

Report on the Regulatory Flexibility Act, FY 2010

Office of Advocacy, January 2011 [80 pages]

Background

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. In the 30 years since the enactment of the RFA in 1980, the Office of Advocacy has been working 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. This special edition of Advocacy's *Report on the Regulatory Flexibility Act* commemorates the 30th anniversary of the RFA and covers agency compliance over the October 2009 through September 2010 period.

New laws enacted in FY 2010—the Small Business Jobs Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act—codified a section of E.O. 13272 that requires agencies to respond specifically to Advocacy's concerns and added a new agency, the Consumer Financial Protection Bureau (CFPB), to the Small Business Advocacy Review panel process. Compliance with these new provisions will be subjects of future reports.

Highlights

In fiscal year 2010, the Office of Advocacy:

- Reviewed hundreds of regulations to assess RFA compliance.
- Convened numerous roundtables to solicit the opinions, views, priorities, and comments of small entity stakeholders on regulatory proposals.
- Submitted about 40 public comment letters to federal agencies on regulatory proposals.

- Identified nearly \$15 billion in FY 2010 first-year cost savings, and almost \$5.5 billion in annually recurring savings.
- These cost savings are reflected in final agency regulatory actions as a result of efforts to help agencies comply with the RFA's requirements to review the small-entity effects of proposed regulations.

Scope and Methodology

Because part of the Office of Advocacy's involvement in regulatory development is achieved through pre-proposal communication with agencies, the sum total of Advocacy's involvement in the regulatory process is not easily calculated. However, the summary of Advocacy's public activities and descriptions of the office's involvement in this report provides an accurate account of how Advocacy worked to achieve cost savings for small entities in FY 2010 and helped agencies comply with the RFA and E.O. 13272.

The Office of Advocacy bases its cost savings estimates on agency estimates. Cost savings for a given rule as a result of Advocacy's intervention are captured in the fiscal year in which the agency agrees to changes in the rule. Where possible, savings are limited to those attributable to small businesses. 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.

This report was peer-reviewed consistent with Advocacy's data quality guidelines. More information on this process can be obtained by contacting the director of economic research at advocacy@sba.gov or (202) 205-6533.

Ordering Information

The full text of this report and summaries of other studies performed under contract with the U.S. Small Business Administration's Office of Advocacy are available on the Internet at www.sba.gov/advo/research. Copies are available for purchase from:

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