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The Heavy-Handed House Spending Bill

In the [early hours of Feb. 19](#), the House passed a continuing resolution (CR) that is intended to keep government running for the remainder of the fiscal year. The bill contains not only drastic spending cuts, but would also implement a series of funding restrictions that would block the federal government from carrying out certain policies. While President Obama has said he will veto the legislation if it reaches his desk, it sets an unconstructive tone for Congress with provisions that would adversely impact people in need, undermine job growth, and seriously impair the ability of government to protect the public.

Funding for the operations of the federal government runs out on March 4, when the current CR expires. Without congressional action, many government functions, such as operation of the National Parks, would cease until new funding is approved. Providing funding for the rest of the fiscal year, which started Oct. 1, 2010, the House CR [contains some \\$65 billion](#) in cuts from the previous year's (FY 2010) non-security discretionary spending, an almost 14 percent reduction. The cuts would affect almost every major federal agency (except the Defense Department, which would see a modest increase), resulting in net spending cuts of roughly \$61 billion.

Without holding any hearings on their cuts, Republicans quickly assembled a bill that would reduce funding for hundreds of important federal programs, in a bid to reach a target of \$100 billion in cuts (from the baseline of Obama's FY 2011 budget request, which was never enacted). Initially, House Republican leadership [introduced a version of the CR](#) with about \$74 billion in cuts, but leadership was forced to capitulate to House Republican freshmen who demanded an additional \$26 billion in cuts, living up to a pledge to cut spending to FY 2008 levels.

The Transportation Department budget would be subjected to [particularly egregious cuts](#). High-speed rail funding would be completely eliminated, as would two Federal Highway Administration programs. In all, eight Transportation Department programs would see their budgets go to zero. The Department of Agriculture would lose funding for 17 programs, and 24 programs would be cut from the Department of Interior.

The Center for National and Community Service (home of AmeriCorps) [would see an almost 90 percent cut, with the intent of eliminating AmeriCorps](#); public housing capital funds would get cut by 42 percent; Pell Grants by 15 percent; the Centers for Disease Control and Prevention by 20 percent; and international disaster assistance would be cut almost in half. Even funding for the proposed Eisenhower Memorial near the National Mall would be reduced under the Republican proposal. Meanwhile, the Defense Department budget would see an almost two percent bump.

The magnitude of the cuts is masked by the fact that all of them would be enacted over the remaining seven months of the fiscal year. With such little time left in the year, the effect of the budget cuts is effectively doubled; instead of having a full year to absorb the budget reductions, agencies would have only half a year to cram in the cuts. Because of this, the Center on Budget and Policy Priorities [suggests](#) that the CR would have the effect of a 24 percent cut for non-security discretionary spending.

It is also striking that the House bill would concentrate significant cuts in discretionary spending, when most budget experts acknowledge that the nation's serious long-term budget problems stem from a combination of health care costs and inadequate revenue. Discretionary spending is the smallest share of federal spending, yet is taking the largest cuts under this plan. Moreover, the cuts are targeted to only about half of discretionary spending since defense spending would be increased.

All of the spending reductions would mean drastic changes in the way the federal government protects the public, provides a vital safety net for families hit by the recession, and invests in the economy. Additionally, reductions in federal spending of this magnitude would cripple the nascent recovery. Not only would the federal government have to drastically reduce payments to contractors, but [furloughs of federal employees would also be likely](#). [Economists estimate](#) that as many as a million jobs could be lost because of the Republican budget. Passing such a budget would certainly have a pernicious effect on the economy.

In addition to the budget cuts, the House Republican spending bill also includes a great number of policy provisions that would prevent the federal government from carrying out existing

programs and policies. Some of these “riders” were included in the [original proposal released](#) on Friday, Feb. 11. Some of these provisions include:

- Barring the U.S. Environmental Protection Agency from creating rules addressing greenhouse gases from stationary sources
- Stopping the Nuclear Regulatory Commission from terminating the Nevada-based Yucca Mountain license review without due cause
- Prohibiting the Bureau of Land Management from implementing Department of Interior Secretarial Order 3310, which was issued in December 2010 and creates a new Wild Lands classification for public lands
- Restricting Recovery Act funds for signs and other announcements that indicate Recovery Act funds were used in a program or project
- Limiting speech and activities under international family planning grants
- Limiting the amount of funding the Federal Reserve may give to the fledgling Bureau of Consumer Financial Protection to help it enforce the new financial reform law.

During debate on the CR, lawmakers [added](#) some 45 additional restrictions to how federal funds can be used. Nine separate amendments prohibit the federal government from spending any money to enact health care reform, one amendment expands a prohibition in the base bill to prohibit use of funds for the health care and climate change “czars” to include all White House “czars,” one restricts funding to the Federal Communications Commission for enacting net neutrality rules, one stops payment on legal fees to citizens and groups who sue the government, another prohibits any federal funding to Planned Parenthood, and one denies funding for the Presidential Election Campaign fund, effectively killing public financing for presidential elections.

There are some extremely specific restrictions imposed through these amendments. (Some of these are discussed in greater detail in [another *Watcher* article](#) about environmental riders.) For example, one amendment would prohibit EPA from implementing or enforcing a Sept. 9, 2010, rule that limits the levels of mercury in cement. Another would restrict funds to move forward with a rule that would eliminate surface mining operations within 100 feet of a stream.

Many of these restrictions have been requested by industries that would benefit from them. Most of these policy provisions, which do not save the government any money, are back-door efforts to pass controversial laws under the guise of spending reductions. Without holding any hearings and passing policy provisions in the dead of night, House Republicans contradicted their claims of embracing openness and transparency in the legislative process.

Few of these provisions are likely to be included in the Senate version of the CR. However, the upper chamber could decide to keep a handful of the Republican budget items in an effort to reach a compromise with the House, putting many vital government programs at risk and hindering the ability of the executive branch to protect the public and help those in need.

President Obama Calls for More IRS Funding in 2012 Budget

Following the freeze-but-invest theme of his fiscal year (FY) 2012 budget, President Obama is calling for the Internal Revenue Service (IRS) to receive a boost compared to the agency's FY 2010 budget. Increased investments in tax enforcement and information technology (IT) could help make the currently complex tax code fairer while streamlining bureaucracy. Additionally, these improvements would likely raise more revenue for the government and make the agency more user-friendly. The Republican-controlled House, however, will likely stand in the way of the budget request, putting the IRS's future funding in question and potentially jeopardizing these reforms.

Of the \$13.3 billion requested for the IRS in the president's FY 2012 budget, roughly \$6 billion would go toward enforcement activities, an increase of \$463 million over FY 2010 levels. Of note, \$936 million of the \$6 billion enforcement request would come from moving IRS funds around internally, which could help to make the budget increase more palatable to a Congress that appears intent on cutting spending. As the budget request notes, the move could also decrease future deficits.

Hoping to better deter taxpayers inclined to evade their responsibilities while also vigorously pursuing those who do, the IRS's enforcement activities have [received steady budget increases](#) under the Obama administration. Economists and federal tax analysts [generally agree](#) that for every dollar invested in enforcement actions, the federal government nets three to four dollars in additional revenue.

The IRS estimates that the approximately \$460 million in additional enforcement funds would net \$1.3 billion per year, once the new employees hired to track down tax evaders settle in by 2014. The agency also estimates that investments in tax evasion enforcement could have an effect on deterrence and thus increase revenues beyond the direct impact; the agency [conservatively estimates](#) this revenue effect to be a factor of about three.

These increases in revenue would not only decrease the [tax gap](#), which is the difference between what individuals and businesses owe the government and what they actually pay on a timely basis, but they would also help reduce the projected \$1.6 trillion federal budget deficit. The last estimate of the average gross tax gap (which used 2001 numbers updated in 2007) was \$345 billion, but some have recently placed the figure as high as \$500 billion. Reducing the tax gap is important to improving the integrity of the tax system and ensuring fairness.

The FY 2012 budget request would also provide roughly \$333 million for the Business Systems Modernization Program (BSMP). The IRS is using BSMP, which is a fund authorized by Congress, to update many of its IT capabilities. In fact, to purchase IT capital assets, the agency must submit a detailed plan to Capitol Hill providing cost estimates, timelines, and expectations. There is also a requirement for the Government Accountability Office (GAO) to review and approve the final product.

Most recently, the IRS [revamped](#) its Business Master File Case Creation Nonfiler Identification Process (BMF CCNIP). The long-winded acronym is simply a program that uses third-party

information and IRS account data "to select potential business nonfiler cases for pursuit based on the likelihood of securing returns and revenue."

With the requested FY 2012 funds, the agency would like to expand and improve its core taxpayer account database, CADE 2, which allows taxpayers to pay their taxes online and expedites refunds to them. The IRS would also invest an additional \$33 million, funded through moving \$321 million internally to operations support, to improve the IRS.gov website. Despite [failing](#) the last time it attempted to revamp its website, the IRS argues that the project will succeed under BSMP, allowing taxpayers to more easily access important tax information and services online.

Strategic investments in tax enforcement and IT resources are not only important to decreasing the tax gap and improving taxpayer service, but to addressing the IRS's only two high-risk program areas. Recently, the GAO released its 2011 high-risk series [report](#) that lets Congress and the administration know which government operations require more scrutiny or resources. Importantly, "the enforcement of tax laws" and "IRS business systems modernization" are on this year's list.

If recent events on Capitol Hill are any indicator, however, Congress is not likely to completely honor the president's request for greater funding of either the tax enforcement or systems modernization initiatives. In the very early hours of Feb. 19, the Republican-controlled House [passed a continuing resolution](#) (CR) to fund the government for rest of FY 2011 that cut more than \$61 billion from FY 2010 levels. Those cuts include a [\\$603 million reduction](#) to the IRS's budget over the next six months, \$285 million of which comes from the tax enforcement budget and \$227 million from the agency's operations support budget.

If House Republicans refuse to fund the IRS even at FY 2010 levels, there is no chance they are going to consider the president's higher FY 2012 request. In addition to a budget request that would increase tax enforcement and IT capabilities, the FY 2012 IRS request includes important increases in funds for taxpayer services, which provide help to taxpayers through outreach, and [funds to implement](#) the Affordable Care Act – a measure anathema to the majority of congressional Republicans.

What Does the President's Budget Mean for Transparency?

The president's budget request for fiscal year 2012, released on Feb. 14, is the [opening bid](#) in a months-long process to decide how much the federal government will spend on everything from the Navy to open government efforts. The administration's budget proposal is difficult to analyze in terms of open government commitments because it doesn't include line-item categories for transparency activities. However, it does provide some clues about increases and cuts.

Freedom of information isn't free. To the contrary, transparency advocates have long argued that government often fails to adequately budget for open government initiatives. Without the

right human and technical resources, even the best transparency policy will fall victim to poor implementation.

Requesting Adequate Resources

In November 2008, a coalition of transparency advocates published [*Moving Toward a 21st Century Right-To-Know Agenda: Recommendations to President-elect Obama and Congress*](#). The report recognized that "often, there are inadequate resources for disclosure, whether to implement FOIA or for tackling e-government initiatives. Sufficient money, staff, skills, or incentives are not provided to create and sustain a 21st century right-to-know environment."

The report recommended that the president set aside sufficient funds for FOIA and e-government implementation, among other measures. The administration has made some movement in this direction: Attorney General Eric Holder's March 2009 [FOIA memo](#) directed agency Chief FOIA Officers to recommend "adjustments to agency practices, personnel, and funding as may be necessary." In addition, a March 2010 [memo](#) by then-White House Chief of Staff Rahm Emanuel and White House Counsel Bob Bauer directed agencies to "assess whether you are devoting adequate resources to responding to FOIA requests."

Challenge of Analysis

Despite the directives, change is hard to see in the budget documents. The president's budget does not summarize government-wide expenses or initiatives relating to FOIA or open government, nor do any of the administration's 22 ["fact sheets on key issues."](#) Additionally, the budget's detailed appendix does not detail FOIA or open government spending in each agency.

Even in the agencies' exhaustive budget justifications to Congress, transparency spending is unevenly reported. Many agencies do not detail their spending on FOIA implementation, instead grouping it with other responsibilities such as public relations. Likewise, initiatives to proactively post documents or data online are frequently buried within aggregate information technology spending.

Funding for FOIA

There are some budget changes that derive from the Obama administration's emphasis on open government. The [Justice Department's budget justification](#) includes an additional \$467,000 to hire five new staff in its Office of Information Policy, in response to increased FOIA requests and the Open Government Directive.

The [National Archives and Records Administration's \(NARA\) budget document](#) indicates no change in the budget for the Office of Government Information Services (OGIS), the government's FOIA ombudsman. This stationary funding level comes despite a June 2010 [Senate report](#) that recommended doubling the office's budget.

However, it is important to remember that more spending does not necessarily mean more openness. For instance, the [State Department's budget justification](#) includes \$166,000 in new FOIA funding. The money will be used to hire an additional attorney – not to process FOIA requests or to ensure compliance, but to increase defense against FOIA litigation.

Expanded Environmental Information

The [U.S. Environmental Protection Agency's \(EPA\) budget justification](#) repeatedly mentions plans to improve information dissemination. This includes data related to topics such as air toxics, greenhouse gases, drinking water systems, and toxic chemicals.

EPA also plans to move to electronic reporting of compliance data, with the goal of eliminating paper-based reporting. According to the document, the transition to electronic reporting could "substantially reduce the costs of collecting, sharing, and analyzing compliance information." EPA intends to use an approach similar to the e-file system for federal income taxes, where reporting software is provided by the private sector rather than the agency.

Changes to E-Government Funding

The budget also proposes a new \$60 million Information Technology fund to be managed by the Office of Management and Budget (OMB), with the ability to transfer funds to agencies. According to [OMB's budget justification](#), the fund would be used "to establish a coherent Federal strategy for centralized, efficient provision of IT services and infrastructure across the Government." Some of those services, though likely not all, might enhance transparency.

Cuts to Archival Programs

NARA's Electronic Records Archives (ERA), a program to preserve and provide access to electronic records, will be launched sooner than previously planned, which allows the agency to eliminate the \$37 million previously budgeted for further development. The accelerated deployment [resulted](#) from the TechStat accountability program managed by OMB, part of Chief Information Officer Vivek Kundra's IT management reforms. ERA has been plagued with problems: a [recent Government Accountability Office report](#) estimated that cost overruns could total up to \$1.4 billion over the program's lifetime.

Several archival programs that support access to non-federal records will also see cuts. Reductions include:

- \$22 million cut from the National Endowment for the Humanities (a 13 percent decrease)
- \$39 million cut from the Institute of Museum and Library Services (14 percent)
- \$8 million cut from the National Historical Publications and Records Commission (62 percent)
- \$30 million cut, the entire budget, from Save America's Treasures and Preserve America grants at the National Park Service

Bottom Line

The inconsistent reporting of information activities in the federal budget and agency justifications make it next to impossible to gauge the overall funding of government transparency with any accuracy. The Obama administration has made open government a high policy priority, and there are some indications that the rhetoric is translating into additional resources. Perhaps future budget documents will allow for a greater analysis of the administration's allocations around these issues.

EPA Making Good on Chemical Transparency, But More Is Needed

The U.S. Environmental Protection Agency (EPA) is disclosing more information about hazardous chemicals while challenging industry claims that information should be concealed as trade secrets. With major reforms of the nation's chemical law [held up](#) in Congress, public health advocates are pushing EPA to take more aggressive action to make chemical health and safety information available to the public.

On Feb. 10, the EPA announced that it would no longer protect the identities of 14 chemicals, which manufacturers had claimed were trade secrets. The chemicals are identified in health and safety studies submitted to the EPA by the companies. Since the chemicals are associated with submitted studies, EPA concluded that the companies cannot legitimately claim the identities as confidential business information (CBI). The agency's action is the result of [policy changes](#) adopted in 2010 to increase transparency within the agency's chemical regulatory program.

Under the [Toxic Substances Control Act](#) (TSCA), the nation's primary law regulating chemicals, manufacturers must immediately report to EPA when they find evidence that a chemical substance "presents a substantial risk of injury to health or the environment." Considering that health and safety studies frequently uncover new information about previously unknown chemical hazards, there is great public demand for timely access to this information. EPA has determined that the identity of a chemical associated with such a health and safety study cannot be concealed as CBI, except under very narrow circumstances.

EPA sent [letters](#) to five chemical manufacturers announcing the agency's determination that the chemical identities were not entitled to confidential treatment. In making this determination, EPA merely exercised legal authority that it has long had but seldom exercised. The agency's rules allow it to challenge CBI claims, especially when they involve chemical health and safety information or if the information is already publicly available. EPA cited both of these reasons for its recent decision to reject the CBI claims.

This recent action is the result of several changes EPA has made to disclose more chemical information to the public. In January 2010, EPA announced a [new practice](#) of rejecting CBI claims for the identities of chemicals found in health and safety studies when the chemical name

is already disclosed in the public portion of the [TSCA Inventory](#), a list of all chemical substances in commerce.

In March 2010, EPA provided [free public access](#) to the TSCA Inventory, which previously had only been available for a fee. In May, the EPA began reviewing all CBI claims for chemical identities associated with health and safety studies. That same month, EPA added chemical information to its [Envirofacts](#) online public database.

Public health advocates have [long complained](#) that EPA was withholding crucial chemical information that was needed to evaluate the health and safety of chemicals. EPA estimates that there are more than 84,000 chemicals in commerce in the U.S., and the identities of more than 17,000 chemicals are protected as CBI. Very few of the chemicals in use today have been sufficiently tested for their impact on human or environmental health. EPA's CBI policies have often prevented health advocates and scientists from linking a specific chemical to its potential health hazards. [For example](#), a safety study submitted by a manufacturer to EPA might show evidence that a particular chemical substance causes harm in lab rats, but the identity of the substance is not disclosed.

EPA's new policies aim to reduce such secrecy. [According to](#) the head of EPA's chemicals office, Steve Owens, "The public deserves access to critical health and safety information on chemicals, but if the name of the chemical is kept secret in the health and safety report, the information is of no real value to people."

Under TSCA and other statutes, companies that submit information to EPA may claim the information to be CBI and therefore should not be publicly disclosed. Chemical companies must immediately provide notice to EPA if they learn that a chemical presents a substantial risk of injury to health or the environment. EPA's [press release](#) states that, "The reports are made available on EPA's website, but when the identity of the chemical has been claimed confidential by a company, the name of the chemical has been removed from the copy of the report that is made public."

[According to the agency](#), as a result of its new procedures, "EPA is moving to declassify many chemical identities so they are no longer secret." EPA has long had the authority to review all CBI claims, but the [Government Accountability Office](#) found in 2009 that very few claims – about 14 per year – are ever challenged by the agency.

The steps EPA has taken to date demonstrate that the agency currently possesses sufficient legal authority to improve public access to chemical health and safety information, especially by putting limits on what companies can claim to be trade secrets. Although public interest advocates have been pushing hard for Congress to strengthen EPA's chemical regulatory authority, it is clear that there are steps EPA can take with its existing authority to improve chemical transparency. Public interest groups are seeking a number of changes to EPA procedures to reduce the amount of illegitimate CBI claims and to promote transparency.

Among these changes, advocates are requesting that EPA require chemical manufacturers to justify requests for secrecy when the information is submitted to the agency. Such upfront substantiation of the need for secrecy reduces the burden on agency staff to evaluate CBI claims. This practice also is a disincentive against excessive use of CBI claims. Transparency advocates also seek required fees to be paid by submitters of CBI in order to cover administrative costs and reduce illegitimate claims. Additionally, advocates are encouraging the use of fines and penalties against companies that illegitimately request CBI protections, such as for a chemical identity that is already publicly disclosed. It is submitters' responsibility to be familiar with requirements for claiming CBI and to evaluate all CBI claims thoroughly for compliance before the information is submitted to the agency.

Public health advocates also want to ensure that vital information is always available to certain people, such as workers risking exposure to chemicals and health professionals such as emergency medical technicians, nurses, and doctors. For instance, medical personnel must have complete access to the identity of chemicals in products – including CBI – to which their patients may have been exposed in order to accurately assess and treat signs and symptoms, care for injuries, and protect themselves.

EPA has promised to continue evaluating company trade secrets claims and disclosing information it determines is not CBI. In addition, the agency plans to continue increasing the transparency of the chemicals program through an online [chemical data access tool](#), which allows searches of the agency's chemical health and safety information.

Environmental and Public Health Safeguards Under Siege in House Spending Bill

The House-passed fiscal year 2011 spending bill would stop the U.S. Environmental Protection Agency (EPA) from limiting greenhouse gases from certain sources, halt standards for air and water pollution, and set other conditions on the agency that will complicate its efforts to protect the environment and public health. Other health and safety agencies are also targeted in the bill.

House Republicans have attached several riders to a spending bill that would fund the government for the remainder of fiscal year (FY) 2011. These provisions attack EPA's authority, including its ability to regulate climate-altering carbon pollution. A continuing resolution that is currently funding the government is set to expire March 4, and Congress must extend or replace it to avert a government shutdown. The House passed a replacement bill, [H.R. 1](#), on Feb. 19. FY 2011 began Oct. 1, 2010. (See [a related article](#) from this issue of *The Watcher* for more on the continuing resolution.)

Conservative lawmakers and opponents of public protections have been trying for months to undercut EPA greenhouse gas limits, especially those covering major stationary sources such as coal-fired power plants and oil refineries. The original House spending bill included a provision prohibiting the EPA from implementing those standards and from writing any new ones, and a similar but broader amendment [was also attached](#).

The bill also sets restrictions on the study of carbon pollution and climate change. One amendment to the bill would stop the Obama administration's plan to establish a Climate Service at the Department of Commerce, and another would end U.S. funding of the Nobel Prize-winning United Nations Intergovernmental Panel on Climate Change.

The legislation would also prohibit the EPA from using funds to complete several high-profile standards for air pollutants other than greenhouse gases, including standards that would cut mercury pollution from cement kilns and set new limits on particulate matter.

An amendment by Rep. David McKinley (R-WV) would restrict EPA's options under a proposed rule dealing with toxic coal ash. EPA proposed a rule that gives options for addressing coal ash, including designation as a hazardous waste. The rule [drew controversy](#) when the White House reviewed it in 2010. McKinley's amendment would prohibit EPA from designating coal ash as hazardous waste, which is exactly what industry wants. The spending bill would also prevent the EPA from enforcing water pollution standards in the Chesapeake Bay.

EPA is not the only environmental agency targeted in the continuing resolution. An amendment successfully attached to the bill would prohibit the Forest Service from implementing its Travel Management Rule, which determines trail and road openings and closures in national forests. The bill would also require the Fish and Wildlife Service to remove certain populations of the gray wolf from the endangered species list.

The legislation also defends mountaintop mining, a practice long disdained by environmentalists for its destructive impact. One amendment to the bill would prohibit the Department of the Interior from restoring a buffer zone around streams located near mined areas, a protection removed during the Bush administration. Another would prohibit the EPA from denying mountaintop mining permits under its Clean Water Act authority.

Beyond environmental issues, the bill prohibits other regulatory activity intended to protect consumers, including the creation of a Consumer Product Safety Commission database that allows the public to report hazardous products and read the reports of other consumers. The database is required under 2008 product safety legislation that [passed](#) both the House and the Senate with broad bipartisan support.

Other prohibited regulatory activity includes Federal Communications Commission rules on net neutrality and Department of Education standards to ensure for-profit colleges are serving students' interests. The bill also includes amendments that would stop the Obama administration from spending money to implement any aspect of the health care reform law passed in 2010.

The new continuing resolution would also make dramatic budget cuts at major health, safety, and environmental agencies, including the EPA, which would see a cut of approximately \$3 billion – almost 30 percent of its current budget – including a [major cut](#) to the agency's greenhouse gas registry program.

The Occupational Safety and Health Administration (OSHA) would be hit particularly hard. The House bill would strip OSHA of \$99 million, about 20 percent of the agency's budget. The cut would likely lead to a drastic reduction in safety inspections and investigations into workplace injuries and fatalities.

The bill would return funding at the U.S. Department of Agriculture (USDA) Food Safety and Inspection Service to 2008 levels, when it employed 235 fewer inspectors and other staffers than it does now. The \$88 million cut has raised concerns that meat packing and processing facilities could be unintentionally affected. Under federal law, facilities cannot process or package meat without USDA approval. Without a sufficient inspectorate, slaughterhouses may have to reduce production, putting private-sector employees out of work and raising meat prices for consumers. This, in turn, could disrupt key parts of the economy. The USDA [estimated](#) that the budget cut would cause roughly \$11 billion in economic losses.

The impact of the spending cuts for any agency would actually be greater than the percentages indicate. Because agencies have been operating for nearly five months under larger budgets, the cuts would have to be applied over the remaining seven months.

Senate leaders have criticized the cuts in the House bill and would prefer a short-term extension of the current continuing resolution in order to negotiate a compromise. President Obama has threatened to veto a spending bill such as the one passed by the House. All sides have said they want to avoid a government shutdown, but there are few signs that congressional leaders are willing to compromise.

The Clean Air Act and the Jobs vs. Regulations Myth

In response to a congressional request, the U.S. Environmental Protection Agency (EPA) recently prepared a white paper on the effects of the Clean Air Act (CAA) on jobs and the economy. The paper summarizes the empirical evidence on the economic costs and benefits of the act since 1970. The evidence illustrates the many benefits of the CAA and the small impact of pollution controls on employment.

EPA produced the white paper in response to [a request](#) from Reps. Henry Waxman (D-CA) and Bobby Rush (D-IL), members of the House Committee on Energy and Commerce. In their letter to EPA Administrator Lisa Jackson, they requested "your best information regarding the effects of the Clean Air Act on job creation and economic growth." Both EPA and the CAA are under attack from corporations and their allies in Congress who want to limit the agency's authority to regulate under the law.

The EPA's review of the empirical evidence of the CAA includes both the benefits that result from implementation of the act and the costs imposed on regulated entities. The white paper discusses studies conducted by EPA, as well as many studies conducted independently by the Office of Management and Budget (OMB) and a range of scholars and organizations.

As has been the case for decades, significant rules promulgated by agencies under mandates from Congress almost always result in economic benefits exceeding costs. This cost-benefit analysis has been a key part of the federal regulatory process. In the case of the CAA, the white paper concludes that:

- The public health protections that have resulted from the act have produced "tremendous economic benefits"
- The standards implementing the act have created jobs in some sectors of the economy that offset job losses by regulated entities
- Because pollution abatement costs are such a small part of overall manufacturing costs, they have a very small impact on plant location decisions and employment

In assessing the economics of protecting public health, the white paper draws on past studies by EPA and others that show the economic benefits of preventing lost productivity, sick days, and deaths from respiratory illnesses, asthma, and bronchitis, for example. "In addition to healthier and more productive workers, lower air pollution translates into lower health care expenditures," according to the paper. Collectively, these benefits total trillions of dollars.

Investments in pollution abatement create jobs in labor-intensive production of control technologies and have helped U.S. companies compete internationally, according to the paper. One study cited concluded that even heavily regulated industries like refining and pulp and paper industries gained jobs as a result of environmental spending.

EPA's paper contradicts the widespread notion that pollution abatement costs are a huge burden on manufacturing. Citing surveys of manufacturers, the paper reports abatement costs are less than one percent of total manufacturing costs and that these costs consistently represent less than 0.3 percent of the nation's gross domestic product (a measure of the nation's overall economic activity).

Both EPA's white paper and Jackson's letter to Waxman and Rush illustrate the support that exists for clean air standards in the business community and among labor groups. For example, the white paper reports that in December 2010, 14 business organizations representing 60,000 businesses sent a letter to Congress and President Obama supporting EPA's clean air mission. The companies [strongly supported](#) the agency and expressed concern over the delay in issuing an updated ozone rule.

The economic and public health benefits cited by these businesses and illustrated in economic analyses undercut the myth accepted on Capitol Hill that all businesses oppose public protections because they kill jobs and harm profits. Yet Republicans in the House have moved to restrict EPA's ability to regulate under the Clean Air Act. They do not provide data demonstrating adverse impacts on jobs or the economy. Instead, they rely on wish lists from companies and trade associations, such as [those solicited by Rep. Darrell Issa](#), chair of the House Oversight and Government Reform Committee. In light of the evidence of the benefits that society gains from laws like the Clean Air Act, Congress could better spend its time debating how to strengthen public health and safety, not actively working to undercut these protections.

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