

STATEMENT OF SENATOR GEORGE V. VOINOVICH
HOUSE SUBCOMMITTEE ON ENERGY POLICY, NATURAL RESOURCES AND
REGULATORY AFFAIRS AND THE SMALL BUSINESS SUBCOMMITTEE ON
REGULATORY REFORM AND OVERSIGHT
“WHAT IS OMB’S RECORD IN SMALL BUSINESS PAPERWORK RELIEF”
JULY 18, 2003

Chairman Ose and Chairman Schrock, thank you for the opportunity to testify before your joint hearing regarding the Office of Management and Budget’s (OMB) record on small business paperwork relief. I commend you both for dedicating time, energy, and resources to provide the small business community with the tools to build a stronger nation.

America’s small business owners across our county best exemplify our nation’s entrepreneurial spirit. When we discuss factors that drive our economy, analysts and experts often mention large corporations, the stock market, and Wall Street. However, one only has to take brief look at the statistics to realize that it is the small businesses on America’s Main Streets that serve as the foundation and backbone of our economy.

According to the Small Business Administration (SBA), there were 22.9 million small businesses in America last year, which equates to 99.7 percent of our Nation’s employers. Moreover, small businesses provide nearly 75 percent of the net new jobs added to our economy, and in 2001, small businesses accounted for 39.1 percent of the jobs in high technology sectors.

I have always had an interest in easing the regulatory burdens imposed on small businesses. As Mayor of Cleveland and Governor of Ohio, I witnessed first hand the positive impact small businesses have on revitalizing a community. As the Buckeye State’s Chief Executive, I pushed Congress to pass the *Unfunded Mandates Reform Act*, which established a Congressional decision-making process to determine the appropriateness of federal mandates. During my first term as Senator, I was an original cosponsor of the *Regulatory Improvement Act* in the 106th Congress. In 2000, I worked to help pass the *Congressional Accountability for Regulatory Information Act* and the *Regulatory Right to Know Act*.

Legislating policy changes to ease the burden of cumbersome paperwork requirements is vital to maintaining the livelihood of our small business owners. According to OMB, businesses are required to spend an estimated 7.2 billion hours every year to meet federal paperwork requirements at an estimated cost of \$190 billion annually. SBA estimates that the cost to small businesses is a staggering \$5,100 per employee. While many of these requirements are important and necessary, the high costs of understanding them and complying with them can sometimes prevent small businesses from being able to expand or even stay afloat, and in some cases, this burden can deter entrepreneurs from opening in the first place.

Thankfully, Congress provided necessary relief to ease the paperwork burden on the small business community. As the original Senate sponsor of the *Small Business Paperwork Reduction Act* (PL 107-198), I was pleased when President Bush signed this bill into law in June of 2002. This law contains many provisions to help small business owners understand and comply with federal regulations and paperwork mandates.

The law requires: (1) OMB to annually publish in the Federal Register and on the Internet a list of the compliance assistance resources available to small businesses; (2) each federal agency to establish a “one stop shop,” a single point of contact to help small businesses fill out forms and comply with federal regulations (we did this in Ohio and it really helped small businesses); and (3) each agency to make further efforts to reduce paperwork for small businesses with fewer than 25 employees.

In addition, the law established an interagency task force, chaired by OMB, to examine the feasibility of streamlining reporting requirements for small businesses. The law required OMB to submit reports on the task force’s analysis to Congress by June 28, 2003 and June 28, 2004. To this end, OMB issued a draft report on May 9, 2003 and a final initial report on June 27, 2003.

Prior to the issuance of the final report, I co-signed a letter with Representatives Ose, Manzullo, and Schrock expressing concerns over the direction of OMB’s draft report. In our letter we addressed specific areas where the draft report mischaracterized the intent of the legislation. For instance, the draft report stated: “agencies should identify a person or group of persons to serve as the single point of contact.” However, the law explicitly requires each department and independent agency to establish one point of contact for small businesses.

I was pleased, therefore, to see that OMB resolved the issue surrounding the single agency point of contact, with a few minor exceptions, in their final report of June 27. I expect OMB to remedy the discrepancies at the Federal Trade Commission and the General Services Administration in the near future. I firmly believe a single point of contact is beneficial over multiple points of contact to alleviate any confusion from the small business community. Furthermore, in their final report, OMB mentioned the possibility of developing a well designed Web site listing more details on each agency’s single point of contact. This idea definitely warrants further consideration and I encourage OMB to fully explore the option of designing such a Web page.

However, there are still a few unresolved issues regarding the implementation of the *Small Business Paperwork Reduction Act* and I would like to see them resolved as soon as possible. For example, the issue of addressing the feasibility of requiring federal agencies to consolidate reporting requirements into a single format using a single electronic reporting system, was left unresolved. I strongly encourage OMB to develop ways to make it easier for small businesses to provide information to, and obtain information from, the federal government. The success of a system of this magnitude depends on the federal government’s ability to incorporate the needs of the small business community, and I trust OMB will include this key constituency throughout the process.

It is imperative for Congress to ensure that the *Small Business Paperwork Reduction Act* is implemented within the letter and spirit of the law. By holding this hearing, Congressman Ose and Schrock are conducting their oversight responsibilities with due diligence and I appreciate your efforts and your leadership. I hope this hearing sends a message to OMB that we are watching the way they implement this important legislation. We will not be deterred and we will

not tire in our efforts to protect the small business owners from cumbersome federal paperwork requirements.

Congressman Ose and Congressman Schrock, thank you for inviting me to testify before your joint hearing this morning.

###