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MEMORANDUM

To: The Honorable Daniel J. McKee, Governor
The Honorable K. Joseph Shekarchi, Speaker of the House
The Honorable Dominick J. Ruggiero, President of the Senate

From: Erik Godwin, Deputy Director, Office of Management and Budget

Subject: Office of Regulatory Reform Annual Report, FY 2024

ORR Annual Report: FY 2024 *July 1, 2023 to June 30, 2024*

Summary

As a part of the Office of Management and Budget (OMB), the Office of Regulatory Reform's (ORR) mission is to review new and amended regulations with a focus on minimizing adverse impacts on Rhode Island businesses, large and small. Throughout Fiscal Year 2024, ORR upheld this mission by enhancing process and guidance and offering comprehensive training to agencies. In Fiscal Year 2024, ORR reviewed and cleared 204 total agency submissions of new or amended regulations, averaging approximately 17 rules per month. For initial regulatory submissions (excluding repeals), ORR revised the regulatory text of 49% of submissions and the analyses of 38% of the submissions reviewed in accordance with the requirements set forth in EO 15-07. Only 4% of agencies' initial submissions for Fiscal Year 2024 were recorded as adversely impacting small businesses, while 23% had only positive impacts and 73% indicated no small business impact.

ORR Mission

[Executive Order \(EO\) 15-07](#) requires ORR to review all Executive Branch regulations using a model similar to the federal regulatory model. Signed in February 2015, EO 15-07 outlines a process to ensure regulations are not imposing unnecessary burdens on individuals and businesses. ORR is responsible for the review and approval of all proposed regulatory actions by agencies under the Governor's purview.

For all regulatory actions proposed by these agencies, ORR reviews and approves those regulation drafts at two points: 1) before the regulation is posted for public comment, and 2) after public comments are received and before the agency publishes the final rule. This review ensures that regulatory actions align with the Governor's priorities, and all internal stakeholders receive notice of the proposed regulation. It also ensures that agencies have completed the legally required cost-benefit, municipal, and small business impact analyses, to ensure the benefits justify the costs. Additionally, ORR frequently works with agencies early by reviewing draft regulations and assisting with the development of regulatory analyses.

In today's complex regulatory environment, it is more important than ever to have up-to-date, transparent regulations based on rigorous analyses to balance health, safety, welfare, and the

environment with the need to minimize regulatory burdens on Rhode Island businesses and individuals. The EO 15-07 process has significant value across the regulatory landscape, particularly for the business community. During the review, regulatory submissions are frequently revised to improve either language or the accompanying analyses. The bulk of those changes specifically address ways to reduce the burden on regulated entities, such as small businesses and specific sectors of the economy.

Training Agency Regulatory Staff

Throughout each fiscal year, ORR hosts trainings that outline the requirements set forth in the [Administrative Procedures Act](#) (APA) and [Executive Order 15-07](#), including regulatory analysis, fiscal notes, and small business analysis. These trainings are a crucial step in ensuring effective rulemaking. The trainings are designed to equip agency regulatory personnel with a comprehensive knowledge of the rulemaking process. Trainings generally explain the required components of a regulatory package at each rulemaking phase and basic economic principles that inform any statutorily required regulatory analysis.

In FY 2024, ORR held two distinct types of trainings—a *Regulatory Process and Drafting* training as well as a training on *Rhode Island's Regulatory Analytical Requirements*—across four sessions in April and May for agency rules coordinators and program staff. Rules coordinators were required to attend one session of each training offered. ORR's *Regulatory Process and Drafting* sessions provided in-depth training on regulatory timelines, the statutorily required components of Rhode Island rulemakings, and various analytical frameworks that agencies may take into consideration when drafting regulatory language. The sessions on *Rhode Island's Regulatory Analytical Requirements* offered comprehensive coverage of the legal and evaluative bases for regulatory analysis, including an overview of economic principles generally applicable to conducting benefit-cost analyses. In total, nearly 120 employees from 35 agencies and quasi-agencies attended these sessions.

Additionally, ORR provided trainings throughout the fiscal year upon request. These trainings were frequently tailored to agencies' stated needs, interests, and policy areas. Attendees represented a diverse intersection of state agency personnel including technical analysts, program specialists, and recent hires.

Defining Process Expectations to Promote Administrative Efficiency

In FY 2024, ORR made progress in defining process expectations and enhancing administrative efficiency through the development or refinement of guidance documents and targeted training opportunities. Key among these were the creation of and updates to analytical guidance, which provide a framework for assessing financial impacts and ensure uniformity across state entities. These guidance documents were crafted to address best practices in meeting the analytical requirements set forth in Rhode Island statute. Complementing these efforts, ORR's targeted trainings with individual agencies ensured staff were thoroughly equipped with the knowledge and skills necessary to navigate APA and EO 15-07 requirements effectively for their specific policy areas. This dual approach of enhancing guidance documentation and investing in staff training is instrumental in streamlining and improving operational efficiency, thereby bolstering overall compliance and performance throughout the fiscal year.

In addition, ORR collaborates closely with agency personnel to review their regulations within the context of both federal and state legal authorities. This effort serves a dual purpose: first, to ensure agency regulations are consistent with legal requirements, thereby promoting regulatory compliance and adherence to statutory mandates. Second, this process enhances transparency and predictability

for the regulated public, fostering a clearer understanding of their responsibilities. Moreover, this process can assist agencies in developing their rulemaking agenda.

ORR Review Process Metrics

Although the Executive Order sets the limit on review times at 30 calendar days, ORR has never approached that duration when calculating its average review time. In addition, ORR review times have begun to decline in the post-COVID era. Table 1 reports the average number of days regular rulemakings spent under OMB Review, and Table 2 notes the number of regulations withdrawn from the OMB Review System.

Note that the Fiscal Year 2024 average reported in Table 1 omits review times for regulations re-processed through OMB in response to a technical system error in the Rhode Island Department of State's Rhode Island Code of Regulations (RICR) public comment function during the second quarter of Fiscal Year 2024. The technical system error resulted in the re-promulgation or re-notice of sixteen (16) rulemakings. Because the same regulatory packages that had already cleared OMB Review were submitted for re-promulgation, their expedited review times have been excluded from the data reported below to avoid reporting an artificially faster average (at 9.8 days) for Fiscal Year 2024.

Table 1: Average Number of Days Regular Rulemakings Spend Under Review

Fiscal Year	2018	2019	2020	2021	2022	2023	2024
Average Days Under Review	12.8	13.4	14.8	13.9	14.4	10.2	10.6

Table 2: Number of Regulations Withdrawn from the OMB Review System

Fiscal Year	2018	2019	2020	2021	2022	2023	2024
Rules Withdrawn	56	23	20	31	25	12	12

Loper Bright Enterprises et al. v. Raimondo

The United States Supreme Court ruling in *Loper Bright Enterprises et al. v. Raimondo* (and its companion case *Relentless, Inc. et al. v. Department of Commerce*) expressly overruled the highly deferential *Chevron* doctrine. ORR is working with agency legal experts and conducting outreach to agency rules coordinators to evaluate the impact on Rhode Island's regulatory environment. As legal challenges to federal laws are introduced or continue progressing through the federal court system following the *Loper Bright* decision, it will remain important for state agencies to monitor potential impacts of these cases on federal and state regulatory structures.