

Report on the Regulatory Flexibility Act, FY 2013

U.S. Small Business Administration, Office of Advocacy, 86 pages.

Purpose

Since the enactment of the Regulatory Flexibility Act (RFA) in 1980, the Office of Advocacy has worked with federal agencies to examine how their proposed regulations affect small entities. Under the RFA, federal agencies must review proposed regulations to determine if they will have a significant economic impact on a substantial number of small entities—small businesses, small governmental jurisdictions, and small nonprofits—and consider significant alternatives that would minimize the regulatory burden on them while achieving the rules' purposes. The RFA directs the the Office of Advocacy to report annually on agency compliance. In addition, Executive Order 13272, Proper Consideration of Small Entities in Agency Rulemaking, requires annual reporting on agency compliance with its directives. The report also evaluates this.

Overall Findings

In FY 2013 Advocacy found that most federal agencies continued their efforts to comply with the RFA. Further, Advocacy found that E.O. 13272 continues to be a useful tool to encourage agencies to consider the impact of their proposals on small business. Quantifiable first-year cost savings from seven final rules totaled more than \$1.5 billion. Other rules that became final had significant savings, although not precisely quantifiable. One example is the Mortgage Servicing Rule finalized by the Consumer Financial Protection Bureau. The agency estimated that the one-time cost savings for small businesses resulting from RFA compliance range from \$1 billion to \$2.3 billion. Overall, as a result of Advocacy's efforts, RFA compliance helped save at least \$2.5 billion in

first-year regulatory costs for small entities, while ensuring that agencies were able to meet their regulatory goals.

Highlights

In FY 2013, Advocacy carried out the following actions to implement the RFA:

- Submitted 26 public comment letters to federal agencies on regulatory proposals;
- Convened 21 roundtables, bringing together agency representatives and small businesses concerned about regulatory topics and specific regulatory proposals;
- Participated in one SBREFA panel convened by the Environmental Protection Agency;¹
- Trained over 150 regulatory staff from various federal agencies in RFA implementation;
- Reviewed hundreds of regulations to assess RFA compliance; and
- Helped small businesses save \$1.5 billion in quantifiable first-year regulatory costs, as well as significant unquantifiable cost savings (ranging from from \$1 billion to \$2.3 billion).

Scope and Methodology

This report is an account of how Advocacy worked to achieve cost savings for small entities and helped agencies comply with the RFA and E.O. 13272. It covers Advocacy's public activities with respect to regulatory development. An important part of

1. SBREFA panels give small entities a voice in rule-making at an early stage. They are named for the Small Business Regulatory Enforcement Fairness Act, which amended the RFA.

Advocacy's involvement in regulatory development is achieved through confidential communication with agencies prior to publication of proposed rules. Consequently, the report does not reflect the sum total of Advocacy's accomplishments in this area.

The Office of Advocacy bases its cost savings estimates primarily on agency estimates, when available. Alternatively, cost estimates are obtained from the entities affected, their representatives, and/or the public record. Cost savings for a given rule as a result of Advocacy's intervention are captured in the fiscal year in which the agency takes final action on the rule. First-year and recurring annual cost savings are listed where applicable. Where cost savings have accrued during the prepublication draft stages of the rule, they are not publicly available.

Additional Information

This report is available on the Office of Advocacy's website at www.sba.gov/advocacy/823/4798. To receive email notices of new Advocacy research, news releases, regulatory communications, publications, and the latest issue of *The Small Business Advocate* newsletter, visit www.sba.gov/updates and subscribe to the office's three listservs:

- Regulatory Alerts & Comment Letters;
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