In a statement for the record for a Senate Small Business Committee field hearing, Director of Regulatory Policy Dan Goldbeck reviews agencies’ failure to follow the Regulatory Flexibility Act (RFA), which requires the executive branch to take additional steps to address small business concerns when issuing federal regulations.

His key points:

- An examination of the most recent Small Business Administration (SBA) Office of Advocacy (Advocacy) report on agency compliance with the RFA reveals that, despite a 10-year peak in the level of input from Advocacy on RFA matters, agencies have yielded the lowest amount of cost savings for small businesses across that span – suggesting that agencies have an increasingly diminished regard for RFA proceedings.

- Anecdotal examples of this trend include a recent rulemaking from the Federal Trade Commission on automobile dealerships that includes a flawed overall economic analysis as well as a merely cursory look at the proposal’s small business impacts that belies how significant such effects could actually be.

- A lack of rigorous analysis of the appropriate data on the front-end likely has the run-on effect of impairing either the agencies’ or outside stakeholders’ ability to examine the rule’s post-hoc effects and conduct a proper retrospective review, such as that which is required under the RFA’s Section 610.

Read the analysis