

**STATEMENT OF
HARRY J. KATRICHIS
BEFORE THE
COMMITTEE ON SMALL BUSINESS
U.S. HOUSE OF REPRESENTATIVES**

“Lifting the Weight of Regulations: Growing Jobs by Reducing Regulatory Burdens”

June 15, 2011

Chairman Graves, Ranking Member Velazquez and Members of the Committee, my name is Harry Katrichis and I appear here today to discuss my experience in several regulatory reform efforts that have been undertaken by this Committee over more than a quarter century; and to lend my strong support for Committee and Congressional action on H.R. 527 and H.R. 585.

First of all, I want to thank the Committee for inviting me to testify today. For me, this is like old-home week. For approximately 10 years, one-sixth of my life, I had the privilege and honor of serving as the Republican Chief Counsel of this Committee. I served under three different Chairmen and two different Ranking Members during the 1990s. I look back on my time with this Committee as a true high point of my career.

For the Freshman Members of this Committee, I want you to know that your time on this Committee will prove to be some of the best time you will have as a Member of the House. This has always been a Committee where partisan acrimony has been mostly left at the front door. Throughout the 1990's, I enjoyed excellent working relationships with my peers on the Democratic staff of this Committee and with the Committee's Democratic Members.

This rich history of bipartisanship stands out most in the area of the myriad regulatory reform efforts undertaken by this Committee going back to its very creation as a standing Committee of the House in the 1970's.

Former Members of this Committee make up a virtual who's who of the legislative branch. Several current and former U.S. Senators have served on this Committee when they were in the House, such as Rob Portman, Ron Wyden and John Thune just to name a few. House Speaker Boehner was a Member of this Committee. John Dingell was a Member of this Committee for several years. And, Dave Camp, currently the Chairman of the Ways and Means Committee, served on this Committee during his early years in the House.

While several regulatory reform efforts were undertaken by this Committee's historical predecessor - - the Select Committee on Small Business (1941-1974), the real heavy work of regulatory reform began with those Committee Members that were first elected in 1976. Two Freshmen Members of that class stand out in my memory as two of hardest working advocates for true regulatory reform. They are Andy Ireland, then a Democratic Member from Florida (he later switched parties) and Ike Skelton, a Democratic Member from Missouri. I am very proud to say that I know both of these gentlemen. These two Members, along with many others, were the driving force behind what came to be the Regulatory Flexibility Act of 1980. Another driving force behind the effort to get the Regulatory Flexibility Act passed was then Senator John Culver. As a member of the Senate Judiciary Committee, Senator Culver was instrumental in pushing the RFA to eventual passage. I'm proud to say that John Culver and I are friends - - we had the pleasure of working together

for over six years as colleagues at Arent Fox. I still see John regularly; he lives a short distance away from me in Bethesda and we enjoy an occasional cigar on his patio many a Saturday afternoon. But I digress.

H.R. 527 is the closest thing I've ever seen to addressing the gaps in true regulatory oversight that were left after the passage of the original Regulatory Flexibility Act and the efforts to improve the RFA with the passage of SBREFA. I commend the Committee for having this hearing on this important issue.

While I wasn't involved in the early work that led to the passage of the original Regulatory Flexibility Act, I was involved in the early efforts to implement it while working for Frank Swain at the Office of Advocacy in the mid 1980's. Back then, many regulatory agencies paid only lip service to the requirements of the RFA. For many agencies, the automatic default was to certify that a pending rule would not affect small entities. They learned very early in the day that to do so held no downsides for them – the Office of Advocacy had no real meaningful recourse.

By the time the White House Conference on Small Business came about in 1986, the small business community had come to realize that we needed some genuine “beefing up” of the RFA. Legislation to amend and strengthen the RFA during the late 80's and early 90's came and went without final action. In the early 1990's, the 102nd and 103rd Congresses to be exact, we had several Small Business Committee hearings on regulatory reform efforts. In addition to official Committee and Subcommittee hearings, the House Republican Policy Committee, through its Subcommittee on Small Business, held hearings on reforming and strengthening the

RFA. These hearings were chaired by Susan Molinari, the Subcommittee's Chairman.

One of the truly memorable hearings of the Small Business Committee during that time frame was a Subcommittee hearing by the Subcommittee on Regulation, then chaired by Ron Wyden. This hearing focused on OSHA and its apparent inability to understand what the RFA required it to do. Back then, OSHA was probably the worst actor on the regulatory front as far as small business was concerned. Part of what was revealed in that hearing ultimately led to the creation of regulatory review panels that were included in SBREFA some four years later.

Speaking of SBREFA, let's take another short stroll down memory lane. Upon the change in control of the House after the 1994 election, much of the information that was gleaned from hearings of this Committee and other sources (such as the 1986 White House Conference on Small Business) was placed in legislative form for quick Congressional Action. The amendments to the RFA that would eventually find their way into SBREFA a year later, moved swiftly through this Committee and the Judiciary Committee, and were passed by the full House in March of 1995. While some of the Congressional champions of small business regulatory reform had changed since the efforts of the 1970's, some were still here fighting on. Andy Ireland had retired in 1992. Senator John Culver lost his re-election bid in 1980. But some of the "old guard" remained - - Ike Skelton was still in the House and Ron Wyden was a brand new Senator. Others that joined the fray included Jim Talent, first elected in 1992, Norm Sisisky, first elected in 1980, and Tom Ewing, who took the torch of RFA reform from Andy Ireland as Andy was headed toward retirement.

As often happens, the other body (Senate) took a little longer to get through their legislation for meaningful regulatory reform for small business. But those efforts, led in large part by the Senate Small Business Committee and its Chairman Kit Bond and Ranking Member Dale Bumpers, resulting in what came to be SBREFA. The passage of SBREFA not only gave us most of the needed reforms and enhancements to the RFA, it also gave us pre-regulatory review panels for OSHA and EPA rulemakings and it gave us the Congressional Review Act. These and other components were great enhancements to what the House had already done a year earlier.

The bad news is that the regulators made a few adjustments and found both new and some of their old ways to obviate compliance with the letter and spirit of both the RFA and the amendments to the RFA contained in SBREFA. While many in this town refer to the press/media as the 4th Estate, I have always believed that regulatory agencies are the true 4th Estate of the Federal Government.

I firmly believe that the improvements to the RFA and SBREFA contained in H.R. 527 will go a long way in taming the 4th Estate of the Federal Government to the benefit of small businesses.

As for H.R. 585, I completely support it. While professionally I have never been involved in the ebb and flow of size standard disputes (I would tend to view it as akin to learning Medicare reimbursement codes), I do believe that the Office of Advocacy needs to be the final arbiter of what a small business is for purposes of federal regulatory action.

Thank you again for allowing me to be part of this hearing, and I look forward to your questions.