

Report on the Regulatory Flexibility Act, FY 2012

Office of Advocacy, Small Business Administration, 63 pages.

Purpose

Under the Regulatory Flexibility Act (RFA) and Executive Order (E.O.) 13272, federal agencies are required to consider the effects of their proposed and existing regulations on small entities and to examine alternatives that would minimize the small entity impacts while still meeting the regulations' purposes. Since the enactment of the RFA in 1980, the Office of Advocacy (Advocacy) has worked with agencies to examine how their proposed regulations affect small entities. Advocacy is required by both the RFA and E.O. 13272 to report annually on agency compliance.

Overall Findings

In FY 2012, the Office of Advocacy continued to develop its use of stakeholder roundtables, both to hear the concerns of small businesses and to provide federal agencies a means to hear those concerns. A summary of the roundtables that featured significant involvement from agency officials offers a glimpse of the daily texture of Advocacy's work to improve the regulatory environment for small firms. Advocacy's RFA training has helped many agencies see that the analytical process mandated by the RFA produces better and more informed regulatory decisions. In FY 2012, President Obama signed Executive Order 13610, to strengthen agency implementation of regulatory flexibility provisions. Advocacy continued to work with stakeholders and federal agencies to ensure that federal rules do not unfairly burden small businesses as federal agencies, including the new Consumer Financial Protection Bureau (CFPB), proposed regulations that triggered the requirements of the RFA. Overall, in FY 2012, the Office of Advocacy observed continued improvement with respect to agencies' RFA and E.O. 13272 compliance.

Highlights

In FY 2012, the Office of Advocacy carried out the following actions to implement the RFA:

- Reviewed hundreds of regulations to assess RFA compliance. Helped small businesses save \$2.4 billion in first-year regulatory costs and more than \$1.2 billion in annually recurring costs as a result of efforts to help agencies comply with the RFA's requirements.
- Submitted 28 public comment letters to federal agencies on regulatory proposals.
- Convened 32 roundtables, bringing together agency heads, rule writers, and policy directors to hear the concerns of small businesses about regulatory topics and specific regulatory proposals.
- Participated in small business advocacy review panels convened by the CFPB and Environmental Protection Agency on specific proposals.
- Trained regulatory staff from various federal agencies in RFA implementation.

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 the Office of Advocacy's involvement in regulatory development is achieved through confidential communication with agencies, so 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. In the alternative, cost estimates are obtained from the entities affected, their organizations, 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

The full text of this report is available on the Internet at www.sba.gov/advocacy/823/4798.

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