



**Opening Statement
Chairman Graves
Reducing Federal Agency Overreach: Modernizing the Regulatory Flexibility Act
House Committee on Small Business
March 30, 2011**

Good afternoon. The hearing will come to order.

Studies have shown that small businesses must spend more per employee to comply with federal regulations than their large competitors. If we are relying on small businesses to create jobs that will create economic growth, America's entrepreneurs cannot be saddled with unnecessary costs.

It is just plain commonsense that federal agencies should see how their rules will affect businesses – businesses that need scarce capital to hire workers rather than comply with costly and unwieldy dictates of federal bureaucrats.

In fact such a statute exists – the Regulatory Flexibility Act or RFA. The Act charges all federal agencies with examining the impact of their proposed and final rules on small businesses. If those impacts are significant, the agency is required to consider less burdensome alternatives.

Let me give an example. TSA decided that it would be a good idea to impose on general aviation security plans and screening similar to that used by commercial airlines. Significant costs would have been imposed on the general aviation community without any showing that safety to the public would have increased.

It is this type of nonsensical federal overreaching that hinders job creation without providing any benefit to the public that the RFA was designed to stop. Had TSA done what was required under the Act, that agency would not have put forward such a proposal.

Despite the importance of the RFA to the small business community, federal agencies, as we will hear from today's witnesses, regularly ignore the requirements of that Act. The result is reduced competitive capability of small business which in

turn prevents them from expanding and creating needed jobs. Given the state of the American economy that is not a result we in Congress or the American public can afford. I want to thank witnesses for taking the time to provide their insights into the RFA, its benefits to small businesses, and the loopholes that agencies may use to avoid a necessary and sensible examination of the consequences of their actions.

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