

## Out of Balance: Growing Regulatory Burden is Chilling Manufacturing Investment, Job Creation and Wage Growth

The barrage of new regulations limits manufacturers' ability to hire new workers and grow, especially for the small and medium-sized manufacturers that are the backbone of the supply chain.

Manufacturers across all industries are committed to regulatory actions grounded in science that promote worker and consumer safety, improve public health and protect our environment. However, while complying with the existing body of federal regulations can already be costly and confusing, waves of new regulations can make that burden unsustainable. Current data show that the average U.S. company paid \$9,991 per employee per year to comply with federal regulations, but the average manufacturer in the United States pays nearly double that amount: **\$19,564 per employee per year**. Small manufacturers face an even higher burden: regulatory costs of **\$34,671 per employee per year**, which is more than three times the cost to the average U.S. company.<sup>1</sup>

The NAM is engaged on approximately **100 proposed regulations** across government agencies, including new proposals on ethylene oxide and particulate matter from the Environmental Protection Agency, new disclosure obligations from the Securities and Exchange Commission and actions affecting the employer-employee relationship from the Federal Trade Commission. These unbalanced regulations will force manufacturers to divert more resources to compliance—and away from hiring new employees, investing in cutting-edge technology or expanding production in America.

### ➤ WHAT MANUFACTURERS ARE SAYING ABOUT THE CONSEQUENCES OF REGULATION

“ One frustrating thing we have to deal with every year is reporting to the EPA regarding methane emissions. These are **complicated filings**, so we have to retain a consulting firm to make sure our reporting is correct. So far this year, we have spent **over \$10,000 on these consultants**. That may not seem like a lot, but it is to a **small company like ours**.”

—A Small Texas-Based Energy Manufacturer

“ All of our products require [permits]. That **process has progressively gotten worse**. Ever more unpredictable, ever-changing rules leading to an **inability to plan our business**.”

—A Family-Owned Manufacturer in Minnesota

“ Our most recent OSHA [Occupational Safety and Health Administration] visit . . . focused on forklift safety. The only thing OSHA could find were some stickers they claim are missing on our forklifts. Our forklift maintenance contractor insists those stickers are not even required or provided by the forklift manufacturer. However, it's quicker and less expensive to pay the \$3,000 fine than to devote the expensive resources to fight it. It's **so wrong that bureaucrats can be the investigator, prosecutor, judge and jury**.”

—A Small Agricultural Manufacturer in Colorado

<sup>1</sup> Crain, W. M., & Crain, N. (2014, September 10). NAM.org. The Cost of Federal Regulation to the U.S. Economy, Manufacturing and Small Business  
<https://www.nam.org/wp-content/uploads/2019/05/Federal-Regulation-Full-Study.pdf>

## ➤ CASE STUDY: THE BROAD IMPACT OF A SINGLE REGULATION

Manufacturers are routinely subject to the jurisdiction of multiple regulators, each of which issues numerous rules that require time and resources for compliance. An Oxford Economics<sup>2</sup> analysis of a single rule that was recently proposed by the EPA illustrates the impact of a proposed regulation concerning emissions of particulate matter:

If implemented, the EPA's new PM 2.5 rule would:

- Threaten \$162.4 billion to \$197.4 billion of economic activity.
- Put 852,100 to 973,900 current jobs at risk, both directly from manufacturing and indirectly from supply chain spending.

## ➤ LOST JOBS AND OPPORTUNITY: THE COST OF UNBALANCED REGULATIONS

The issuance of new, revised and poorly crafted regulations requires manufacturers to spend considerable time reviewing and updating processes and procedures to adhere with agency decisions—often before existing rules have been fully implemented. For small and medium-sized manufacturers that do not have in-house counsel, this can require costly consultations with legal experts. The cost of complying with new regulations, such as analyzing and publishing new disclosure information, producing new signage, updating employee manuals, sourcing new inputs or modifying operations on shop floors can be prohibitive for businesses.

**Regulations often come with other costs that are not easily quantifiable.** Even when a new regulation is held up or eventually rescinded due to legal or administrative challenges, manufacturers must be prepared for its potential implementation until instructed otherwise. This uncertainty can lead manufacturers to forego other opportunities. **The unseen costs of regulation include new team members not hired, facilities not built, investments in new machinery not made and research and development not conducted, to name a few.** Communities lose investment, the economy suffers, competitors like China gain an advantage and America's leadership in the world is threatened.

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Manufacturers respectfully urge the White House and Congress to support manufacturing competitiveness with tailored, consistent and targeted regulations. **Protect jobs, communities and economic growth.**

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<sup>2</sup> <https://www.nam.org/wp-content/uploads/2023/03/Oxford-Study-One-Page-21.pdf>