

SBA Office of Advocacy

To achieve its mission, the Office of Advocacy must be independent and fully-resourced

NSBA supports the U.S. Small Business Administration's (SBA) Office of Advocacy and its important objectives. Charged with analyzing the role of small businesses in the U.S. economy, pursuing policies that support small-business growth, and ensuring that the needs and concerns of small firms are considered by the federal government, the responsibilities of the Office of Advocacy are far-reaching and vital. As the only federal agency dedicated to serving all small businesses, the SBA Office of Advocacy is essential for small-business regulatory parity.

Since they have been granted considerable leeway over how to interpret and enforce laws passed by Congress, federal agencies and departments enjoy something of a free reign over too many of the regulations that govern small businesses. Unfortunately, agencies too often interpret and enforce legislation in such a way as to seriously harm America's small businesses. For example, SBA research demonstrates that, in total, companies with less than 20 employees pay more than \$7,600 *per employee* to comply with federal regulations each year. Small firms pay about 45 percent (\$2,400) more per employee than large firms.

While various regulatory reform initiatives—such as the *Regulatory Flexibility Act of 1980*, the *Small Business Regulatory Enforcement Fairness Act (SBREFA)* in 1996, and the *Small Business Paperwork Relief Act (SBPRA)* in 2002—have been successful in precluding the implementation of a range of onerous rules and alleviating some of the federal regulatory and paperwork burden, these laws are only as strong as the agency dedicated to their enforcement.

Although the Office of Advocacy reports that its interventions have resulted in a cost savings of \$71 billion to small business since 2001, the federal regulatory and paperwork burden still has ballooned by more than 400 percent since 1980—having more than doubled since 1990 alone—and is still growing, unlike the Office of Advocacy. Since the early 1990s, the number of authorized positions in the Office of Advocacy has fallen from nearly seventy employees to less than 50. This continued degradation of the Office of Advocacy could have severely negative effects on small business across the country.

There is no mention of the Office of Advocacy in SBA budgets. This omission leaves the chief counsel for advocacy at the mercy of the SBA administrator. Although a remarkably-cooperative relationship between the administrator and the chief counsel has been the norm in recent years, this is not guaranteed. With a budget process that places the chief counsel dependent on the good graces of the administrator, the potential for fiscal punishment exists. In addition to reducing budgets, the SBA administrator has the ability to enact hiring and spending freezes.

NSBA urges Congress to pass legislation for an independent line-item budget for the Office of Advocacy. Successful passage and enactment of a line-item budget would provide the Office of Advocacy with the freedom to actively seek regulatory fairness and ensure small business concerns are taken into consideration.

NSBA supports a strong, proactive Office of Advocacy to ensure small business consideration in the federal government. This can only be achieved through increased autonomy for the Office of Advocacy through an independent line-item budget.