



COMPLIANCE BULLETIN

Trump Administration Aims to Reduce Regulatory Burden

HIGHLIGHTS

- Some exemptions exist for President Trump's directives.
- Additional exemptions may be approved at the discretion of the Office of Management and Budget (OMB).
- Employers do not have to take immediate action, but should monitor regulatory developments.

IMPORTANT DATES

January 20, 2017

Trump administration issues "freeze memo" to federal agencies.

January 30, 2017

Trump administration issues "two-for-one" executive order.

OVERVIEW

During his first 10 days in office, President Donald Trump took measures to reduce the regulatory burden on businesses in the United States. These measures are based on the position that fewer regulations will provide businesses with more opportunities for growth.

President Trump has issued the following directives:

- ✓ A [memorandum](#) directing federal agencies to freeze any regulation that has not yet become effective.
- ✓ An [executive order](#) that requires federal agencies to eliminate two regulations for every new regulation they propose.

ACTION STEPS

The executive order does not require employers to take immediate action. However, employers should continue to monitor any developments that may affect their compliance with federal law in various areas, including banking, employment benefits, health, environmental protection, transportation and workplace safety.

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The Memorandum

The memorandum (memo) directs federal agencies to place a freeze on any rule, guidance or regulation that has not yet become effective as of Jan. 20, 2017. Specifically, the memo asks federal agencies to:

- ✓ Refrain from sending to the Office of the Federal Register (OFR) any regulation that has not been reviewed by a newly appointed department or agency head;
- ✓ Withdraw any regulations sent to the OFR if they have not yet been published; and
- ✓ Postpone for 60 days the effective date of any regulations that have been published by the OFR but have not yet become effective.

An exemption from this directive applies to any emergency situation and other urgent circumstances relating to health, safety, financial or national security matters. However, state agencies are required to notify the OMB director (Director) of any regulations that, in their view, should be exempt from this directive. The notification must also include the agency's explanation for why an exemption should be allowed.

The Executive Order

As mentioned above, the executive order requires federal agencies to identify two regulations for elimination for every regulation they propose to implement. However, the order allows for an exemption for any regulation that is related to military, national security and foreign affairs as well as regulations regarding agency organization, management and personnel.

The order also directs federal agencies to maintain a neutral budget expenditure, meaning that federal agencies will not be allowed to exceed their budgets for the cost of proposing, adopting, implementing, enforcing or repealing any regulation. To this end, federal agencies have been directed to offset the cost of any new regulations by eliminating the costs of existing regulations.

The key person for implementation of this order is the OMB Director. The order gives the Director a great deal of discretion to authorize additional exemptions and to define key terms such as "cost." The Director has also been charged with the responsibility to issue guidance on the processes and standards the agencies will need to follow to comply with this order.