

**Children's Environmental Health Network**  
**Natural Resources Defense Council**  
**OMB Watch**  
**Public Citizen**

May 17, 2004

Re: H.R. 2432 "Paperwork and Regulatory Improvements Act of 2004"

Dear Representative:

We are strongly opposed to H.R. 2432, which would require the Office of Management and Budget (OMB) to assess the feasibility of imposing regulatory budgeting on at least three major federal agencies. Regulatory budgeting is a deeply misguided concept that elevates the interests of regulated industries over all other considerations. At best this bill would result in a waste of money at a time when federal resources are shrinking; at worst it would contribute to a loss of vital protections for millions of Americans.

Regulatory budgeting caps the costs that government can impose on the private sector each year, regardless of the need for public protections. Under this system, once the "budgeted" cap has been reached, agencies must cease fulfilling their mandates - polluters get a free pass; workplaces go unprotected, and hazardous foods move into commerce. Regulatory budgeting forces the government to forfeit its most fundamental purpose - protecting the health and well-being of its citizens.

There is another problem with regulatory budgeting. It doesn't work. Regulatory budgeting is based on the erroneous assumption that it is possible to produce accurate and reliable cost and benefit data. In fact, costs are often overestimated and benefits are inevitably understated. Most cost calculations are based on information provided by regulated industries that have an interest in overstating the effect of regulations. Many benefits cannot be stated in monetary terms and so their value is simply eliminated from consideration in a cost/benefit accounting.

H.R. 2432 would require the federal government to devote still more time and more resources to this futile endeavor. This is a move in absolutely the wrong direction.

OMB should be directed instead to account for actions that have taken place over the past three years as scores of critical safeguards have been weakened, rescinded, or abandoned in progress. Our organizations have noted with alarm the accumulating threat to public health, workplace safety and the environment caused by the rollback of regulations intended, among other things, to prevent destruction of the ozone layer, reduce air pollution, prevent neurological harm to children, reduce public exposure to toxins and contaminants, preserve crucial habitat for endangered species, ensure clean drinking water, and protect workers from occupational disease and injury.

Governmental regulation is necessary to prevent the despoilment of natural resources and to protect public health and safety. Please do not do further damage to critical public protections or waste the taxpayer's money by taking this first step toward regulatory budgeting.

Sincerely,

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