

OFFICE OF MANAGEMENT AND BUDGET**Draft Report to Congress on the Costs and Benefits of Federal Regulations**

AGENCY: Office of Management and Budget, Executive Office of the President.

ACTION: Notice and request for comments.

SUMMARY: OMB requests comments on the attached Draft Report to Congress on the Costs and Benefits of Federal Regulation. The Draft Report is divided into an Introduction and three chapters. The Introduction sets the context and provides the background for the next three chapters. Chapter I discusses the various types of regulations and the problems we have encountered in our past attempts to estimate the total costs and benefits of Federal regulations, especially in the aggregate and by regulatory program. The chapter also proposes several new approaches to produce better estimates and asks for comments on these proposals as well as other suggestions to improve our estimates. Chapter II provides data on the costs and benefits of each of the major regulations reviewed by OMB under Executive Order 12866 from April 1, 1999 through March 31, 2000 as well as information on the costs and benefits of the major regulations issued by the independent agencies during this period. Chapter III discusses last year's recommendation to improve the regulatory information provided by the agencies. It also asks for comments on that proposal as well as for suggestions that would improve the transparency and the public's understanding of the regulatory analyses provided by the agencies.

DATES: To ensure consideration of comments as OMB prepares this Draft Report for submission to Congress, comments must be in writing and received by OMB no later than July 2, 2001.

ADDRESSES: Comments on this Draft Report should be addressed to John F. Morrall III, Office of Information and Regulatory Affairs, Office of Management and Budget, NEOB, Room 10235, 725 17th Street, NW., Washington, DC 20503.

You may also submit comments by facsimile to (202) 395-6974, or by electronic mail to jmorrall@omb.eop.gov.

FOR FURTHER INFORMATION CONTACT: John F. Morrall III, Office of Information and Regulatory Affairs, Office of Management and Budget, NEOB, Room

10235, 725 17th Street, NW., Washington, DC 20503. Telephone: (202) 395-7316.

SUPPLEMENTARY INFORMATION: Congress directed the Office of Management and Budget (OMB) to prepare a Report to Congress on the Costs and Benefits of Federal Regulations. Specifically, Section 628 of the FY2000 Treasury and General Government Appropriations Act (the Act) requires OMB to submit a report on the costs and benefits of Federal regulations together with recommendation for reform. The Act says that the report should contain estimates of the costs and benefits of regulations in the aggregate, by agency and agency program, and by major rule, as well as an analysis of impacts of Federal regulation on State, local, and tribal government, small business, wages, and economic growth. The Act also states that the report should go through notice and comment and peer review.

Donald R. Arbuckle,

Acting Administrator, Office of Information and Regulatory Affairs.

Draft Report to Congress on the Costs and Benefits of Federal Regulations Introduction

This is a draft for public comment of the Office of Management and Budget's fourth report to Congress on the costs and benefits of Federal regulation.¹ This report is required by Section 628(a) of the FY2000 Treasury and General Government Appropriations Act (the Act). The Act requires OMB to submit "an accounting statement and associated report" containing:

"(1) an estimate of the total annual costs and benefits (including quantifiable and nonquantifiable effects) of Federal rules and paperwork, to the extent feasible:

"(A) in the aggregate;

"(B) by agency and agency program;

and

"(C) by major rule;

"(2) an analysis of impacts of Federal regulation on State, local, and tribal government, small business, wages, and economic growth; and

"(3) recommendations for reform.

The Act at Section 628 (b), (c), and (d) also specifies how we are to produce the report. We must:

"(b) * * * provide public notice and an opportunity to comment on the statement and report,

"(c) * * * issue guidelines to agencies to standardize (1) measures of costs and benefits and (2) the format of accounting statements, and

"(d) * * * provide for independent and external review of the guidelines and each accounting statement and associated report under this section."

This draft report provides the public with an opportunity to comment on the "statement and report" before we submit it to Congress. We are also asking independent and external experts in the economics of Federal regulation to review this draft report. After taking the public comments and peer reviews into account, we will submit the final report to Congress.

In early October 1999, we drafted "Guidelines to Standardize Measures of Costs and Benefits and the Format of Accounting Statements" (Guidelines). We circulated them for "independent and external review" by nine experts in the field of benefit cost analysis. Based on these comments we finalized the Guidelines and issued them as a Memorandum for the Heads of Departments and Agencies (M-00-08) on March 22, 2000.² On August 7, 2000, we asked the Departments and Agencies to use the Guidelines to provide the "accounting statements" on the benefits and costs of regulations that we would use to prepare the report to Congress on the costs and benefits of Federal regulations. Using this information as well as other information from the agencies and published literature on the costs, benefits, and impacts of Federal regulation, we prepared this draft report.

This draft report is OMB's fourth report to Congress on the costs and benefits of Federal regulation required by a series of appropriations' riders that ask for substantially the same regulatory information. Starting next year, Section 624 of the Consolidated Appropriations Act of 2001 requires us to update this report and deliver it to Congress with the Budget on an annual basis. This requirement gives us an opportunity to develop a longer run and permanent strategy to produce more comprehensive and higher quality reports. In addition, we are aware of only a limited amount of additional information on aggregate effects that has become available since the third report was issued on June 2, 2000. The new information we present in this draft report for comment are the benefit and cost estimates, both quantitative and qualitative, of the major regulations issued between April 1, 1999, and March 31, 2000. This information was not included in the 2000 report. We are also taking this opportunity to ask for comments on the 2000 final report and for citations to any

¹ This report uses the terms "rule" and "regulation" interchangeably.

² See <http://www.whitehouse.gov/omb/memoranda/m00-08.pdf>

pertinent articles of information left out of that report. Finally, we are asking for recommendations for regulatory reform, including areas where the public interest would be served by updating, revising, or rescinding Federal regulations.

Chapter I discusses the 2000 report's estimates of total annual costs and benefits of Federal regulation and paperwork in the aggregate, and by agency and agency program, and asks for comments on them. It also asks for comments and discusses our analysis of the impacts of Federal regulation on State, local, and tribal government, small business, wages, and economic growth.

Chapter II uses agency regulatory impact analyses to present new quantitative estimates and qualitative descriptions of the benefits and costs of the 31 major rules issued by Federal agencies for which we concluded review during the 12-month period between April 1, 1999 and March 31, 2000. It also discusses cost and benefit information for the ten major rules issued during this period by the independent agencies. This "regulatory year" is the same period we used for the first three reports.

Chapter III discusses general recommendations for reform aimed at improving the agencies' estimates of costs and benefits and the quality of regulations that we included in last year's report. It also solicits suggestions and recommendations for reforms for existing regulations and regulatory programs and provides a format to summarize the recommendations. Finally, Chapter III asks for suggestions that would improve the regulatory development and oversight process.

Chapter I: Estimating the Total Annual Costs, Benefits, and Impacts of Federal Regulations and Paperwork

I. Overview

This chapter discusses the estimates of the total annual costs and benefits of Federal rules and paperwork in the aggregate and by agency and agency program presented in Chapter II of last year's Report, Report to Congress On the Costs and Benefits of Federal Regulations (OMB, 2000).³ After discussing some of the problems we have encountered in estimating their costs and benefits, we explain why we decided to take a fresh and thorough look at our approach to aggregating

these estimates. We then propose various new approaches to estimation and ask for comments on them and any other suggestions on how to improve our estimates.

Last year's estimates represented our third estimation attempt. Each successive report added new information, both on new and existing regulations, as it became available during the intervening period. The new information significantly affected our estimates. Because of uncertainty, we characterized the estimates with wide ranges. Even then, we pointed out that wide gaps remained in both the cost and benefit estimates due to our inability to quantify and monetize many types of costs and benefits. Many commenters including the peer reviewers expressed doubts about the accuracy of the estimates and suggested ways to improve the estimates, but few offered alternative estimates.⁴

Given the concerns with our estimates, the relatively short time that has passed since we issued our last report on June 2, 2000, and new statutory requirements to do this report on an annual basis, we are taking this opportunity to step back and take a more careful look at both the methodologies and assumptions behind the hundred or so individual studies upon which our estimates are based and our approach to aggregating them.

On March 22, 2000, we issued "Guidelines to Standardize Measures of Costs and Benefits and the Formats of Accounting Statements" (OMB Memorandum M-00-08), which dealt with many of the problems that analysts face in estimating the costs and benefits of individual regulations. Most analyses of the impacts of regulations are not simple or clear cut.

Clearly we cannot identify fully the aggregate estimates of the costs and benefits of all Federal regulation. In particular, we are most uncertain about the costs and benefits of regulations issued before 1990. At that time, OMB and others began systematically keeping track of the total costs and benefits of major regulations by using estimates from agency regulatory impact analyses. Before that time, the aggregate estimates were a combination of studies from academics, agencies, and industry using a variety of methods and assumptions. Moreover, some of the studies were retrospective, others prospective.

In addition, using the standards of our new Guidelines, it is apparent that

many of the regulatory estimates for regulations issued since 1990 are also not fully satisfactory. Thus, for the reasons discussed above, we have decided this year to reassess the approach and methodology we have used to estimate the aggregate costs and benefits of Federal regulation. To do this, we are asking for advice and guidance from the public and peer reviewers on ways to improve our past estimates and implementation of the Act.

II. Developing Aggregate Estimates of the Benefits and Costs of Regulation

Although we expressed significant methodological concerns with aggregate estimates of the benefits and costs of regulation in our previous three reports, we did present estimates of the total benefits and costs of Federal rules and paperwork in the three reports.⁵ We are not aware of new information that would provide the basis for a major revision to these estimates. We are interested, though, in identifying appropriate next steps in supporting a major overhaul of these estimates. To this end, we are considering several possibilities.

Should We Assess Older Regulations? One possibility would be to drop the benefits and costs of Federal regulatory action for regulations issued prior to 1990. Several peers and commenters on the draft of last year's report expressed concern with the methodology used to estimate the costs and benefits of some of the most important regulations issued before 1990. Also, in a dynamic economy changes in product mix, consumer taste, per capita income, production technologies, etc., all operate to change the effect of regulations adopted two or three decades ago. Over time, these requirements become absorbed in a broader economic milieu and the merits of identifying independent benefit and cost estimates for these older rules is at least arguable.

Should We Focus on Specific Statutes or Categories of Regulations? A second possibility would be to focus efforts on developing estimates of the benefits and costs of specific programs—for example, regulation of automobile safety or drinking water systems. This approach could yield estimates of benefits and costs associated with a specific program and at the same time offer some insight into specific areas where the program is

³ The June 2000 report may be found on OMB's home page at: <http://www.whitehouse.gov/omb/inforeg/2000fedreg-report.pdf>. The charts are in a separate file at: <http://www.whitehouse.gov/omb/inforeg/2000fedreg-charts.pdf>.

⁴ See Chapter I of last year's report, which presents a discussion of the peer reviewers' and public's comments on last year's draft report (OMB 2000).

⁵ See the detailed discussions of the various problems encountered in estimating aggregate costs and benefits that caveated the estimates in the previous reports (OMB 1997, 1998, and 2000). These reports are on our home page at <http://www.whitehouse.gov/omb/inforeg/index.html>.

effective and, perhaps, areas where the program is less effective.

This approach is similar to the approach adopted by EPA in its Report to Congress on the Benefits and Costs of the 1990 Clean Air Act Amendments. In this case, EPA identified a well-defined baseline—the Clean Air Act prior to adoption of the 1990 amendments. However, we believe a review of this type ought to go beyond just providing estimates of total benefits and costs to assess the specific regulatory provisions that make up the regulatory program.

This approach, of course, will not yield aggregate estimates of the benefits and costs of Federal regulations unless all regulatory programs are evaluated. However, it may help to bring into focus the effects of specific programs and help to identify what elements of the program are working—and what elements are not working and need to be over-hauled.

Should We Seek to Develop A Better Way to Estimate the Aggregate Cost of Federal Regulation?

Rather than using the bottom up approach of adding up individual estimates of regulatory programs and regulations, a top down approach could be used to estimate the costs of all regulation. At least for some regulations, survey techniques could be used to ask firms and other entities what expenditures they make to comply with Federal regulation. In this regard, the Department of Commerce has recently reinstated (after a five year lapse) its national survey for pollution abatement costs and expenditures (known as the PACE survey for short). This approach could be expanded for other regulations.

How Should We Estimate Effects on State, Local, and Tribal Government, Small Business, Wages, and Economic Growth?

Last year we presented a general theoretical discussion of the effects of regulation on State, Local, and Tribal Government, Small Business, Wages, and Economic Growth without any empirical estimates. We received several comments on last year's report asking for empirical estimates. We have asked agencies to provide this information in their reports and accounting statements to us. We would also appreciate receiving any additional information that commenters would like to provide us.

How Can We Improve the Estimates of Costs and Benefits of Major Regulations?

In our previous reports, we relied heavily on agency estimates for major

regulations. Our approach has been to work with the agencies as we reviewed their regulatory impact analyses to help them improve their estimates. As mentioned, we also issued Guidance to help them standardize and improve their estimates of costs and benefits of regulations. And in some instances we monetize agency estimates where they had provided quantified information, but for whatever reason had not monetized themselves. We also made attempts to use consistent discount rates. Still, many commenters continue to ask us to do a better job of assuring consistency in the methodologies and assumptions used by the agencies in their estimates. We will continue to emphasize to the agencies the importance of complying with the Guidelines.

Some commenters have also urged us to provide our own independent estimates of costs and benefits in the place of agency estimates. We of course will continue to work with the agencies to improve the agency estimates at the time we review their regulations. But the question arises whether we should include the agency estimates in our report if, with the passage of time and the addition of new information in the course of preparing the Report to Congress, we find that revised estimates would be more accurate.

How Should We Treat EPA's Aggregate Estimates of the Benefits of the Clean Air Act?

The aggregate estimate of the benefits of Federal Regulations reported in the last two Reports is dominated by EPA's estimates of the benefits of regulations required by the Clean Air Act (CAA) from their two Reports to Congress on the Benefits and Costs of the Clean Air Act. The magnitude and importance of these estimates demand careful attention to their derivation and accuracy.

These Reports were developed through an EPA Science Advisory Board (SAB) peer review process. In both cases, the SAB panels reviewing these two Reports concluded review by stating that these Reports were serious, careful studies employing sound methods and data. The SAB panel also stated that "While we do not endorse all details of the study, we believe that the study's conclusions are generally consistent with the weight of available evidence."⁶

Public commenters on both of those reports criticized the methodology and

several of the key assumptions in those reports. We share some of those concerns and spent considerable time in our last two reports discussing them.

II. Summary

In order to improve our estimates of the total annual costs and benefits of Federal rules and paperwork in the aggregate and by agency and agency program presented in last year's Report, we are asking for comments and suggestions on those estimates, as well as for comments and suggestions on how to improve the ongoing estimation of the costs and benefits of agency rules. In addition to the questions and issues raised above, we also invite comments on any other aspect of last year's report (see Chapter II) that commenters feel would improve future reports.

Chapter II: Estimates of Benefits and Costs of This Year's "Major" Rules

In this chapter, we examine the benefits and costs of each "major rule," as required by section 628(a)(1)(C). We have included in our review those final regulations on which OMB concluded review during the 12-month period April 1, 1999, through March 31, 2000. This "regulatory year" is the same calendar period we have used for our three previous reports.

For purposes of section 628(a)(1)(C), we have interpreted "major rule" to include all final rules promulgated by an Executive branch agency that meet any one of the following three measures:

- Rules designated as "economically significant" under section 3(f)(1) of Executive Order 12866.
- Rules designated as "major" under 5 U.S.C. 804(2) (Congressional Review Act).
- Rules designated as meeting the threshold under Title II of the Unfunded Mandates Reform Act (2 U.S.C. 1531–1538).

We also include a discussion of major rules issued by independent regulatory agencies, although OMB does not review these rules under Executive Order 12866. This discussion is based on data provided by these agencies to the General Accounting Office (GAO) under the Congressional Review Act.

During the regulatory year, OMB reviewed 31 final rules that met the criteria noted above. Of these final rules, HHS submitted eight; EPA six; USDA six; DOT three; DOI three; and DOC, HUD, FEMA, and the Emergency Oil and Gas Guarantee Loan Board and the Emergency Steel Guarantee Loan Board, one each. These 31 rules represent about 16 percent of the 190 final rules reviewed by OMB between April 1, 1999, and March 31, 2000, and less than

⁶ See council review closure letter to EPA Administrator Browner, p. 1, EPA-SAB-Council-ADV-00-003, Nov. 19, 1999.

one percent of the 4,679 final rule documents published in the **Federal Register** during this period.

Nevertheless, because of their scale and scope, we believe that they represent the vast majority of the costs and benefits of new Federal regulations issued during this period.

I. Overview

We found that the benefit cost analyses accompanying the 31 final rules listed in Table 1 vary substantially in type, form, and format of the estimates the agencies generated and presented. For example, agencies developed estimates of benefits, costs, and transfers that were sometimes monetized, sometimes quantified but not monetized, sometimes qualitative, and, most often, some combination of the three.

II. Benefits and Costs of Economically Significant/Major Final Rules (April 1999 to March 2000)

A. Social Regulation

Of the 31 rules reviewed by OMB, 12 are regulations requiring substantial additional private expenditures and/or providing new social benefits,⁷ as described in Table 1.⁸ EPA issued six of these rules; DOI two; and USDA, DOC, HUD, and DOT one each. Agency estimates and discussion are presented in a variety of ways, ranging from a purely qualitative discussion, for example, the benefits of USDA's irradiation rule, to a more complete benefit-cost analysis, for example, EPA's storm water discharges rule.

1. Benefits Analysis

Agencies monetized at least some benefit estimates for seven of the 12

⁷The other 19 are "transfer" rules that set terms for monetary payments from one group to another that do not directly affect total resources available to society.

⁸Note that all dollar figures Table 1 are in 1996 dollars unless otherwise noted.

rules including: (1) HUD's estimate of \$715.6 million over the first five years from reduced lead exposure; (2) DOI's estimate of \$50 million to \$192 million per year in benefits from its migratory bird hunting regulations; and (3) EPA's \$800 million to \$19.3 billion per year in human health and visibility improvements from its regional haze rule. In one case, the agency provided some of the benefit estimates in monetized and quantified form, but did not monetize other, important quantified components of benefits. EPA's analysis of its handheld engines rule monetized the projected fuel savings, but not the estimated hydrocarbon and nitrogen oxide emission reductions.

In three cases, agencies did not report any quantified (or monetized) benefit estimates. In one case, the agency provided a qualitative description of benefits. USDA's irradiation rule discusses the benefits associated with the reductions in diseases associated with reduced pathogen exposure.

BILLING CODE 3110-10-P

TABLE 1: SUMMARY OF AGENCY ESTIMATES FOR FINAL RULES 4/1/99 - 3/31/00
 (As of date of completion of OMB review)

AGENCY	RULE	BENEFITS	COSTS	OTHER INFORMATION
USDA	Irradiation of Meat Food Products	Not Estimated	\$35 - 105 million/yr. (1995 dollars) assuming 25 percent of ground beef irradiated	"Society also may realize benefits from these final regulations if the use of irradiation results in a reduction of illnesses beyond what is achieved by current technologies. Several types of harmful microbial pathogens can be present in meat food products, including E. coli O157:H7, Salmonella, Clostridium perfringens, and the protozoan parasite Toxoplasma gondii. Irradiation at the dose levels allowed by this action can reduce the levels of these pathogens substantially. Economic benefits associated with these reductions would be decreases in the diseases associated with these pathogens. The reductions in the disease rates would translate into a reduction in the number of visits to physicians and hospitals." [64FR72163]
DOC	Endangered and Threatened Species; Threatened Status for Two Chinook Salmon ESUs	Not Estimated	Not Estimated	

TABLE 1: SUMMARY OF AGENCY ESTIMATES FOR FINAL RULES 4/1/99 - 3/31/00
(As of date of completion of OMB review)

AGENCY	RULE	BENEFITS	COSTS	OTHER INFORMATION
HUD	Lead-Based Paint Hazards	\$715.6 million (1996 dollars) for first five years of activity	\$564.2 million (1996 dollars) for first five years of activity	Costs and benefits include the present value of future costs and benefits associated with the first five years of hazard reduction activities. Monetized benefits based on prevention of elevated blood lead levels (EBLs) in children. "Such benefits include avoiding the costs of special education and medical treatment for EBL children, as well as increasing lifetime earnings associated with higher IQs for children with lower blood lead levels." [64FR50187] "The monetized benefit of increased lifetime earnings due to lower blood lead levels accounts for 99 percent of all monetized health benefits of the rule." [64FR50187] "HUD believes that an intergenerational discount rate is applicable to the final rule because the costs will be borne by adult taxpayers, and lifetime earnings will be realized by the children and grandchildren of these adult taxpayers." [64FR50186] Application of a 3% discount rate implies a benefit estimate of \$2.65 billion for the first five years of activity.
DOI	Migratory Bird Hunting (Early Season Frameworks)	\$50-192 million/yr.	Not Estimated	"Estimates of individual's willingness to pay indicate the size of this benefit. Willingness to pay for generally improved duck hunting in California was \$32. Willingness to pay for taking twice as many birds in Montana was \$123. Expanding these estimates nationwide, the welfare benefit of the duck hunting frameworks in on the order of \$50 to \$192 million" (RIA, p. 1).
DOI	Migratory Bird Hunting (Late Season Frameworks)	\$50-192 million/yr.	Not Estimated	"Estimates of individual's willingness to pay indicate the size of this benefit. Willingness to pay for generally improved duck hunting in California was \$32. Willingness to pay for taking twice as many birds in Montana was \$123. Expanding these estimates nationwide, the welfare benefit of the duck hunting frameworks in on the order of \$50 to \$192 million" (RIA, p. 1).

TABLE 1: SUMMARY OF AGENCY ESTIMATES FOR FINAL RULES 4/1/99 - 3/31/00
 (As of date of completion of OMB review)

AGENCY	RULE	BENEFITS	COSTS	OTHER INFORMATION
DOT	Light Truck CAFÉ Model- Year 2002	Not Estimated	Not Estimated	
EPA	Storm Water Discharges (Phase II)	\$671.5 million/yr.- billion/yr. (1998 dollars)	\$847.6 - 981.3 million/yr. (1998 dollars)	Estimates of individual willingness to pay for water quality improvements in fresh water and marine water indicate the size of the monetized benefit. "There are additional benefits to storm water control that cannot be quantified or monetized. Thus, the current estimate of monetized benefits may understate the true value of storm water controls because it omits many ways in which society is likely to benefit from reduced storm water pollution, such as improved aesthetic quality of waters, benefits to wildlife and to threatened and endangered species, cultural values, and biodiversity benefits." [64FR68794]

TABLE 1: SUMMARY OF AGENCY ESTIMATES FOR FINAL RULES 4/1/99 - 3/31/00
(As of date of completion of OMB review)

AGENCY	RULE	BENEFITS	COSTS	OTHER INFORMATION
EPA	Tier 2 / New Motor Vehicle Emissions Standards	\$13.7 - 25.2 billion/yr. (1997 dollars) in 2030.	\$5.3 billion/yr. (1997 dollars) in 2030.	<p>Agency estimates are based on analysis of 2030. Estimates represent "a single year 'snapshot' of the yearly benefits and costs expected to be realized once the standards have been fully implemented and non-compliant vehicles have all been retired. Near-term costs will be higher than long-run costs as vehicle manufacturers and oil companies invest in new capital equipment and develop and implement new technologies. In addition, near-term benefits will be lower than long-run benefits because it will take a number of years for Tier 2-compliant vehicles to fully displace older, more polluting vehicles." [65FR6783]</p> <p>Monetized benefits are based on reductions in cases of respiratory illness and premature mortality. Savings in associated medical costs are also included in the monetized portion of the benefits. Non-quantified benefits include possible improvements in visibility and avoided crop damage.</p> <p>"A full appreciation of the overall economic consequences of the Tier 2/gasoline sulfur standards requires consideration of all benefits and costs expected to result from the new standards, not just those benefits and costs which could be expressed here in dollar terms." [65FR6785]</p>

TABLE 1: SUMMARY OF AGENCY ESTIMATES FOR FINAL RULES 4/1/99 - 3/31/00
(As of date of completion of OMB review)

AGENCY	RULE	BENEFITS	COSTS	OTHER INFORMATION
EPA	Regional Haze Rule	\$0.8 - 19.3 billion/yr. (1990 dollars) in 2015	\$0.8 - 4.4 billion/yr. (1990 dollars) in 2015	Agency estimates are based on analysis of effects in 2015. Monetized benefits reflect improvements in health and visibility. "This benefit analysis does not quantify all potential benefits or disbenefits. The magnitude of the unquantified benefits associated with omitted categories, such as damage to ecosystems or damage to industrial equipment and national monuments, is not known." [RIA, p.9-1] EPA notes that "the RIA is not a precise reflection of the actual costs, economic impacts, and benefits associated with the progress goals and emission management strategies developed as a result of the final regional haze rule. This is due to the fact that under the regional haze rule, the States bear the primary responsibility for establishing reasonable progress goals as well as emission management strategies for meeting these goals. Until such time as the States make those decisions, EPA can only speculate as to which goals may be established and what types of control requirements or emission limits might result from the associated emission management strategies." [64FR35760]
EPA	Handheld Engines	\$80 million /yr. in fuel savings (1998 dollars) plus 310,000 tons/yr. combined annualized emission reductions in tons of nitrogen oxides and hydrocarbons	\$180 - \$240 million/year (1998 dollars)	Agency expects additional reductions in CO levels beyond Phase I levels, due to improved technology. These potential benefits have not been estimated. [65FR24296]

TABLE 1: SUMMARY OF AGENCY ESTIMATES FOR FINAL RULES 4/1/99 - 3/31/00
(As of date of completion of OMB review)

AGENCY	RULE	BENEFITS	COSTS	OTHER INFORMATION
EPA	Section 126 Petitions for Purposes of Reducing Interstate Ozone Transport	\$1.18 billion/yr. (1997 dollars)	\$1.15 billion/yr. (1997 dollars)	EPA did not provide a quantified and monetized benefits analysis for the promulgated trading program as part of this section 126 rulemaking. The EPA promised to provide a benefits assessment for the final section 126 rule at a later time.
EPA	Persistent Bio-accumulative Toxic Chemicals	Not estimated	\$147 million in the first year, \$82 million/yr. thereafter	"Because the state of knowledge about the economics of information is not highly developed, EPA has not attempted to quantify the benefits of adding chemicals to EPCRA section 313 or changing reporting thresholds. Furthermore, because of the inherent uncertainty in the subsequent chain of events, EPA has also not attempted to predict the changes in behavior that result from the information, or the resultant net benefits (i.e., the difference between benefits and costs). EPA does not believe that there are adequate methodologies to make reasonable monetary estimates of either the benefits of the activities required by the rule, or the follow-on activities. The economic analysis of the rule, however, does provide illustrative examples of how the rule will improve the availability of information on PBT chemicals (Ref. 67)." [64FR58743]

TABLE 1: SUMMARY OF AGENCY ESTIMATES FOR FINAL RULES 4/1/99 - 3/31/00
(As of date of completion of OMB review)

TRANSFER RULES

Dept. of Agriculture (USDA)

Dairy Market Loss assistance Program
Crop Loss Disaster Assistance Program (1998)
Crop Loss Disaster Assistance Program (1999)
Food Stamp Provisions
New England Milk Marketing Orders

Dept. of Health and Human Services (HHS)

Physician Fee Schedule for CY2000
Vaccine Injury Compensation Program: Addition of Rotavirus Vaccines
Medicare Program: Prospective Payment System for Hospital Outpatient Services
Medicare Program: Changes to Hospital Inpatient Prospective Payment Systems
Medicare Program: Medicare Disproportionate Share Hospital Adjustment Calculation

Dept. of the Interior (DOI)

Bureau of Indian Affairs: Indian Reservation Roads Funds for FY2000

Dept. of Transportation (DOT)

Credit Assistance for Surface Transportation Projects
Operation of Motor Vehicles by Intoxicated Drivers

Emergency Oil and Gas Guaranteed Loan Program

TABLE 1: SUMMARY OF AGENCY ESTIMATES FOR FINAL RULES 4/1/99 - 3/31/00
 (As of date of completion of OMB review)

TRANSFER RULES

Emergency Oil and Gas Guaranteed Loan Board

Emergency Oil and Gas Guaranteed Loan Program

Emergency Steel Guarantee Loan Board

Emergency Steel Guarantee Loan Program

Federal Emergency Management Agency (FEMA)

Hurricane Floyd Property Acquisition and Relocation Grants

Social Security Administration

Old-Age, Survivors, and Disability Insurance and Supplemental Security Income for Aged, Blind, and Disabled
 Revised Medical Criteria for Determination of Disability, Endocrine System and Related Criteria
 Effective Date of Application for Supplemental Security Income (SSI) Benefits

2. Cost Analysis

For eight of the 12 rules, agencies provided monetized cost estimates. These include such items as USDA's estimate of \$35 million to \$105 million per year as the cost of its irradiation rule and EPA's estimate of \$5.3 billion in the year 2030 as the cost of its Tier 2 rule.

For the remaining four rules, the agencies did not estimate costs. These rules included DOI's two migratory bird hunting rules, DOC's endangered species rule and NHTSA's light truck fuel economy rule.

3. Net Monetized Benefits

Six of the 12 rules provided at least some monetized estimates of both benefits and costs. Of those, three have positive net monetized benefits, that is, estimated monetized benefits that unambiguously exceed the estimated monetized costs of the rules. For example, HUD's lead-based paint rule will generate an estimated net benefit of about \$150 million (present value) over its first five years. EPA's tier 2 rule will result in an estimated net benefit of between \$8.4 billion and \$19.9 billion in 2030. One, EPA's handheld engines rule, has negative net monetized benefits.

Two EPA rules yielded estimates that included the possibility of both positive or negative net benefits. For example, EPA's storm water rule was estimated to generate between \$671.5 million and \$1.63 billion in benefits and between \$848 million and \$981 million in costs. The monetized benefit and cost estimates for EPA's Section 126 rule are essentially equal.

4. Rules Without Quantified Effects

Two of the rules in Table 1 are classified as economically significant even though the agency did not provide any quantified estimates of their effects.

DOC—Threatened Status for Two Chinook Salmon ESUs: Based upon publicly available information, OMB

determined that rules covering these species were major. Citing the Conference Report on the 1982 amendments to the Endangered Species Act, the agency did not perform a benefit-cost analysis of the final rules.

DOT—Light Truck CAFE: For each model year, DOT must establish a corporate average fuel economy (CAFE) standard for light trucks, including sport-utility vehicles and minivans. (DOT also sets a separate standard for passenger cars, but is not required to revisit the standard each year.) For the past five years, however, appropriations language has prohibited NHTSA from spending any funds to change the standards. In effect, it has frozen the light truck standard at its existing level of 20.7 miles per gallon (mpg) and has prohibited NHTSA from analyzing effects at either 20.7 mpg or alternative levels. Although DOT did not estimate the benefits and costs of the standards, the agency's experience in previous years indicates that they may be substantial. Over 5 million new light trucks are subject to these standards each year, and the standard, at 20.7 mpg, is binding on several manufacturers. In view of these likely, substantial effects, we designated the rule as economically significant.

B. Transfer Regulations

Of the 31 rules listed in Table 1, 19 implement Federal budgetary programs. The budget outlays associated with these rules are "transfers" to program beneficiaries. Of the 19, three are USDA rules implementing Federal appropriations language regarding disaster aid for farmers; one deals with the food stamp program; five are HHS rules implementing Medicare and Medicaid policy; three deal with social security eligibility; two are DOT rules regarding grants to states to pay for highway projects and reduce intoxicated driving; one is a BIA rule regarding funding for road-building on Indian

reservations; two are loan guarantees (oil and gas, and steel); and one is a FEMA rule providing assistance to the victims of Hurricane Floyd.

III. Major Rules for Independent Agencies

The Congressional review provisions of the Small Business Regulatory Enforcement Fairness Act (SBREFA) require the General Accounting Office (GAO) to submit reports on major rules to the Committees of jurisdiction in both Houses of Congress, including rules issued by agencies not subject to Executive Order 12866 (the "independent" agencies). We reviewed the information on the costs and benefits of major rules contained in GAO reports for the period of April 1, 1999 to March 31, 2000. GAO reported that four independent agencies issued ten major rules during this period. GAO reported that the agencies said they were not required to do benefit-cost analysis for the ten rules. We list the agencies and the type of information provided by them (as summarized by GAO) in Table 2.

In comparison to the agencies subject to E.O. 12866, the independent agencies provided relatively little quantitative information on the costs and benefits of the major rules. As Table 2 indicates, seven of the ten rules included some discussion of benefits and costs. None of the ten regulations had any monetized cost information; one regulation monetized the benefits associated with the regulation.

The one rule that estimated benefits was "Regional Transmission Organizations (RTO)" by the Federal Energy Regulatory Commission. The rule cited an estimate that EPA produced in connection with the environmental assessment that RTO formation would result in annual benefits of \$2.4 billion.

TABLE 2.—BENEFIT AND COST INFORMATION ON INDEPENDENT AGENCY RULES

Agency	Total rules	Rules with some information on costs or benefits	Monetized information on costs	Monetized information on benefits
Federal Communications Commission (FCC)	5	2	0	0
Securities and Exchange Commission (SEC)	3	3	0	0
Nuclear Regulatory Commission (NRC)	1	1	0	0
Federal Energy Regulatory Commission (FERC)	1	1	0	1
Total	10	7	0	1

Chapter III: Recommendations for Reform

Section 628(a)(3) of the FY2000 Treasury and General Government Appropriations Act (the Act) requires OMB to submit "recommendations for reform" with its report on the costs and benefits of Federal regulations. As we have pointed out in our previous reports, much of OMB's job in reviewing regulations and regulatory impact analyses submitted by the agencies is to suggest regulatory reforms and improvements.

Last year we issued guidelines for the agencies to use in preparing the regulatory impact analyses that accompany major regulatory actions. We hoped that The Guidelines to Standardize Measures of Costs and Benefits and the Format of Accounting Statements, issued in final form as Memorandum M-00-08 on March 22, 2000, would improve the quality of the data and analyses underlying major regulations, thereby leading to improvements in Federal regulation. In order to improve transparency and understanding of regulatory impacts by the public, we asked the agencies last year to use the format of the accounting statements to summarize regulatory impacts in the preambles to the **Federal Register** notices announcing their rules. We believe these guidelines and the accounting statement provide a sound foundation for estimating and presenting the benefits and costs of Federal regulation. OMB expects agencies to use the guidelines and the format of the accounting statements as they prepare regulatory impact analyses in the coming months. We are interested in suggestions on further actions we should take to improve the overall performance of the agencies in their responsibility to provide transparent and understandable regulatory analyses to the public.

In addition, in our previous reports to Congress, we highlighted some of the individual and incremental reforms that were underway by drawing from the key entries in the Regulatory Plan that is published in the **Federal Register** each Fall. With the change in Administrations, we are now in the process of reviewing a variety of existing regulations and regulatory programs in an effort to identify areas where sensible changes will yield greater benefits for the public at lower costs. At this point in the process, we do not have enough information to present a set of recommendations for the reform of specific regulations or regulatory programs. To help us in this effort, we are asking for

recommendations and comments on regulations and regulatory programs that may be of concern to the public.

Specifically, we would like to receive suggestions on specific regulations that could be rescinded or changed that would increase net benefits to the public by either reducing costs and/or increasing benefits. We would appreciate if commenters identified regulations that are obsolete or outmoded, and could be rescinded or updated. If possible we would appreciate commenters being as specific as possible in their suggested reforms including whether the reform could be accomplished by agencies through rulemaking or would require statutory changes. In addition to supplying whatever documentation and supporting materials (including citations to published studies) you feel is appropriate, we would appreciate it if you used the following suggested format to summarize the recommendations.

Format for Suggested Regulatory Reform Improvements

Name of Regulation:
 Agency Regulating: (Include any subagency).
 Citation: (Code of Federal Regulations).
 Authority: (Statute).
 Description of Problem: (Harmful impact and on whom).
 Proposed Solution: (Both the fix and the procedure to fix it).
 Estimate of Economic Impacts (Quantified benefits and costs if possible).
 Finally, we also invite commenters to suggest any other reforms to the regulatory development and oversight processes that would improve regulatory outcomes.

[FR Doc. 01-11006 Filed 5-1-01; 8:45 am]

BILLING CODE 3110-01-P

OVERSEAS PRIVATE INVESTMENT CORPORATION

Submission for OMB review; Comment Request

AGENCY: Overseas Private Investment Corporation.

ACTION: Request for Comments.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to publish a Notice in the **Federal Register** notifying the public that the Agency is preparing an information collection request for OMB review and approval and to request public review and comment on the submission. Comments

are being solicited on the need for the information, its practical utility, the accuracy of the Agency's burden estimate, and on ways to minimize the reporting burden, including automated collection techniques and uses of other forms of technology. The proposed form under review is summarized below.

DATES: Comments must be received on or before July 2, 2001.

ADDRESSES: Copies of the subject form and the request for review prepared for submission to OMB may be obtained from the Agency Submitting Officer. Comments on the form should be submitted to the Agency Submitting Officer.

FOR FURTHER INFORMATION CONTACT:
OPIC Agency Submitting Officer: Carol Brock, Records Manager, Overseas Private Investment Corporation, 1100 New York Avenue, NW., Washington, DC 20527; 202/336-8563.

Summary of Form Under Review

Type of Request: Form Renewal.
Title: Request for Registration for Political Risk Investment Insurance.
Form Number: OPIC-50.
Frequency of USE: Once per investor, per project.
Type of Respondents: Business or other institutions.
Standard Industrial Classification Codes: All.
Description of Affected Public: U.S. companies investing overseas.
Reporting Hours: 1/2 hour per project.
Number of Responses: 850 per year.
Federal Cost: \$1,600 per year.
Authority for Information Collection: Sections 231 and 234(a) of the Foreign Assistance Act of 1961, as amended.

Abstract (Needs and Uses): The OPIC 50 form is submitted by eligible investors to register their intent to make international investments, and ultimately, to seek OPIC insurance. By submitting Form 50 to OPIC prior to making an irrevocable commitment, the incentive effect of OPIC is demonstrated.

Dated: April 27, 2001.

Rumu Sarkar,

Assistant General Counsel, Administrative Affairs, Department of Legal Affairs.

[FR Doc. 01-10956 Filed 5-1-01; 8:45 am]

BILLING CODE 3210-1-M