

**Statement of
Senator Susan M. Collins**

“Federal Regulation: A Review of Legislative Proposals, Part II”

**U. S. Senate Committee on Homeland Security and Governmental Affairs
July 20, 2011**

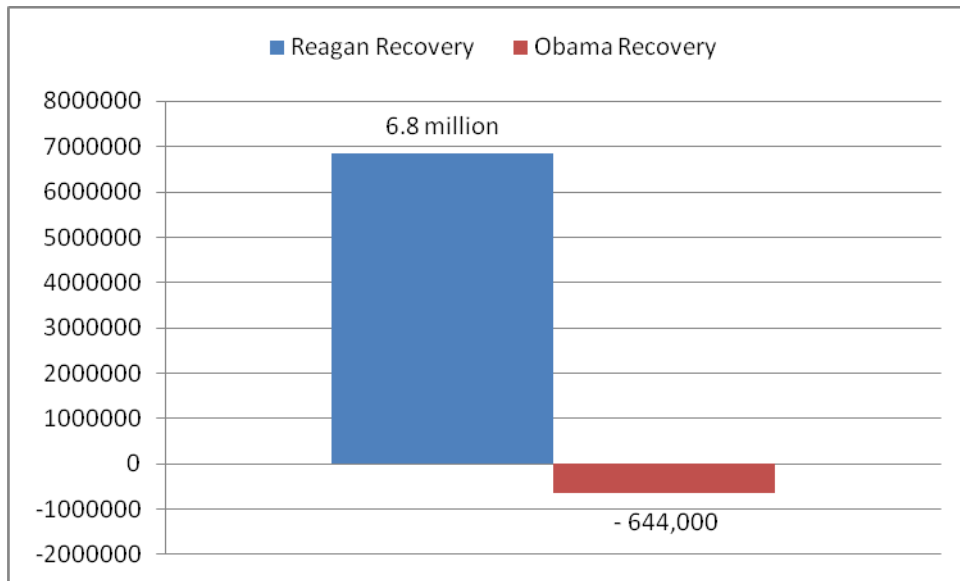
Mr. Chairman, before beginning my remarks, I want to thank you, again, for holding these hearings to examine the breadth of our nation’s regulatory system.

It is absolutely critical that we reform that system and reduce the regulatory burden. Data released earlier this month show an economy on the brink of a double-dip recession. Unemployment is up, job creation is down, and the news just keeps getting worse.

Technically, we are in the 24th month of an economic recovery, but it surely doesn’t feel that way. Based on past recoveries, we should be adding hundreds of thousands of new jobs every month, and the jobless rate should be dropping briskly. Two years after the end of the 1981 recession, for example, almost 7 million new jobs had been created, and the unemployment rate had fallen from 10.8 to 7.2 percent. Most important, the number of Americans looking for work who could not find a job had dropped by nearly a third below the recession’s peak.

But not so in this so-called “recovery.” When this recession supposedly ended, in June of 2009, the unemployment rate stood at 9.5 percent. Today, it is 9.2 percent, *and going up*. Incredibly, instead of adding jobs, we have actually lost jobs. More than 14 million Americans are still without jobs, half a million more than just four months ago.

**Job Growth
1982-84 vs. 2009-11**



So where are all the jobs?

Well, there is an area of robust job growth – that is in our regulatory agencies. Job growth in the federal regulatory agencies has far outpaced job growth in the private sector.

In the past, we could rely on small businesses – our nation’s job creators – to put America back to work. No longer. Instead of helping these small businesses create jobs, agencies have issued a flood of rules that has swamped small business in red tape that has created so much uncertainty that it is impossible for them to plan, grow, or add jobs.

Recently, I received a letter from Bruce Pulkkinen, who runs Windham Millwork, a small business that employs 65 people in Windham, Maine. Bruce’s letter describes an attitude in the regulatory agencies that is “undermining the creation of new jobs” and has gone from “helpful and informative to disruptive and punitive.”

One example he shared with me is the EPA’s proposed “BoilerMACT” rules. Just a few years ago, Bruce’s company made a \$300,000 investment in a state-of-the-art wood waste boiler that allowed his company to stop using fossil fuels for heat, and to eliminate its landfill waste stream. But the EPA’s proposed BoilerMACT rules would have required him to scrap that boiler and install a new one, squandering the investment he made, for miniscule public benefit. What possible sense does that make?

Even though the EPA has backed off that portion of the rules, Bruce remains concerned that it's only a matter of time before the EPA takes aim again at small boilers.

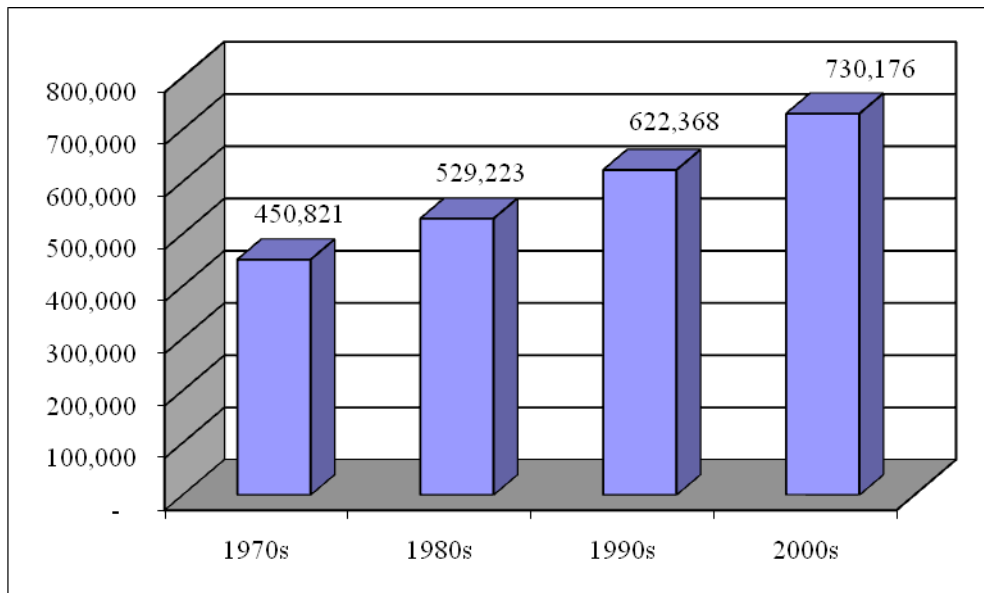
I would like to submit Bruce's letter for the record.

Bruce's experience is not unique, or even unusual. Small businesses all around the country are facing the same pressure from regulators and drawing the same conclusion. Instead of investing and growing, they have to focus on hunkering down just to survive.

Let me share a few statistics to underscore the point: federal agencies are at work on more than 4,200 new rules, 845 of which affect small businesses. Two hundred twenty-four of these rules are major rules, costing more than \$100 million each.

One has only to look at the growth of the Federal Register over the past few decades. As the chart on display demonstrates, the Federal Register has grown by almost three-quarters of a million pages in the first decade of this century - a rate of 73 thousand pages per year. That's nearly 40 percent more than in the 1980s, and the trend is up.

New Federal Register Pages per Decade



These regulations do not come without a cost. According to the Crain Study, commissioned by the U.S. Small Business Administration, the annual cost

of federal regulations now exceeds 1.75 trillion dollars. This cost falls disproportionately on smaller businesses: for businesses with fewer than 20 workers, the cost per worker of complying with federal regulations now exceeds \$10,500 per year, \$2,800 more than the cost per worker faced by big businesses.

I believe regulatory reform requires three elements: *first*, require agencies to evaluate the costs and benefits of proposed rules, including indirect costs on job creation, productivity, and the economy; *second*, make sure agencies don't attempt to go around the rulemaking process by issuing improper "guidance;" and *third*, provide relief to small businesses that face first-time paperwork violations that result in no harm.

I have offered these ideas in my "CURB Act." Many members of this Committee - and others in the Senate - have also offered excellent ideas that deserve careful consideration. I hope that this Committee, working together in a bipartisan manner, can advance legislation that improves the regulatory process to make it less burdensome, more friendly to job creators, and no less protective of the public interest.

I look forward to hearing the testimony of the panelists, and I thank the Chairman again for agreeing to hold this important hearing.