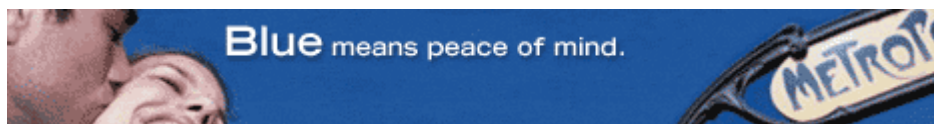


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## Jim Tozzi

Center for Regulatory Effectiveness

### Nixon's 'Nerd' Turns Regulations Watchdog

For much of the history of the federal bureaucracy, most new regulations were not subject to close and systematic review by an outside party.

And then came Jim Tozzi.

Tozzi, now almost a legendary figure in the world of federal regulations, worked for five consecutive administrations — from Lyndon Johnson's to Ronald Reagan's — to get the Office of Management and Budget to review the regulations agencies were busy churning out.

Tozzi's latest — if not his crowning — achievement is the Data Quality Act, which he largely wrote and helped become law in 2001 from his position as head of the Center for Regulatory Effectiveness. That law subjects the quality of data underlying virtually all significant regulations to review by OMB's Office of Information and Regulatory Affairs (OIRA). It took effect Oct. 1, when all agencies had filed guidelines to ensure the data they use to justify new rules are sound. Agencies also had filed procedures allowing outside parties to challenge and correct faulty data and analyses.

The act — and now its enforcement by OIRA head John Graham — has been widely seen as the most significant expansion in regulatory review in more than half a century.

"Getting OMB to review regulations was my whole career," Tozzi said. "Under the Reagan administration, every environmental regulation had to come to me. I was heavily criticized by the environmental groups and we were frequently called up to [congressional]



**Highlight of career so far:** "Establishing the Office of Information and Regulatory Affairs in the Office of Management and Budget."

**One change to make federal employment more attractive:** "To provide legal shields against lawsuits taken against federal managers by their subordinates. The current system reduces risk-taking and tends to make all employees look like homogenous coffee cups."

**Worries about the future of civil service:** "There appears to be over the last decade a widening gap, which could be decreasing under the current administration, between career managers and political appointees."

**Part of job that came as a surprise:** "The fact that five presidential administrations wanted my service."

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committee hearings.



"It was bloody. I loved it. It was the action. The regulatory staff is at the interface of capitalism and the government. Working there was exhilarating."



Tozzi began his career in government in 1964 in the Army secretary's office. It was there that a staffer one day suggested that the Army secretary, instead of merely reviewing the Corps of Engineers' budget, review all their regulations as well.

That idea grabbed hold of Tozzi and lead him through several administrations in pursuit of a legal authority to regulate the regulators.

Reviews of regulations began when Richard Nixon created the Environmental Protection Agency, Tozzi said.

"[Nixon adviser H.R.] Haldeman said, 'What did we let out of the box?' And at the time I was in the Office of the Secretary of the Army and Haldeman said, 'There's a nerd over at Army . . . .'"

And so Tozzi found himself chief of the environmental branch in OMB reviewing mostly EPA regulations, but also those of the Army Corps of Engineers and the Commerce Department's National Oceanic and Atmospheric Administration.

"In the mid-'70s I said, why not review more than just environmental rules? I wanted to go governmentwide. But it turned out OMB was the biggest opponent of the idea. The career people said it was too political, that we were budget people. I said there are billions of dollars going out the door and we're not even looking at it," Tozzi said.

But getting governmentwide regulatory review authority would not be easy. On the last day of President Ford's term the acting head of EPA killed the requirement that OMB review environmental regulations.

Tozzi thought he would be fired when Jimmy Carter moved into the White House. "But he kept me on, and there was a push for the Paperwork Reduction Act, and Carter promoted me to assistant director of OMB, and I became the point man for that bill on the Hill. The bill passed, but only after Carter lost his bid for re-election. His entire Cabinet was then recommending a veto, but he signed it. And that meant we had a separate office — the Office of Information and Regulatory Affairs — set up in statute with political appointees confirmed by the Senate. At that point, we could review regulations on paperwork, though not on the merits of the regulations themselves."

During the Reagan administration, the regulatory juggernaut got yet another push with an executive order requiring all executive-branch agencies to send their proposed regulations to OMB for review.

"That, along with the Paperwork Reduction Act and our several years of experience, allowed us to hit the ground running," Tozzi said.

"By 1983, I had done what I wanted," Tozzi said. "I really wanted to build that office. But it was at a huge cost to myself. I had been working seven days a week and didn't see my family or know my kids. So I left and, at 45, I found myself locked out of the more lucrative jobs my college degrees might have prepared me for. But I noticed I couldn't walk down the street 10 feet without running into 10 lobbyists that knew me."

So Tozzi, who has a doctorate in economics and business administration, started a consulting company, Multi-National Business Services, and immediately the telephone began ringing. That challenge sufficed until 1996 when Tozzi, believing that OMB under President Clinton had almost completely dropped the regulatory review ball, opened the Center for Regulatory Effectiveness in Washington, D.C.

"We felt we needed a counterpart in the private sector to act as watchdog over agencies.

We were aggressive when OMB was weak and provided assistance when it was strong," Tozzi said.

The center also worked to find out how the 1996 Congressional Review Act, which gave Congress authority for reviewing all regulations, could best be put into practice. The answer Tozzi came up with was the Data Quality Act.

"Now the act is law and fully implemented. All that's left is to make sure the agencies comply with it.

"Looking back, I would say it was a hell of a ride," Tozzi said. "You got a high, man. Every time you went to work. You could feel it. You were going to regulate the regulators."

[DAN DAVIDSON](#)



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