

Opening Statement
Hearing before the Regulatory Affairs and
Federal Management Subcommittee,
Thursday January 19th at 10 AM
“Improving Small Business Input on Federal Regulations:
Ideas for Congress and a New Administration.”

Good morning and welcome to today’s Subcommittee hearing titled “Improving Small Business Input on Federal Regulations: Ideas for Congress and a New Administration.”

In the 115th Congress, this Subcommittee looks to continue our examination of the federal regulatory process and look for solutions to increase transparency, accountability, and efficiency.

Today we look at how federal regulations impact small businesses and whether agencies should be required to take more seriously the impact on small businesses during the rulemaking process.

According to the Small Business Administration, there are 28 million small businesses in the United States which account for 55 percent of all jobs and 66 percent of all new jobs since the 1970s. Despite the importance of this sector for our economy, small business owners continually tell me that they do not feel that Washington hears their voice.

The annual federal regulatory burden is huge – nearly \$2 trillion dollars – and the burden falls disproportionately on small businesses.

A recent study by the American Action Forum found that every 10 percent increase in cumulative regulatory costs results in a loss of more than 400 small businesses. As regulatory costs rise, small businesses disappear.

Agencies do not draft rules with the intent to close small businesses, but, unfortunately, that is a frequent result.

One way to avoid unnecessary burdens to small businesses is to have real, meaningful consultation with stakeholders.

Currently, agencies are required to consider the regulatory impact on and consult with small entities pursuant to the Regulatory Flexibility Act and the Small Business Regulatory Enforcement Fairness Act. However, in reality agencies do not genuinely take into account the views of small businesses.

During today’s hearing we will discuss ideas to address this problem – to ensure that agencies truly consider the effect of rules on the small business sector of the economy.

When entrepreneurs open their own business, their goal is to provide for their family and serve their community by offering a product or service. Each moment a small business spends trying to understand and comply with overburdensome federal regulations is time that is not spent growing their business.

This past December, the National Federation for Independent Business reported a 38 percent jump in small business owners' belief that the economy will improve.

According to The NFIB's index, small business optimism increased by 7.4 points in December to 105.8, up from November's 98.4. It's the largest month-over-month index change since it began in 1986.

In fact, members' perceptions that business conditions will improve, especially in the area of regulatory burden, accounted for 48 percent of the month's increase.

We have the opportunity to implement changes that would make it easier for small business owners to participate in rulemaking and truly have their concerns considered. We must turn their optimism into reality.

I look forward to discussing ways to deliver these results for small businesses today with our witnesses.

With that, I recognize Ranking Member Heitkamp for her opening remarks.