

## Questions for the Record from Senator Chris Coons

Mr. Narang: Senator Cruz asked you to name an example of overregulation. Are there examples of overregulation that you would like to highlight for the Subcommittee?

At the outset, I would like to make clear, as I did in both my written testimony and my oral remarks, that the current status quo with respect to federal regulations is not overregulation but under-regulation and such under-regulation results in lost lives, preventable injuries, damage to the environment, and instability in our financial system. Thus, the premise that overregulation is harming our country is flawed in that any potential overregulation is dwarfed by systemic under-regulation.

That said, there is a particular instance of regulation that has disproportionately hurt minority populations. I am referring to laws and implementing regulations requiring voters to produce identification as a precondition to exercising their right to vote. These voter ID laws are premised on the false belief that voter fraud is widespread which is in direct contradiction to the clear majority of empirical work showing that voter fraud claims are drastically overstated. Nonetheless, empirical work also convincingly demonstrates that such voter ID laws have led to large numbers of disenfranchised voters among whom the overwhelming majority is comprised of minority voters. Voter ID laws and implementing regulations are one of the rare if compelling examples of regulation hurting minority populations.

Mr. Narang: During live testimony, another witness cited the Competitive Enterprise Institute for the proposition that federal regulations cost the economy \$2 trillion and the Small Business Administration for the proposition that small businesses bear a regulatory cost of \$10,585 per employee. What is your response to these claims?

Let me begin by addressing the generic claim that regulations hurt the economy, often used to justify assertions of overregulation. This rhetoric is simply not supported by reality. All studies that have attempted to demonstrate this falsehood have been completely discredited by credible, independent, and in certain cases, non-partisan observers such as the Congressional Research Service. None of these studies have been subjected to peer-review and none would pass scrutiny under peer-review.

This is certainly the case with respect to these two reports in particular, one by the Competitive Enterprise Institute (CEI) and one by the Small Business Administration Office of Advocacy (SBA Advocacy), both of which assert that regulation costs our economy roughly 1.8 trillion annually which breaks down to about 15,000 dollars per household. Both are readily cited by lawmakers and by a fellow witness at the hearing. And yet, when the Washington Post looked at the CEI report, it thoroughly discredited the study, finding it “misleading” and worthy of two pinocchios.<sup>1</sup> The CEI report’s authors themselves claim it is “not scientific” and rather “back of the envelope.” Likewise, the SBA Advocacy report has been heavily criticized by all independent observers and has even been disavowed by the SBA Advocacy itself who now warns readers that “findings of the study have been taken out of context and certain theoretical estimates of costs have been presented publicly as verifiable facts.”<sup>2</sup> It is long past time for the SBA to take the report off its website and publicly apologize for the inappropriate use of taxpayer funds. These reports, and others relying on similar discredited methodology, cannot and should not inform critical policy debates, and certainly should not be the primary justification for claims of overregulation.

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<sup>1</sup> <https://www.washingtonpost.com/news/fact-checker/wp/2015/01/14/the-claim-that-american-households-have-a-15000-regulatory-burden/>

<sup>2</sup> <https://www.sba.gov/advocacy/impact-regulatory-costs-small-firms>

Mr. Narang: The issue of occupational licensing was raised as an area of overregulation of concern to minorities. Do federal health and safety regulation reform proposals affect occupation licensing requirements, which are usually implemented at the state and local level?

None of the regulatory reform proposals currently pending in Congress would impact or affect occupational licensing requirements that apply at the state and local level. Indeed, lawmakers should be very careful not to conflate purported problems with state level occupational licensing regimes with calls for significant reforms to the federal rulemaking process. Stipulating that Congress should adopt regulatory reform measures, which as I explain in my written testimony would significantly undermine the government's ability to protect the public's health, safety, the environment, and the stability of our financial system, on the basis of concerns with occupational licensing makes little sense and would result in misleading the public.