



**House Committee on Small Business**  
**“Lifting the Weight of Regulations: Growing Jobs by Reducing Regulatory Burdens”**  
**Sam Graves**  
**Chairman**  
**June 15, 2011**

Good afternoon. The hearing will come to order.

Regulations can have benefits. They can protect our food supply, ensure that drugs work, and keep financial markets transparent. Regulations also have costs by erecting barriers to entry, distorting markets, and diverting scarce capital away from job creation. These costs are compounded for small businesses because of the disproportionate impact of federal rules on their operations. Reasonable regulation requires agencies to balance the intended benefits against the economic costs of the new rules they impose.

Historically, federal agencies appear to be much better at uncovering the benefits of regulations than calculating the costs. Of course, this makes selecting the appropriate balance needed to protect the public much more difficult, particularly since most businesses subject to regulation are small.

In 1980, Congress decided to realign this agency balancing effort. It enacted the Regulatory Flexibility Act or RFA which requires agencies to consider the effects of their rules on small businesses and other small entities.

Since the RFA’s enactment, President Clinton, President George W. Bush and President Obama all have restated the importance of the RFA and the need to unburden small businesses from unnecessary and duplicative regulations. And each required federal agencies to perform a

retrospective examination of federal rules even though such an examination already is mandated by the RFA. Despite these remonstrances from the head of the entire Executive Branch of government, federal agencies continue to ignore the both the letter and spirit of the RFA.

Given the current state of the economy and the vital role that small businesses play in job creation, the time for words is now over. For too long, the RFA has been ignored by federal agencies and that must stop. The legislation that is the subject of this hearing, H.R. 527, the Regulatory Flexibility Improvement Act of 2011 and H.R. 585, the Small Business Size Standard Act of 2011, are designed to make sure that agencies will care that the RFA is on the books. The bills will close loopholes used by agencies to avoid compliance with the RFA, require a better assessment of the impacts that regulations will have on small businesses and other small entities, force agencies to perform better periodic review of rules, and grant the Chief Counsel for Advocacy at the Small Business Administration greater powers for enforcement of the RFA.

I want to thank witnesses for taking the time to provide their insights into these bills and what changes, if any, might be necessary to make sure that agencies care that the law is on the books and that they follow the law.

With that, I now recognize the Ranking Member for her opening statement.