

Chairman Doug Ose
Opening Statement
What is the Administration's Record in Relieving Burden on Small Business? – Part II
July 20, 2004

Small businesses are a critical part of our economy. They represent more than 99 percent of all employers, and provide two-thirds to three-quarters of the net new jobs in our country. Hours and compliance dollars spent and penalties paid affect productivity, jobs and economic growth. Small businesses are especially concerned about penalties levied by Federal agencies for innocent first-time violations of ever-changing Federal paperwork and regulatory requirements.

As a former owner of small businesses, I am especially aware of the need to relieve paperwork, regulatory, and enforcement burdens on small business. This is my 10th hearing as a Government Reform Subcommittee Chairman towards this end. This problem is also important to this Administration. Point #4 in the President's 6-Point Economic Growth Plan is "[s]trengthening regulations and reporting requirements."

Today, the Subcommittees will focus on the progress in the Administration's implementation of the June 2002 Small Business Paperwork Relief Act (SBPRA, P.L. 107-198) since our last joint hearing in January. This law required the Office of Management and Budget (OMB) to take certain actions by June 28th of 2003 and 2004, and each Federal agency to take additional actions by December 31st of 2003 and 2004.

OMB estimates the Federal paperwork burden on the public to be 8.3 billion hours. In its June 2003 SBPRA report, OMB estimated that the price tag for all paperwork imposed on the public to be \$320 billion a year. This is a huge burden, especially on small businesses.

In 1980, Congress established an Office of Information and Regulatory Affairs (OIRA) in OMB. OIRA's principal responsibility is paperwork reduction. In 1995, 1998, 2000, and 2002, Congress enacted additional legislation with the objective of decreasing paperwork burden. Nonetheless, paperwork has increased in each of the last eight years.

The chart on display shows progressive SBPRA implementation compliance from June 2003 to June 2004 for each agency's: (1) naming a single point of contact (SPOC) to act as a liaison between small business and the agency (statutorily due June 28, 2003), (2) identifying compliance assistance resources available to small businesses (due the same date), and (3) submitting its first enforcement report (due December 31st). Noncompliance includes incomplete or completely absent enforcement information for four Cabinet departments – Defense, Homeland Security, Justice, and Veterans Affairs – and several key independent agencies, such as the Tennessee Valley Authority.

Because of OMB's role in government-wide management generally and SBPRA specifically, we asked OMB to discuss today the reason for each noncompliance by a Federal agency. We also asked two agencies – the Department of the Treasury, which levies the most penalties on small businesses, and the General Services Administration (GSA), which has the government-wide lead on civilian procurement and has not yet identified its compliance assistance resources – to

discuss their SBPRA implementation.

SBPRA further required an OMB-led interagency task force to perform certain analyses. In year one, the task force was to analyze how to: integrate paperwork requirements across Federal agencies and programs, consolidate paperwork requirements within an agency, and publish a list of paperwork requirements applicable to small business. In year two, the task force was to recommend how to improve electronic dissemination and develop an interactive government-wide Internet program. Along with other Chairmen, Chairman Schrock and I submitted letters critical of OMB's two draft reports as being largely nonresponsive to Congressional intent.

For example, OMB's first report did not address how to consolidate paperwork requirements, and recommended against a list organized by NAICS codes, by industrial sector description, or in another manner. And, the principal actions in OMB's second report have not yet taken place, including completion of all three phases of the Business Gateway Project and the two pilot burden reduction programs (on trucking and surface coal mining). We asked OMB to discuss today each specific accomplishment resulting from the task force's two years of effort.

I believe that the Administration can do more to fully comply with SBPRA and to reduce burdens significantly on small business. Congress wants and America's small businesses deserve results – fewer hours spent on government paperwork and lower compliance costs.

I want to welcome our witnesses today. They include: Dr. John D. Graham, Administrator, OIRA, OMB; Jesus Delgado-Jenkins, Acting Assistant Secretary for Management and Budget & Chief Financial Officer, Department of the Treasury; Felipe Mendoza, Associate Administrator, Office of Small Business Utilization, GSA; Joseph Acker, President, Synthetic Organic Chemical Manufacturers Association; Anita Drummond, Director of Legal and Regulatory Affairs, Associated Builders and Contractors, Inc.; and, John DiFazio, Assistant General Counsel - Legal/Regulatory Affairs, Consumer Specialty Products Association.