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**Regulatory Onslaught Costing Small Manufacturers More Than \$50,000 Per Employee**  
*New NAM Study Shows That Regulatory Burden Hurts Small Manufacturers in Iowa and Eclipses Economic Output of Entire Manufacturing Sector*

DES MOINES, Iowa – The federal regulatory burden is costing small manufacturers \$50,100 per employee per year, according to the topline findings of a National Association of Manufacturers study on the macroeconomic impact of the onslaught of federal regulations. The total cost of federal regulations, estimated at more than \$3 trillion, outpaced the economic output of the entire manufacturing sector.

“The unbalanced federal regulations make it challenging to grow manufacturing in America by siphoning resources away from job creation and our communities,” said NAM President and CEO Jay Timmons. “The burden continues to grow year after year, undermining the bipartisan achievements from President Biden and Congress that have prioritized manufacturing—including the Bipartisan Infrastructure Law and the CHIPS and Science Act. It is chilling investment, curtailing our ability to hire new workers, and suppressing wage growth, especially for small and medium-sized manufacturers. It is time for the Biden administration to take action to reverse course.”

In Iowa, where the manufacturing sector contributes an estimated 17.14% to the economy and accounts for 225,000 jobs, onerous federal regulations are stifling growth and innovation. To view Iowa manufacturing data, [click here](#).

“The federal government should take a close look at the way Governor Reynolds is managing the regulatory state in Iowa. Here, a moratorium has been placed on all new rulemakings” said JD Davis, Vice President, Public Policy, at ABI. “Additionally, a review of every existing rule across government is required, along with an opportunity for public comment. I’m not aware of any other state that is undergoing such a thorough right-sizing of costly government regulations.”

**Additional Key Facts:**

- The total cost of federal regulations in 2022 is an estimated \$3.079 trillion (in 2023 dollars), an amount equal to 12% of U.S. GDP and larger than the manufacturing sector’s entire economic output (\$2.91 trillion). The total annual cost of complying with federal regulations has risen by \$465 billion since 2012, after adjusting for inflation.
- The annual cost burden for an average U.S. firm is \$277,000, the equivalent of 19% of the average firm’s payroll expenses. A small manufacturer pays a burden of \$50,100 per employee, meaning that a small firm with 20 employees bears around \$1 million in annual compliance costs.
- For the manufacturing sector, the cost of federal regulations is roughly \$350 billion, which equals to 12% of the sector’s value added to GDP. This is 26% higher than the inflation-adjusted cost of \$277 billion borne by manufacturers in 2012.
- Surveyed manufacturers indicate that they could enhance their competitiveness if the costs of federal regulations were reduced; they would reallocate current compliance funds toward employee compensation and hiring, investment, research and development, sales and marketing, enhancing price competitiveness and improving return on investment.



- The regulatory burden on the manufacturing sector is larger than the economies of 29 American states.

To view the executive summary of the study, click [here](#).

**About the Study:**

The NAM commissioned this analysis by economists Nicole V. Crain\* and W. Mark Crain, who continued a three-decade effort to analyze the total cost of federal regulations, and how the burden is distributed across sectors and firm sizes. Two approaches are employed. The first is a survey of NAM members, conducted from July 20 to Sept. 1, 2023, to collect information about operational expenses dedicated to regulatory compliance, extrapolating these findings to the sector. The second approach derives estimates based on an aggregation of federal agency cost estimates, combined with regression analysis that measures the impact on overall economic output. The cost allocations by sector and firm size rely on data from the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Census Bureau, and the Internal Revenue Service.

\*The views expressed in this study are those of the authors and do not reflect the official policy or position of the National Defense University, the Department of Defense, or the U.S. government.

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The Iowa Association of Business and Industry (ABI) has been the voice of Iowa business since 1903. Its mission is to provide a strong, unified voice to business and industry on issues affecting Iowa employers. ABI is comprised of member companies representing all industries and sizes in Iowa's 99 counties. ABI members employ more than 330,000 Iowans.

The National Association of Manufacturers is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. Manufacturing employs 13 million men and women, contributes \$2.91 trillion to the U.S. economy annually and accounts for 54% of private-sector research and development. The NAM is the powerful voice of the manufacturing community and the leading advocate for a policy agenda that helps manufacturers compete in the global economy and create jobs across the United States. For more information about the NAM or to follow us on Twitter and Facebook, please visit [www.nam.org](http://www.nam.org).