

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

CHRISTEL SLAUGHTER, PhD, CHAIR
SMALL BUSINESS COUNCIL

TOM SULLIVAN, EXECUTIVE DIRECTOR
SMALL BUSINESS COUNCIL

June 5, 2019

The Honorable James Lankford
Chairman, Subcommittee on Regulatory
Affairs and Federal Management
Committee on Homeland Security and
Governmental Affairs
United States Senate
Washington, DC 20510

The Honorable Marco Rubio
Chairman
Committee on Small Business &
Entrepreneurship
United States Senate
Washington, DC 20510

The Honorable Thomas Carper
Ranking Member, Subcommittee on Regulatory
Affairs and Federal Management
Committee on Homeland Security and
Governmental Affairs
United States Senate
Washington, DC 20510

The Honorable Ben Cardin
Ranking Member
Committee on Small Business &
Entrepreneurship
United States Senate
Washington, DC 20510

Re: Reauthorization of SBA Office of Advocacy

Dear Chairman Lankford, Chairman Rubio, Ranking Member Carper, and Ranking Member Cardin:

I am writing to thank you for holding a joint hearing on May 22nd on the reauthorization of the Office of Advocacy at the U.S. Small Business Administration (SBA). I ask that this statement be included in the Committees' official hearing record.

I serve as Vice President for Small Business at the U.S. Chamber of Commerce and in that capacity, I serve as Executive Director for the Chamber's Small Business Council. The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. Over 99% of private sector businesses in the United States are defined as small.¹ Similarly, the vast majority of Chamber member companies are small businesses and the Small Business Council works to ensure their views are considered as part of the Chamber's policy-making process.

¹ *Frequently Asked Questions*, Office of Advocacy, U.S. Small Business Administration (August 2018), viewable at:
<https://www.sba.gov/sites/default/files/advocacy/Frequently-Asked-Questions-Small-Business-2018.pdf>.

It is also worth noting that I served as Chief Counsel for Advocacy at the SBA from 2002-2008, so the topic of this hearing is of particular interest.

SBA's Office of Advocacy is charged with independently representing the views of small business before Congress and the Administration and oversees agency compliance with the Regulatory Flexibility Act.² Effective implementation of the Regulatory Flexibility Act plays an important role in preventing overly burdensome federal regulatory mandates from harming the small business community and because of the office's role, the Chamber has included strengthening the Office of Advocacy as a priority for 2019.³

Research conducted by the U.S. Chamber of Commerce Foundation sheds some light on how small businesses struggle under the weight of excessive regulatory requirements. The report entitled, "The Regulatory Impact on Small Business: Complex. Cumbersome. Costly," pegs the impact of federal regulatory burden at "\$1.9 trillion per year in direct costs, lost productivity, and higher prices."⁴ The Foundation's research also shows that those costs hit small businesses the hardest, with an impact on firms with 50 employees or fewer that is 20 percent higher than the average for all firms.

During a recent trip to Cleveland, Ohio, I visited our Small Business Council member, Michael Canty, President & CEO of Alloy Bellows & Precision Welding, Inc. He brought the Foundation's research findings to life and explained to me that one-size-fits-all regulations do not work when it comes to many federal environmental and safety and health mandates. Michael is also a leader with the Greater Cleveland Partnership's Council on Smaller Enterprises (COSE) and he has shared his views before the Senate in the past.⁵

In addition to reauthorizing SBA's Office of Advocacy, the Chamber supports the Prove It Act (S.2014), the Early Participation in Regulations Act (S.1419), and the Small

² *Regulatory Flexibility Act*, Pub. L. No. 96-354, 94 Stat. 1164 (1980), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, 110 Stat. 857 (1996) (codified as amended at 5 U.S.C. Sec. 601-612), also amended by Sec. 1100 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 2112 (July 21, 2010).

³ *The State of American Business*, U.S. Chamber of Commerce, 2019 Policy Priorities Booklet, Page 24 (January 10, 2019), viewable at: https://www.uschamber.com/sites/default/files/023587_soab_2019_booklet_inside_final_spread.pdf.

⁴ *The Regulatory Impact on Small Business: Complex. Cumbersome. Costly*, U.S. Chamber of Commerce Foundation (March 2017), available at: <https://www.uschamberfoundation.org/reports/small-business-regulation-study>.

⁵ *Testimony*, Michael Canty, President & CEO of Alloy Bellows and Precision Welding, Inc., On behalf of the National Small Business Association, Senate Committee on Environment and Public Works, Subcommittee on Superfund, Waste Management and Regulatory Oversight, (April 12, 2016), viewable at: https://www.nsba.biz/wp-content/uploads/2016/04/NSBA_Michael-Canty_Testimony_Senate-EPW-Subcmte4.12.16.pdf.

Business Regulatory Flexibility Improvements Act (S.1120). We believe these measures will bolster the effectiveness of SBA's Office of Advocacy.

Finally, the Chamber echoes the sentiments of several witnesses who appeared before the joint Committee hearing and testified in support of David Tryon's nomination to serve as Chief Counsel for Advocacy. Last year, I joined with Winslow Sargeant, Ph.D., who served as Chief Counsel in the last Administration, and asked Leader McConnell and Senator Schumer to take up Mr. Tryon's nomination.⁶ The Chamber supports the nomination of David Tryon to serve as Chief Counsel and we ask that you urge your Senate colleagues to take up his nomination so that small businesses have an independent high-ranking official in the Administration fighting for them.

Thank you for considering these views and please do not hesitate to contact me at tsullivan@uschamber.com if you have any questions concerning the Chamber's views on this important topic.

Sincerely,



Thomas M. Sullivan
Vice President, Small Business Policy
Executive Director, Small Business Council

⁶ *Letter to Leader McConnell and Senator Schumer*, Winslow L. Sargeant, Ph.D. and Thomas M. Sullivan (July 31, 2018), viewable at: <http://bit.ly/2WmpFIgChiefCounsel>.