

THE VICE PRESIDENT  
OFFICE OF THE PRESS SECRETARY

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Statement by the Vice President  
Regarding Actions Taken  
by the  
President's Task Force on Regulatory Relief

Today I have several announcements concerning actions taken by the President's Task Force on Regulatory Relief.

As you know, our mandate is to achieve the regulatory relief our economy desperately needs -- to reduce costs, to reduce inflation, to increase productivity, and to provide more jobs, while at the same time maintaining due concern for the environment, and for the health and safety of our citizens. The latest actions of the Task Force further these goals.

First, we are releasing a list of regulatory rules that are designated for postponement. These are "midnight" regulations that were caught in the regulatory "freeze." They will not be made final in their current form, but will be reviewed by the agencies.

Second, we are releasing a list of existing regulations that various agencies will be reassessing and possibly modifying. The regulations on both lists will undergo the review procedure outlined in the Executive Order signed by the President on February 17. For most of these regulations, agencies will prepare Regulatory Impact Analyses, and their decisions will be guided by the President's regulatory principles as set forth in the Order.

Third, we are announcing EPA's approval of the first State "bubble" rule that avoids the need for case-by-case EPA review. Approval of this rule, submitted by New Jersey, will permit cheaper and more flexible pollution control at the State level and will result in greater pollution reductions at the same time.

These regulations do not include those rules that affect the automobile industry. The automobile industry relief package, now under preparation, has highest priority and will be announced separately in the future.

I also want to announce that I am issuing correspondence to various departments, agencies, business, labor and other private sector groups.

- \* First, I have sent a letter to the heads of executive agencies informing them of a decision of the President to abolish the Regulatory Council. Some members of the Council will continue working on the useful Regulatory Calendar and other projects.

There is another letter that I have sent to the heads of independent agencies, asking for their continued cooperation in preparing the Regulatory Calendar, but also -- and I think this is very important -- asking them to cooperate with the spirit of the requirements of the Executive Order insofar as they are able.

- \* Finally, there are some 100 letters that I have signed, a copy of which you have there, formally requesting input to us and the agencies from the private sector. These letters are going to labor organizations, businesses, trade associations, State and local governments, and academic groups.

Let me say finally that with regard to private sector inputs, we seek and need help, not only in eliminating regulations from which relief is warranted, but support for what we are doing. And we are getting a lot of support. I want to read a letter received two days ago written by a coal miner in West Virginia. He says that, "due to the excessive pressure, unjust regulations, and civil penalties that the federal government has imposed on the coal mining industry, our future in maintaining a job in coal fields is in great jeopardy . . . we feel that the Code of Federal Regulations is hampering our production and making it impossible to compete with foreign imports." His petition is signed by 65 fellow miners.

What the President is attempting to do in this area is find a balance between safety in the work place and environmental protection, and, at the same time, eliminate from our economy unneeded regulations so that we can grow and increase our nation's productive capacity.

RULES DESIGNATED FOR POSTPONEMENT

DEPARTMENT OF AGRICULTURE

1. Revision and Redesignation of Section 502 Rural Housing Loan Policies, Procedures, and Authorization (Farmers Home Administration, 46 FR 4681) This regulation relaxes eligibility requirements for low interest, subsidized loans to moderate-income families for buying homes. The Secretary has suspended the effective date to facilitate further analysis. Also, the regulation has major budgetary implications.

DEPARTMENT OF COMMERCE

2. Federal Interaction with Voluntary Standards Bodies; Procedures (46 FR 1574) Prescribes procedures for (1) the listing and delisting of organizations setting voluntary standards eligible for Federal agency support and participation and (2) a DOC sponsored dispute resolution service for procedural complaints against listed voluntary standard bodies. Comments were received before and during the freeze which need to be analyzed.
3. The Channel Islands National Marine Sanctuary (45 FR 65198) Establishes limitations and prohibitions on the activities regulated within the Sanctuary, the procedures by which persons may obtain permits for prohibited activities and the penalties for committing prohibited activities. A major issue requiring review is the impact of the rule on the development of hydrocarbon energy sources. Only the portion of the rule dealing with this issue will remain frozen until the Department takes further action.
4. The Point Reyes-Farallon Islands National Marine Sanctuary (46 FR 7936) Establishes limitations and prohibitions on the activities regulated within the Sanctuary, the procedures by which persons may obtain permits for prohibited activities, and the penalties for committing prohibited activities. A major issue requiring review is the impact of the rule on the development of hydrocarbon energy sources. Only the portion of the rule dealing with this issue will remain frozen until the Department takes further action.

## DEPARTMENT OF EDUCATION

5. Assistance to States for Education of Handicapped Children (46 FR 4912)

This is an interpretation of the Education of the Handicapped Act and Section 504 of the Rehabilitation Act of 1973. This interpretation specifies that schools should provide catheterization service during the school day. This requirement needs to be reexamined,

## DEPARTMENT OF INTERIOR

6. Prime Farmlands (46 FR 7208)

This rule implements the Surface Mining Act, and replaces rules invalidated by the Courts in 1978 concerning the standard defining whether mined areas should be returned to prime farmland and the "grandfather" rule concerning land being mined before passage of the Act. This rule will be reexamined.

7. Prime Farmlands (46 FR 7894)

This amendment also implements the Surface Mining Act, dealing only with the grandfather clause and also implementing the Court's ruling. This rule will be reexamined.

8. Extraction of Coal, Two Acres or Less (46 FR 7902)

These rules tighten the two acre exemption included in the Surface Mining Act. The Department has decided to reconsider it.

9. Tribal Government Elections (46 FR 1668, 1674)

The rule extends to tribes in Oklahoma and Alaska existing rules governing tribal elections in other states. Also, rules governing process for petitioning for an election are rewritten. The rule will remain frozen until the Department decides whether to reconsider it.

10. FLRMA Exchange Authority for Public Land (46 FR 1634)

This rule deals with procedures governing the Department's authority to exchange public lands for private lands. The rule will remain frozen until the Department decides whether to reconsider it.

DEPARTMENT OF INTERIOR (Continued)

11. Land Withdrawal Procedures  
Amendments (46 FR 5794)

The rule sets out, for the first time, a consistent management process for handling withdrawal applications. The rule will remain frozen until the Department decides whether to reconsider it.

- Leases, Permits, Easements  
Through Public Lands  
(46 FR 5773)

This rule sets out revised rules for leases, permits and easements of public lands. The rule will remain frozen until the Department decides whether to reconsider it.

13. Hawaiian Tree Snail  
(46 FR 3178)

This rule extends endangered species protection to the Hawaiian tree snail. The rule will remain frozen until the Department decides whether to reconsider it.

- Gypsum Wild Buckwheat  
and Todsens Pennyroyal  
(46 FR 5730)

These rules extend endangered species protection to the Pennyroyal plant and to the wild Buckwheat plant. These rules will remain frozen until the Department decides whether to reconsider them.

5. Glacier Bay National Monument;  
Protection of Humpback Whale  
(45 FR 85741)

This rule establishes limits on small vessels within Glacier Bay and prohibits commercial harvesting of the organisms upon which the humpback whale feeds. The rule will remain frozen until the Department decides whether to reconsider it.

DEPARTMENT OF JUSTICE

16. The Effect of a Strike on the  
Admission and Continued  
Employment of Certain  
Nonimmigrants (46 FR 4856)

Clarifies under which conditions temporary alien workers cannot be used as strikebreakers. INS will delay that part of the rule which deals with the role of manager/supervisor alien workers as strikebreakers until additional analysis is completed.

DEPARTMENT OF LABOR

17. Walkaround Compensation  
(46 FR 3582)

The rule would have required employers to pay their employees for time spent accompanying OSHA compliance officers in their inspection of the work place. The Department has submitted a Federal Register notice to withdraw this rule as it appears to be unnecessary.

DEPARTMENT OF LABOR (Continued)

Occupational Exposure to Lead  
(46 FR 6134)

The rule specifies the amount of lead that can be in the ambient air before engineering controls must be introduced. The rule also contains monitoring requirements. The lead standard is under review. The Department is postponing the standard for 30 more days to permit additional fact finding as a basis for a policy decision.

Procedures for Pre-determination of Wage Rate under Davis-Bacon (46 FR 4306)

This rule modified the 30% modal rate defining the "prevailing wage". In the absence of such a rate, the mean rate is established as the prevailing rate. The Department is planning thoroughly reexamining the Davis-Bacon regulation.

Payment of Membership Fees  
(46 FR 3892)

The rule would have prohibited employers from paying membership fees for their employees to private clubs unless it was clear that the club did not discriminate by race, sex, national origin or creed. The Department has submitted a Federal Register notice withdrawing this rule.

21. Service Contract Act  
(46 FR 4398)

The Department is reexamining the SCA regulations which require the payment of "prevailing wages" to service employees working for firms that have contracts with the Federal Government. The Department is reexamining these regulations.

22. Salary Test Levels to Determine Eligibility for Exemption from Overtime Provisions (46 FR 3010)

The regulation would have raised the salary test levels so that fewer workers would have been exempted from the overtime requirements of the FLSA. The Department is extending the effective date to permit reexamination.

23. Government Contractors: Affirmative Action Requirements (46 FR 9084)

These specify what actions and reporting and recordkeeping requirements government contractors must comply with in order to do business with the Federal Government. The Department is working on a major reexamination of the OFCCP affirmative action requirements.

24. Labor Standards Provisions: Construction Contracts (46 FR 4380)

This regulation is related to the Davis-Bacon regulations but is issued under the Contract Work Hours and Safety Standards Act. This Davis-Bacon and related regulations are being thoroughly reviewed.

DEPARTMENT OF LABOR (Continued)

Certification Process and  
Adverse Effect Wage Rate  
(46 FR 4568)

The rule would have changed the method of determining the adverse effect wage rate from a regional to national level method and rate. The Department has submitted a Federal Register notice withdrawing this rule.

DEPARTMENT OF TRANSPORTATION

26. Urban Transportation Planning  
(46 FR 5702)

This rule implements the urban transportation planning process mandated by the Federal-Aid Highway Act and the Urban Mass Transportation Act of 1964. DOT is postponing this rule so that FHWA and UMTA can determine what portions will be made effective and what portions will be withdrawn.

Addition of Water to Pipelines  
Transporting Anhydrous Ammonia  
(46 FR 39)

Establishes a water standard for pipelines transporting anhydrous ammonia. DOT is postponing the effective date to permit additional analysis of potential costs and benefits.

28. Traffic Control Devices  
(46 FR 2038)

Reduces and consolidates existing regulations that prescribe procedures for States to develop uniform traffic control devices. DOT is withdrawing this rule to allow a thorough reevaluation of FHWA's traffic control program.

29. Carpool and Vanpool Projects  
(46 FR 2298)

Revises eligibility criteria for federal funding of carpool and vanpool projects in accordance with the Surface Transportation Assistance Act of 1978. DOT is withdrawing this regulation for FHWA to review the overall program.

30. Bus Rehabilitation Program  
Policy and Procedures  
(46 FR 9862)

Establishes policy and eligibility criteria for grants to aid in bus rehabilitation projects. DOT is withdrawing this regulation. A more flexible policy statement is being considered in its place.

31. Emergency Stockpiling of  
Buses (46 FR 5480)

Allows grantees to stockpile buses for future emergency use. DOT is withdrawing this rule. A more flexible policy statement is being considered in its place.

DEPARTMENT OF TRANSPORTATION (Continued)

Urban Initiatives Program  
(46 FR 5820)

This regulation concerns funding for mass transportation projects to enhance urban development. DOT is withdrawing this regulation. Funding for this program is scheduled to end.

DEPARTMENT OF TREASURY

Revenue Sharing Handicapped  
Discrimination Regulations  
(46 FR 1120)

The rule imposes extensive new obligations on local governments that are recipients of revenue sharing funds to prevent discrimination against the handicapped in services, employment and access to facilities, as provided in Section 504 of the Rehabilitation Act of 1973, as amended. These regulations should be postponed pending further analysis of the potential impacts.

ENVIRONMENTAL PROTECTION AGENCY

34. Timber Products Effluent  
Guidelines: EPT and BCT  
(46 FR 8260)

On January 26, EPA promulgated best conventional pollutant control technology (BCT) effluent limitation for categories of the timber industry. Pending EPA's current review of the economic methodology for determining the reasonableness of BCT standards, it is appropriate to postpone the final BCT regulations. The EPT regulations will go into effect.

35. Amendments to General  
Pretreatment Standards  
(46 FR 9404)

These amendments modify an earlier program for controlling industrial discharges into municipal sewage systems. These regulations will be postponed pending further examination.

36. Pesticides: Classification  
of Uses of Active Ingredients  
and State Registration of  
Pesticide to Meet Local Needs  
(46 FR 2008 and 5696)

EPA issued two regulations classifying uses of active ingredients for restricted use and specifying provisions for State registration of pesticides to meet local needs. At EPA's initiative, these regulations are being postponed due to special Congressional review provisions under FIFRA.



# NOTES ON REGULATION AND REGULATORY RELIEF

## I. General Statistics

90 Federal agencies have some regulatory responsibilities.

The eleven cabinet agencies and EPA issued more than 5,000 new regulations in 1980.

The Federal Register filled more than 87,000 pages in 1980, up from 20,000 in 1970, and increasing at the rate of 10,000 pages per year.

Budget expenditures on regulatory programs at the principal regulatory agencies amounted to at least \$4 billion in FY 1980. The total cost of regulation may exceed \$100 billion annually. Environmental regulation, according to CEQ, will cost more than \$500 billion over the next 10 years.

## II. Regulatory "Freeze"

The postponement in effective dates of final regulations affected 12 agencies:

USDA	Interior
Commerce	Justice
Education	Labor
Energy	Transportation
HHS	Treasury
HUD	EPA

A. 172 regulations that had already been issued in final form but which had not yet taken effect were initially postponed.

4 were released during the 60-day period.

About 100 more will be released on March 30, when the postponement ends.

The remaining 30 or so will be further postponed and reconsidered.

B. An indefinite number of regulations that were about to be issued in final form--a hundred or more--were held up. Twenty-one of these regulations were released during the 60-day period.

C. 44 final regulations were issued on an emergency basis, without going through the postponement process.

## III. Executive Order

223 submissions had been received under the Executive Order by close of business, March 23. New submissions are arriving at a rate of 30 per day, which would translate to 7,500 annually. (Each rule will be reviewed twice, first as a proposal and later as a final rule.)

#### IV. Initial Impact of "Freeze" and Executive Order

During the month of January 1981, the average daily length of the Federal Register increased by 50 percent over the average for the previous year. By the end of February, after the postponement and freeze, the Federal Register was 25 percent shorter than the average for the previous year. The average daily number of proposed and final rules each declined by at least 50 percent after the postponement and Executive Order were announced, compared to the average for the month of January.

##### Average Number Per Day

	<u>Final Rules</u>	<u>Proposed Rules</u>	<u>Federal Register Pages</u>
Jan 2 - Jan 29	38	24	
Jan 30 - Feb 17	22	17	244
Feb 18 - Feb 27	19	11	

Note: the postponement was issued on January 29; the Executive Order was signed on February 17.

Among the regulations withdrawn or deferred since the announcement of the Task Force and the regulation postponement are:

<u>Agency</u>	<u>Regulation</u>	<u>Capital Cost</u> (in millions of dollars)	<u>Annual Cost</u>
Education	Bilingual Education		180-590
Transportation	Passive Restraints	100	50
OSHA	Chemical Labelling	650-900	340-470
EPA	Garbage Truck Noise	--	30

#### V. Paperwork Burden

OMB's inventory of reporting requirements contains 3,829 active reports, accounting for a total of 195 million burden hours. (That understates the annual burden, since additional reports will be added during the course of the year.) OMB processes 3,000 transactions annually, covering 50 agencies. The two largest reports are:

Medicare Forms	30 million hours
Food Stamps	18 million hours

IRS tax forms are not covered. When they and other agencies are brought into the system, annual burden hours will increase to 1.25 billion hours, annual transactions to 10,000.

March 25, 1981

EXISTING REGULATIONS TO BE REVIEWED

DEPARTMENT OF AGRICULTURE

1. Mechanically processed  
(species) product

The Department of Agriculture has established, by regulation, requirements for the production, use and labeling of mechanically processed (species) product (a meat food product resulting from the mechanical separation of bone and skeletal muscle), and the labeling and preparation of products in which it is used as an ingredient. The regulations' primary impacts are on processors of the product and processors and consumers of products in which it is used. A review of the regulations will determine whether modifications would result in higher net benefits to processors and consumers.

2. Marketing orders for fruits  
and vegetables

Regulations issued to implement fruit and vegetable marketing orders have a direct impact on both producers and first handlers by specifying the quality of the regulated commodities to be marketed, the quantities to be marketed on a scheduled basis within a season, or the outlets into which a seasonal crop may be marketed. Orders also may provide for establishment of a reserve pool whereby supplies in excess of marketing requirements must be set aside for later sale. In addition to meeting the marketing regulations, handlers also must finance the local administration and any research or promotional activities under the programs. A review of fruit and vegetable marketing orders will focus on the programs' effects on economic efficiency, costs and productivity.

National Forest Service  
planning regulations

The National Forest Management Act (NFMA), enacted in 1976, required the development of regulations establishing standards and guidelines for land and resource management planning on 191 million acres of National Forest System lands. The Act requires these plans to be developed by September 30, 1985. For the past 1 1/2 years the Forest Service has been implementing the regulation developed in 1979 pursuant to NFMA. During this period, it has become apparent that certain revisions are needed to clarify direction to planners in order to streamline and speed up the process. The purpose of the review is to simplify the procedures, improve efficiency in planning, and encourage prompt land use decisions that will meet public needs.

DEPARTMENT OF COMMERCE

4. Regulations implementing various  
fishery management plans

The National Marine Fisheries Service issues rules for the management of fisheries off the U.S. Coast, primarily to prevent "over-fishing." While these rules have been successful in sustaining the fisheries, in many cases they may require inefficient and wasteful fishery methods.

DEPARTMENT OF EDUCATION

5. Education of handicapped  
children

The regulations to implement the Education of Handicapped Children Act of 1975 (P.L. 94-142) define a special education program for handicapped children, involving an individual education plan for each handicapped student and the concept of "mainstreaming." While the Department does not have an estimate of the cost of complying, school districts are concerned that Federal funds for this program are inadequate.

DEPARTMENT OF ENERGY

6. Coal Conversion Program

A complex set of rules implementing a statute which directs electric utilities and large industrial fuel users to switch from oil and gas to coal or some alternative fuel. The statute includes a prohibition of natural gas for baseload power generation after 1990.

These requirements may be unnecessary with decontrol and counterproductive given increased availability of natural gas since the Fuel Use Act was passed.

7. Residential Conservation Service

These regulations implement a statute which requires the States to have utilities provide to residential customers, for a nominal fee, a complete "energy audit" of their home or apartment pointing out ways to conserve energy. The requirements for these inspections are complex and expensive. The cost of inspection, beyond the nominal fee, would likely show up in customers' utility bills.

ENVIRONMENTAL PROTECTION AGENCY

8. BCT Effluent Guidelines

Under the 1977 Amendments to the Clean Water Act, EPA is required to consider the reasonableness of costs in establishing more stringent effluent limits for industrial dischargers of conventional (non-toxic) pollutants in relation to comparable municipal costs. Under these requirements, EPA established the incremental cost of achieving a more stringent treatment of municipal wastewater as a benchmark for determining the "reasonableness" of more stringent controls for industrial dischargers. EPA determined a benchmark cost of \$1.15 per pound for municipal treatment. However, recent analysis indicates that EPA's methodology may be incorrect. EPA is re-studying the BCT benchmark cost to ascertain whether a lower cost figure would meet the requirements of the law. Adoption of a lower benchmark cost figure could result in substantial savings.

9. Hazardous Waste Disposal

These rules establish a comprehensive, "cradle-to-grave" program governing the generation, handling, and disposal of hazardous wastes. Estimates of the costs of this program range from one to two billion dollars per year; however, EPA has never completed a thorough regulatory/economic

analysis of the program and any cost figure is somewhat speculative. Several major issues deserve review, including the comprehensive definition of hazardous waste under the rules and the limited extent to which EPA has been able to vary program requirements based on the degree of hazard of the waste. This program will impose a substantial additional burden in terms of the time, effort, and financial resources required of the private sector in meeting the information requirements imposed by the program.

10. Electroplating Pretreatment and General Pretreatment Standards

Electroplating pretreatment rules establish national, technology-based standards requiring roughly 90 percent removal of the toxic pollutants (heavy metals and cyanide) discharged by the electroplating industry into municipal sewage treatment systems. EPA estimated that in order to meet these pretreatment standards the electroplating industry would incur capital costs of \$1.3 billion and annual costs of \$490 million (in 1976 dollars). Electroplaters have been shown to be a major source of toxic water pollution. In addition to the categorical electroplating pretreatment standards, EPA also promulgated general pretreatment regulations requiring municipal sewage treatment systems to establish pretreatment programs. These regulations establish a national program for controlling industrial discharges into municipal sewage systems. EPA will review its pretreatment program to evaluate whether it appropriately balances environmental protection, economic impacts, and flexibility for states and localities.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

11. New Drug Application Requirements

This set of regulations (21 CFR 314) governs the submission and review of new drug applications. It involves requirements for testing and marketing of all drugs to be used by consumers in the United States. Concern from the public, Congress and the drug industry about delays in the existing process and its cost justifies a thorough review.

afterwards. The requirements for original contour and vegetation may preclude more useful or aesthetic treatment. These rules not only raise the cost of surface mining, but could render some areas uneconomical to mine at all.

16. Federal Coal Management Program

These regulations govern competitive lease sales for coal on federal lands. They determine the rate at which coal will be made available (target-setting procedures), and withdraw some areas entirely from coal mining ("unsuitability" criteria). In the West, where Federal lands contain the major share of total coal reserves, excessively restrictive management can cause shortages, lessen competition, and raise coal prices.

DEPARTMENT OF JUSTICE

Leadership and Coordination of Nondiscrimination Laws

Rules implementing Executive Order 12250 to coordinate the implementation of Federal laws that prohibit discrimination on the basis of race, color, national origin, religion, sex or handicap in programs receiving Federal financial assistance warrant review. Under this Executive Order, DOJ has a leadership and coordination role which includes issuing regulations affecting non-discrimination programs in other Federal agencies.

DEPARTMENT OF LABOR

Occupational Noise

On January 16, 1981, the Occupational Safety and Health Administration published regulations effective April 15, 1981 that require employers to institute hearing conservation measures for all workers in general industry (except agriculture and construction) exposed to noise levels equal to or exceeding an eight-hour time weighted average of 85 decibels. This rule is an outgrowth of the occupational noise standard revision which was first proposed in 1974. The issues of the permissible exposure level and the appropriate methods of compliance with that level should be reviewed. In any case, the hearing conservation measures,

themselves, are expensive (over \$250 million annual costs), controversial (petitions challenging the rules have been filed in three Courts of Appeals) and possibly not cost-effective (the standards are alleged to be too design-specific and not performance-oriented enough).

19. Office of Federal Contract Compliance Policy

The Federal Contract Compliance programs are administered under the authority of a 1965 Executive Order (11246) and subsequent legislation. These regulations need to be examined to determine if they exceed legal requirements. To a large extent these regulations impose specification standards on government contractors. These should be reviewed to see if broad performance standards could replace the tight specifications. There is an overlap between EEOC's statutory authority and the Department's Executive Order 11246 authority. The Department's regulations place more stringent requirements on firms that do business with the government than the Civil Rights Act of 1964 requires of other businesses. The appropriateness of such dual tiering should be examined.

20. Prevailing Wage

Under the Davis-Bacon and Service Contract Acts, the Department of Labor establishes minimum rates, based on a prevailing wage concept, for wages and benefits paid to workers by Government construction and service contractors. The original intent of these laws was to prevent competitive Government procurement from depressing wages below minimum rates prevailing in localities where Federal contracts are being implemented. Their effect over time (since 1931 for the Davis-Bacon Act and since 1965 for the Service Contract Act) has been to escalate wages above rates prevailing in the private sector. This happens because contractors can pass through wage costs without having to worry about competition. Service contract costs are determined largely by wage and benefit levels (about 75 percent of contract costs) and construction costs are about 25 percent labor related. The Davis-Bacon Act covers at least \$30-35 billion per year of construction contracts. The Service Contract Act covers an additional estimated \$5-10 billion per year of Federal contracts for services.



1. Personal Protective Devices

Although OSHA does not have a published comprehensive policy on personal protective devices apart from its individual rulemakings on specific occupational hazards, OSHA has consistently adopted a policy of requiring engineering controls first and personal protective devices only when engineering controls are not feasible or as supplements to engineering controls. This policy has been implemented regardless of the degree of risk of the hazard (carcinogens were treated the same as cotton dust or noise) and regardless of the costs. A policy that simply set performance standards, allowing employers the option of using personal protective devices where they are as effective as engineering controls, might be more cost-effective and ultimately more beneficial to workers and society.

22. OSHA Carcinogen Policy

The Cancer Policy does not regulate specific chemicals nor require their regulation. Instead, it explains how OSHA will regulate carcinogens in the future. It is intended to streamline the regulatory process, thereby conserving the resources of both the Agency and affected industries, as well as providing greater protection to employees. It is also designed to assist industries' long-term planning by giving them notice of how regulation would proceed. The policy achieves these goals by establishing (1) the evidentiary criteria by which OSHA will conclude that a substance causes cancer; (2) a system for establishing priorities; (3) rulemaking procedures, including limitations on the issues which can be raised; and (4) certain substantive requirements which must be incorporated into future regulations of Category I carcinogens, most notably that employee exposure must automatically be reduced to the lowest feasible level (i.e., through engineering and work practice controls). The policy specifically rejects the use of cost-benefit analysis in setting exposure levels.

OFFICE OF MANAGEMENT AND BUDGET

23. Urban/Community Impact Analyses

This OMB Circular (A-116) requires agencies to conduct analyses to identify the likely effects of proposed major programs and policy initiatives on cities, counties and other

communities. The intent of these analyses is to inform decisionmakers of agency actions which may run counter to the President's urban policy. The Circular provides guidance on the conduct and format of such analyses.

24. University Research

Circular 73-7 establishes certain requirements for administration of college and university research programs. These include restrictions on how research projects are managed, and limitations on certain kinds of costs. They also call for numerous approvals by the Federal Government. Many Federal agencies have continuing relationships with educational institutions via grants or other agreements for research, training and similar services. The OMB policies have a direct impact on both the nature and level of this relationship.

25. Cost Sharing on University Research

Circular 73-3 provides guidelines to Federal agencies requiring universities to share in the cost of research projects, whether or not cost sharing is required by law. Many Federal agencies have continuing relationships with educational institutions via grants or other agreements for research, training and similar services. The OMB policies have a direct impact on both the nature and level of this relationship.

DEPARTMENT OF TRANSPORTATION

26. Access to Handicapped

These rules require local governmental entities receiving Federal financial assistance for mass transit purposes to assume extensive handicap accessibility obligations. Each mode of transportation in an urban mass transit system must be made accessible to the handicapped. Renovation of "key" subway stations is required; if other stations are not accessible, alternative modes of transportation must be available to serve the handicapped. New buses must have ramps or lifts to accommodate wheelchairs. New York City alone estimates the capital costs (principally for purchasing lift-equipped buses and retrofitting subway stations) at between \$1.1 billion and \$1.6 billion, annual operating costs at between \$68 million and \$140 million, and total cost over 50 years between \$2.6 billion and \$6.1 billion.

DEPARTMENT OF TREASURY

27. Use of Published Indices to Determine Inventory

Many taxpayers, especially small businesses, do not currently use the dollar value LIFO method of accounting for inventory because existing rules relating to the computation of inventory price indexes used in connection with the dollar-value LIFO method of inventory valuation are perceived as being too complex and burdensome. IRS proposed on January 16, 1981 amendments to the LIFO regulations that would permit taxpayers to use price indexes prepared by the United States Bureau of Labor Statistics in lieu of computing an inventory price index based on their own inflation experience. The objective of the amendments is to provide taxpayers with an alternative, simplified, method of computing an inventory price index that will make the use of the dollar-value LIFO method easier to understand and use. However, unresolved technical issues that were not addressed in the proposed rulemaking, such as the application of the 80 percent limitation to the inflation rate for a period of more than one taxable year, need to be addressed.