has significant authority to delay the effects of both the spending cuts and tax increases for several weeks if necessary. The real fiscal cliff is not likely to be reached until February or March, when federal borrowing reaches the statutorily set debt ceiling.

The primary source of disagreement between the two sides is whether to extend Bush-era tax cuts for upper-income individuals. President Obama campaigned on letting the tax cuts expire for individuals making more than \$200,000 per year and couples making more than \$250,000 per year. On Dec. 14, House Speaker John Boehner (R-OH) countered with an offer to allow income tax rates to rise on those making more than \$1 million per year. On Dec. 17, President Obama countered with an offer to allow income tax rates to rise on those making more than \$400,000.

Some Democrats, including Sen. Patty Murray (D-WA), believe that Democrats may be in a better negotiating position if a deal is struck not this month, when such an agreement might be labeled a tax increase, but in January after the Bush-era tax cuts have expired, when the same agreement would be called a tax cut.

Facing diminished political leverage, some Republicans, such as Sens. Bob Corker (R-TN), Saxby Chambliss (R-GA), and Lindsay Graham (R-SC) and Rep. Tom Cole (R-OK), are beginning to encourage their leaders to cut a deal before the end of the year. While Boehner has begun to show some flexibility, however, it is not clear if the rest of the House Republican caucus is willing to follow him on raising rates.

Rep. Chris Van Hollen (D-MD) has speculated that Boehner may be waiting until after Jan. 3, when the official vote on his speakership will occur and after which he would be safe from political retribution from the far right wing of his own party. While Boehner easily won nomination in a Republicans party caucus in November, he could still be denied the speakership if just a few dozen Republicans refuse to support him in the final vote in January. This could open the way for another Republican to challenge Boehner for the speakership.

What's In the "Fiscal Cliff"?

What happens if no deal is struck before January? The fiscal cliff includes several components. On the tax side, Bush-era income tax rate cuts will expire. This would affect both middle-class and upper-income taxpayers. Current rates of 10, 15, 25, 28, 33, and 35 percent would rise to 15, 28, 31, 36, and 39.6 percent.

The capital gains tax rate on assets held longer than a year would rise from 15 to 20 percent. Dividends would be taxed as ordinary income. The estate tax would roll back to Clinton-era levels, with a top rate of 55 percent imposed on estates valued at more than \$2 million for a couple (about 98 percent of estates would still be exempt if this happened).

The Alternative Minimum Tax (AMT) would affect an estimated 26 million additional taxpayers, and a two percent payroll tax cut (taken out of the employee share of Social Security taxes) would expire. A variety of low-income tax credits, such as the child tax credit and the earned income tax credit, would also be rolled back to earlier levels, along with a number of tax cuts for businesses.

On the spending side, \$109 billion in across-the-board spending cuts (called "sequestration") would be divided equally between defense and non-defense programs, although many entitlement programs, such as Social Security and Medicaid, are exempt. Medicare is subject to sequestration, but the cuts would be limited to two percent and would be limited to provider and health plan payments. Sequestration would not affect benefits for Medicare recipients. If sequestration occurs, other non-exempt programs would be cut by amounts ranging from 7.6 to 10 percent.

The Congressional Budget Office (CBO) has estimated that, together, these changes would reduce the budget deficit in 2013 by about \$600 billion, cutting the annual deficit by more than half. However, CBO also estimates that these abrupt policy changes would send the economy into a mild recession sometime in the first half of 2013, with slow growth returning later in the year.

These budgetary and economic estimates, however, assume that all of the above policy changes become permanent, which appears highly unlikely. Even if a deal is not reached before Jan. 1,

Congress and the administration seem likely to reach a deal by February, when the federal government will be approaching the debt ceiling.

Breaching the debt ceiling would cause far more economic damage than going over the fiscal cliff because it would force the administration to choose which bills to pay and could lead to a default on the national debt. While some analysts have suggested that the administration might be able to unilaterally raise the debt ceiling by citing the 14th Amendment, which says that the nation's debt "shall not be questioned," the Obama administration has publicly rejected that option. For these reasons, combined with the likelihood of increasing instability in the financial markets, a prolonged disagreement lasting well into January seems unlikely.

In the meantime, if necessary, the administration has substantial authority to mitigate the worst of the fiscal cliff's impacts for several weeks. On the tax side, the Treasury Department has authority to preserve current levels of tax withholding. Although some expired tax provisions, such as limits on the AMT, would affect tax filings in 2013, the IRS has indicated that the primary impact is that this would delay the start of the tax filing season by six to eight weeks. It is not likely to cause additional taxpayers to pay the AMT.

On the spending side, the administration has authority to mitigate sequestration (across-the-board spending cuts) by regulating the speed of federal spending through a process called "apportionment." Moreover, agencies commonly make similar adjustments themselves – husbanding resources early in the budget year – because Congress rarely completes its budget work on time, instead passing continuing resolutions to fund federal agencies temporarily. Under such circumstances, existing grants and contracts are likely to be unaffected, although new grants and contracts may be delayed until later in the year. Some federal employees may be furloughed, although the administration has explicit authority to accelerate spending to avoid furloughs if it chooses. These options are described in more detail in a recent OMB Watch analysis entitled [*Mitigating the Impact of a Temporary Sequester*](#).

While the above options are available to the administration, however, there is no assurance that the administration will actually use them. If budget negotiations extend into January, the administration may decide not to use them, thereby ratcheting up pressure on Congress for a deal.

Current Proposals

If a deal is reached, what would it look like? That is not yet clear, but both the president and House Republicans have put offers on the table and each side has come closer to the other in negotiations over the past several days.

On Dec. 14, Boehner offered a deal with \$1 trillion in new revenues over ten years, including \$460 billion from allowing Bush-era tax cuts to expire for those making more than \$1 million per year. The Speaker also supported cutting spending by \$1 trillion, including adopting a new inflation adjustment measure, called the "chained CPI," that would reduce Social Security benefits. There also appears to be support among Republicans for increasing the eligibility age for Medicare recipients from 65 to 67.

On Dec. 17, President Obama counter-offered with a deal that includes \$1.2 trillion in revenues and \$1.22 trillion in spending cuts, \$290 billion of which would come from savings from the interest on the national debt due to reduced borrowing. On the tax side, the proposal includes permanently extending Bush-era tax cuts on those making less than \$400,000 per year, rolling the estate tax back to 2009 levels, taxing capital gains and dividends at 20 percent, and setting a 28 percent cap on most tax deductions except charitable contributions, which would be allowed a maximum tax deduction of 35 percent. The president's plan also includes an adjustment to the AMT, preventing it from affecting middle-class taxpayers. It does not include an extension of the payroll tax cut, which the president had previously supported, but it does propose making permanent recent expansions in the child tax credit and earned income tax credit (EITC).

On the spending side, the president has proposed cutting \$600 billion from mandatory spending programs, including \$400 billion from health care programs (mostly Medicare), with most of the savings coming from reduced payments to health care providers and drug makers. His plan also includes \$200 billion in cuts to discretionary programs, split evenly between defense and non-defense programs. It prevents across-the-board cuts in spending (called sequestration) that would otherwise take place in 2013. It saves another \$130 billion by adjusting the consumer price index, though it is not yet clear which programs this proposal would affect. It also extends unemployment insurance benefits, sets aside \$50 billion for an infrastructure bank, and increases the debt limit for two more years.

What's Next?

Chances have increased that a deal will be reached soon between the president and Speaker Boehner. It is less clear, however, whether rank-and-file House Republicans and House Democrats will support that deal if it occurs. Conservative organizations like the Club for Growth, Heritage Action, and Americans for Tax Reform have already come out against Boehner's proposed compromise. Unions and other progressive organizations are opposed to cuts in Medicare and Social Security.

One of the lesser known aspects of the fiscal cliff is that, unlike any "grand bargain" budget deal that seems likely to be struck between the president and congressional Republicans, its \$600 billion in deficit reduction in fiscal 2013 is achieved overwhelmingly through tax increases. Of the \$109 billion in spending cuts, meanwhile, half would be imposed on defense programs. Moreover, many programs, such as Social Security, Medicaid, Temporary Assistance for Needy Families (TANF), SNAP (food stamps), and a host of others, would be left untouched.

It remains to be seen whether any final deal reached between the president and Congress will be a better deal for the country.

Transparency Wrap-Up: 2012 Edition

This year saw clear and important accomplishments in government transparency in several areas, such as improved whistleblower protections and progress on the numerous open government commitments made under the Open Government Partnership. There was, however, a missed opportunity for U.S. leadership at the Rio+20 environmental summit. And we are concerned that undue industry influence in certain regulatory arenas may be reducing public access to information. For example, a proposed rule would allow water companies to report on the quality of local water supplies in online formats only. And state laws requiring natural gas companies to disclose the chemicals used in fracking often allow confidential business information exemptions that are so broad as to undermine the laws. Nonetheless, at the federal level, 2012 was a year of continuing progress for open government.

Whistleblower Protections

After more than a decade of hard work by advocacy groups, in November 2012, Congress passed and President Obama signed the [Whistleblower Protection Enhancement Act](#). The new law closes loopholes, clarifies protections, and strengthens the agencies charged with protecting federal whistleblowers. Though intelligence and national security workers were excluded from the new law's protections, President Obama [issued a directive](#) in October to improve protections for these public employees.

In addition, the Senate passed an amendment to [strengthen whistleblower protections for the employees of federal contractors and grantees](#), ensuring that contractors and grantees cannot fire or punish private employees who report misconduct among businesses receiving public funds. The fate of that measure will be decided as part of negotiations between the House and Senate on the National Defense Authorization Act.

It was also a lucrative year for whistleblowers and the taxpayers they protect. [Whistleblowers helped the federal government recover at least \\$3.3 billion](#) in fiscal year 2012, a record high. By protecting public servants who report problems from professional retribution, the country will learn more about government activities in need of attention and improvement and strengthen a culture of transparency and accountability in government.

Fracking Disclosure

States and communities across the country are requiring more oversight of the activities involved in hydraulic fracturing in response to growing citizen concerns about the public health risks involved in fracking, but safeguards are still lacking. Currently, at least 30 states are engaged in natural gas drilling, yet only 13 have policies requiring some level of public disclosure of the chemicals used in fracking. An [OMB Watch report](#) reviewed these state disclosure policies and found them spotty and incomplete, with no state putting together the four key elements needed for effective disclosure.

Tired of waiting for stronger state or federal protections, more than [200 local communities](#) across the country have passed bans or moratoriums on fracking activity within their boundaries. Local officials

in these communities have decided that fracking poses an unacceptable risk to drinking water supplies, public health, and future development. However, state governments and corporations have started challenging these efforts in the courts, a move that would strip the power of democratically elected local governments to establish quality-of-life protections their constituencies want.

Efforts are also underway to increase federal oversight, including a [proposed rule](#) by the Department of the Interior requiring companies to disclose the chemicals used in fracking on public lands, and a [petition](#) calling on the U.S. Environmental Protection Agency to add the oil and gas industry as a reporting sector in the Toxics Release Inventory (TRI) program.

Open Government Partnership

The global Open Government Partnership (OGP) initiated by President Obama celebrated its [one-year anniversary](#) in September. Through OGP, partner countries agree to develop plans to strengthen open government in their nations and endorse a joint Open Government Declaration. The partnership and the U.S. National Action Plan have both made significant progress toward the goal of establishing more open and responsive governance. OGP's [membership](#) now stands at an impressive 58 countries, with 47 countries, including the United States, having already delivered commitment plans.

The U.S. plan committed to 26 specific open government reforms, ranging from improvements in the Freedom of Information Act (FOIA) and declassification to increased spending transparency and public participation. OpenTheGovernment.org published a [progress report](#) that showed the administration had already delivered on several key commitments and made progress on others. The administration is expected to release a self-assessment of the plan's implementation in early 2013 and then begin work on a new, improved National Action Plan.

Freedom of Information

Implementation of the Freedom of Information Act is a perennial contest for open government advocates. While agency performances were mixed this year, a review of the [latest FOIA numbers](#), released in March 2012, showed that more FOIA requests were processed in 2011 than in any year since 2005. Moreover, the use of exemptions to deny requests dropped, and use of the most discretionary exemptions decreased sharply. However, agencies' combined backlog grew by 19 percent due to an even larger surge in FOIA requests.

In October, the administration launched a new federal website that could help agencies process requests faster and release more information to the public. [FOIAonline](#) is a multi-agency portal that allows the public to submit and track requests, receive responses, and search others' requests through a single website. The system provides new features to assist with processing requests, which could improve timeliness and reduce backlogs. Agencies can also use the system to publish their responses to FOIA requests, which would make this information more widely available to the public. The new site represents a major advance in modernizing the FOIA system to deliver transparency more effectively and efficiently. While only three agencies are currently using the site, it could provide the model for a universal FOIA request system.

Water Quality Reports

The drinking water quality reports that water utilities have been mailing to customers annually for almost two decades are typically so technical that most people have a hard time interpreting them. But the reports are still a vital means of informing people about drinking water problems that could affect their health. However, the U.S. Environmental Protection Agency (EPA), responding to industry complaints about costs, has [proposed](#) shifting to electronic posting of these reports.

While there are benefits to using electronic delivery (e.g., reduces printing and mailing costs and saves natural resources), almost one-third of American households are still without broadband Internet access at home, so such delivery could reduce the public's access to information about their drinking water. In response, OMB Watch, along with 14 other organizations, [filed](#) comments to the agency, highlighting ways to strengthen the drinking water quality reports that consumers receive from water utilities. We'd like to see an easy-to-read grading system established for water systems.

OMB Watch also launched an action alert on the issue; more than 700 consumers submitted their own comments in response.

Political Ads Transparency

As a major election year, 2012 brought with it unprecedented levels of political advertising by candidates and outside groups across the country. There were several efforts, with varying success, to shed more light on such advertising. In April, the Federal Communications Commission (FCC) [approved a rule](#) that would create an online database of information about television stations' content, including who is buying political advertisements. While the stations' files were already public, they had previously only been available by appearing in person at station offices.

Republican members of the House Appropriations Committee [sought to block the rule](#), but after great public outcry against the move, the members [allowed the rule to stand](#). The National Association of Broadcasters (NAB) filed a lawsuit seeking to block the rule, claiming it exceeded the agency's authority and violated broadcasters' First Amendment rights. However, the NAB [recently asked to delay](#) the case and raised the possibility of dropping it entirely.

Unfortunately, congressional efforts to pass the [Democracy Is Strengthened by Casting Light On Spending in Elections \(DISCLOSE\) Act](#) did not make as much progress. The bill would have created new campaign finance disclosure requirements and made public the names of super PAC contributors. The Senate held two votes in July but failed to pass the legislation each time.

Need for Safer Chemicals

Several accidents and disasters this year highlighted the risks that hazardous chemicals can pose to communities, the importance of information on such chemicals, and the need to shift to safer chemicals.

A fire at a [Chevron oil refinery](#) in California (one of at least 28 refinery fires in the United States in 2012 alone) sent thousands to hospitals and forced local residents to hide in their homes with their doors and windows shut. A [train derailment](#) in New Jersey released thousands of pounds of a cancer-causing chemical into the air and left hundreds of homes evacuated and area schools closed for more than a week. As a result of the extensive flooding during Hurricane Sandy, [raw sewage](#) and other toxic pollutants, including industrial chemicals, poured into New York City waterways.

There are safer chemicals and processes that industry can substitute for dangerous substances and better protect Americans in the process. The Clorox Company announced it was replacing bulk quantities of chlorine gas with safer chemicals in 2009. OMB Watch and many others in the environmental, health, and safety community have long advocated for a switch to safer chemicals and production processes and have called on the EPA to use its authority under the Clean Air Act to require chemical plants to shift to less toxic chemical alternatives and so reduce the risk of future chemical exposure before more lives are put at risk.

E-Government

The administration plugged away at improving websites and online tools during the year, launching various new sites [publishing declassified materials](#), [credit card complaints](#), and [mapping environmental data](#).

The White House also sought to revolutionize government digital services by reforming the fundamentals of how government uses technology. The [Digital Government Strategy](#), released in May, lays out procedures for establishing openness as the default for public information and raises the bar for usability, efficiency, and innovation. The administration rolled out [a number of valuable reforms](#) under the strategy, with additional policy documents expected in early 2013.

Ethics Transparency

Using transparency to verify or improve ethical behavior of government officials was a popular issue at the federal and state level this year. In April, President Obama [signed the Stop Trading on Congressional Knowledge Act, or STOCK Act](#), which will put financial disclosures from thousands of congressional staff and executive branch officials online for the first time. Asset disclosure helps ensure that public officials don't use information gleaned from their decision making authority to increase their personal financial holdings. However, the STOCK Act has met with [court challenges](#) that have delayed its implementation and may limit the amount of information displayed online.

Many state governments already provide some online access to similar disclosures, and others, such as Maryland, are considering following suit. An [OMB Watch report](#) in March highlighted a number of state websites that provide quality online tools for reviewing asset disclosure information, as well as lobbying disclosures, campaign finance data, and procurement decisions. While states and the federal government have made progress in this area, more work lies ahead as the quantity and quality of disclosure remain uneven.

Rio+20

The [Rio+20](#) international environmental conference provided a forum for more than 130 government leaders to discuss improving environmental policies and sustainability. Among those countries, 15 made specific commitments to improve access to environmental information and public participation in environmental decision making. The United States was not among them.

Prior to the conference, OMB Watch [worked](#) with public interest organizations to encourage specific improvements. The U.S. groups built their demands from a [set of recommendations](#) endorsed by more than 100 public interest organizations around the country. Despite the input, U.S. officials refused to make any concrete commitments at the conference. Though the United States does not need a global conference to improve environmental information domestically, it would have been an opportunity for the U.S. to signal its commitment to be an environmental innovator and leader to the world and its own citizens.

Regulatory Delay in 2012

Congressional opponents of public protections spent much of 2012 attempting to increase the procedural hurdles to establishing new rules that would implement federal laws and standards. Efforts to attack the scientific evidence employed by agencies continued. Both efforts are likely to re-emerge next year.

Legislative Assaults on Regulations Continued throughout 2012

Last year's [end-of-year wrap up](#) described the legislative attacks on specific health, safety, and environmental standards, as well as the regulatory process itself. Most of these bills were passed by the Republican-controlled House of Representatives but stalled in the Democratically-controlled Senate.

In 2012, such attacks continued. In July, the House passed the "[Red Tape Reduction and Small Business Job Creation Act](#)," nicknamed "the regnibus" because it comprised seven different [pieces of anti-regulatory legislation](#). The most prominent of the bills was the so-called "Regulatory Freeze for Jobs Act," which would prohibit any new rules until the unemployment rate falls and stays below six percent.

The House also [passed](#) a [package of anti-environmental bills](#) on Sept. 21 in a last-ditch effort to further its majority's anti-regulatory agenda before it adjourned for the November elections. The legislative package, short-titled the "Stop the War on Coal Act of 2012," was comprised of five measures (four of which had already passed the House) that would limit the U.S. Environmental Protection Agency's (EPA) ability to regulate coal ash or to limit greenhouse gas emissions. The package also included the "Transparency in Regulatory Analysis of Impacts on the Nation (TRAIN) Act" ([H.R. 2401](#)), which would require that an interagency panel of non-experts review any EPA regulations before they are issued and submit a report to Congress on the costs of proposed regulations.

The Senate took no action on any of the anti-regulatory measures.

However, more seemingly innocuous bills were introduced in 2012 and could gain traction in 2013. Specifically, the [Independent Agency Regulatory Analysis Act](#) (S. 3468), introduced on Aug. 1 by Sens. Mark Warner (D-VA), Rob Portman (R-OH), and Susan Collins (R-ME), would require independent regulatory agencies to complete detailed cost-benefit analyses before proposing a rule and would empower the Office of Information and Regulatory Affairs (OIRA) to review and delay rules proposed by independent agencies, thereby undermining their very status as "independent." The legislation seemed headed straight to mark-up within the Senate's Homeland Security and Governmental Affairs Committee (HSGAC) until a massive public education campaign by advocates and commissioners of independent agencies stopped its movement. However, this bill and similar ones could resurface in 2013.

While the bill's supporters have presented it as a noncontroversial "process" bill, a number of independent agency regulators [wrote](#) that the bill "would interfere with our ability to promulgate rules critical to our missions in a timely manner and would likely result in unnecessary and unwarranted litigation in connection with our rules."¹ Among the agencies impacted are those charged with oversight of the banking and financial industry, such as the Securities and Exchange Commission (SEC), and the Consumer Product Safety Commission (CPSC), which is responsible for ensuring the safety of our products and children's toys.

Rulemaking Delays and Setbacks

A number of rules that would have strengthened health, safety, and environmental protections were stalled in the regulatory review process during 2012. Some [speculated](#) that these delays were intended to avoid publishing controversial rules during the election season. Some rules were finally [released](#) after the election, but the public is still waiting for about 108 actions pending review that have been delayed beyond the 120-day deadline set by executive order. Although some regulations have been held up at the agency level, OIRA was a significant source of delay in 2012.

One long-delayed rule is an effort by the Occupational Safety and Health Administration (OSHA) to strengthen workplace exposure limits for crystalline silica, a known cause of lung cancer and disabling respiratory illness. The silica rule has been at OIRA since Feb. 14, 2011 – almost two years. During this time, OSHA estimates that more than 100 workers have died from silica-related illnesses. This [unreasonable delay](#) occurred after OIRA held a number of closed-door meetings with industry groups and sparked [a letter](#) from 300 occupational health experts, public safety advocates, and labor officials, urging President Obama to release the rule for public comment. Almost a year after the letter was sent, the rule remains at OIRA.

Another proposed rule long past due is the U.S. Environmental Protection Agency's (EPA) effort to add toxics to its Chemicals of Concern List. Under the Toxic Substances Control Act (TSCA), EPA is supposed to add chemicals to its list of substances that present (or may present) an unreasonable risk of injury to human health or the environment. The rule is not economically significant and would have important health and safety benefits, yet it has been stalled at OIRA since May 2010. Over a year ago,

Sens. Frank Lautenberg (D-NJ) and Sheldon Whitehouse (D-RI) [wrote to OIRA](#) asking that the *proposed* rule be released. OIRA has yet to release the rule or explain the reason for the delay.

Three sets of food safety regulations are also [stuck at OIRA](#), even though the Food Safety Modernization Act of 2011 requires the Food and Drug Administration to promulgate the regulations by specific deadlines. Even [the food industry](#) says that delaying the regulations increases uncertainty, but the proposals have been under review at OIRA for over a year.

OIRA's Pattern of Delay

Under Executive Order 12866, OIRA review is limited to 90 days with a possible 30-day extension, but rules are routinely delayed beyond the 120-day deadline. An examination of OIRA review counts shows that the average number of days each agency action was under review was significantly higher in 2012 compared to the previous three years.

OIRA E.O. 12866 Reviews 2009-2012				
Year	Total Reviews	Economically Significant Reviews	Average Review Time (Days)	Completed Reviews Lasting 120 Days or More
2009	595	125 (21%)	39	5
2010	690	138 (20%)	51	33
2011	740	117 (16%)	58	64
2012 (through 11/30/12)	390	77 (20%)	75	75
Total	2,415	457 (19%)		

[click to enlarge](#)

OIRA completed about 390 reviews in 2012 (as of Nov. 30), far fewer than in the past three years. Of those, 77 reviews were related to economically significant rules. The average number of days it took OIRA to review each action increased from 39 days in 2009 to 75 days in 2012. A total of 108 actions have been at OIRA for 120 days or more. Only 21 of these pending actions are economically significant; 87 pending reviews are not economically significant actions.

Despite claims that there has been a "regulatory tsunami," [a recent OMB Watch analysis](#) indicated that the administration has been a relatively timid regulator, and OIRA is actually taking longer to review rules than in the past. In August, OIRA Administrator Cass Sunstein left his post and left behind a disappointing record of blocking rules that were opposed by industry interests. An interim administrator was appointed for the remainder of the year, and a new OIRA administrator will be nominated in the coming months.

Attacks on Agencies' Scientific Analyses

Opponents of regulation are increasingly attacking the scientific analyses conducted or synthesized by agencies, even when no regulatory proceeding is contemplated. Industry interests now routinely

challenge agencies' scientific review processes and demand endless rounds of comment and peer review before government agencies can finalize rules preventing health hazards. These processes can take years. In the meantime, people get sick and die as a result of these delays.

The House held a [hearing](#) in 2012 entitled "Strengthening the Scientific Backbone of the EPA: An Examination of Agency Practices and Foundations for Regulations Affecting the American Economy." This hearing focused on "concerns about the role of science at EPA since its inception in 1970" and questioned the quality and integrity of the science EPA uses in regulatory decisions and in cost-benefit analyses, the role of peer reviews and advisory panels in reviewing scientific evidence, and even discussed the public's perception of EPA's science.

In September, Rep. Ralph Hall (R-TX), Chairman of the House Committee on Science, Space, and Technology, introduced the "EPA Science Advisory Board Reform Act of 2012" ([H.R. 6564](#)), which seeks to alter EPA's scientific review processes. This bill would limit the number of government-funded scientists allowed to serve on the EPA's Science Advisory Board (SAB) to 10 percent of the total board membership and prohibit specialized experts involved in a rulemaking, directly or indirectly, from serving on the board. The bill would attempt to make industry-funded scientists a majority of the members of the SAB. When industry scientists are not in the majority, the bill would guarantee them the right to file a dissenting report from any EPA finding of risk. This bill is widely supported by industry trade associations and is likely to reappear in 2013.

Notes

¹ In an Oct. 26, 2012, letter to members of HSGAC, Ben Bernanke, Chairman of the Board of Governors of the Federal Reserve System, Mary Schapiro, Chairman of the U.S. Securities and Exchange Commission, and four other financial regulators urged the committee to consider the negative consequences of the bill before moving forward with it. Available at http://www.ombwatch.org/files/regs/financial_regulators_ltr_lieberman_collins_s3468.pdf.

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