



June 11, 2012

Office of Information and Regulatory Affairs
Office of Management and Budget
725 17th Street NW
Washington, DC 20503

RE: Docket ID OMB–2010–0008 — Draft 2012 Report to Congress on the Benefits and Costs of Federal Regulations and Unfunded Mandates on State, Local and Tribal Entities

These comments are submitted for the record to the Office of Information and Regulatory Affairs (OIRA) on behalf of the National Federation of Independent Business (NFIB) in response to the notice of availability and request for comments on the office’s Draft 2012 Report to Congress on the Benefits and Costs of Federal Regulations and Unfunded Mandates on State, Local and Tribal Entities published in the April 12, 2012 edition of the *Federal Register*.

NFIB is the nation’s leading small-business advocacy association, representing members in Washington, D.C., and all 50 state capitals. Founded in 1943 as a nonprofit, nonpartisan organization, NFIB’s mission is to promote and protect the right of its members to own, operate, and grow their businesses. NFIB represents about 350,000 independent-business owners who are located throughout the United States.

NFIB supports OIRA’s suggestion that Congress consider examining how agencies can “quantify the adverse employment effects (if any) of regulations and turn those effects into monetary equivalents for purposes of cost-benefit analysis.”¹ NFIB also suggests that OIRA go further, and recommend that Congress require agencies to include reasonably foreseeable indirect costs in their analyses as well.

For the last few years, Americans have rightly focused on how to lower the unemployment rate. Small businesses – which create about two-thirds of the net new jobs in America – have asked for relief from regulatory mandates so they can help achieve job growth. Unfortunately, this relief has not occurred. In fact, according to small-business owners, the problem is getting worse. Last month, in our monthly survey of NFIB members, “government requirements and red tape” ascended to the number one answer to the question: *what is the single most important problem facing your business today?*²

It is well documented that regulation affects small businesses disproportionately than it does larger businesses. A U.S. Small Business Administration’s Office of Advocacy study found in 2010 that regulatory compliance costs small businesses 36 percent more per employee per year than their larger counterparts.³

Small businesses operate on thin margins. Mandating that a small business install an expensive piece of equipment or take on a burdensome process that makes their company less efficient affects a business's ability to either retain or grow jobs. Regulation is indeed necessary, but for the reasons above its impacts need to be studied carefully.

NFIB believes Congress should require administrative agencies to study all foreseeable costs that their regulations place on small-business owners. At a minimum, we support requiring that regulatory agencies account for the adverse impact their rules may have on the economy and include this cost into their cost-benefit analyses.

NFIB suggests that OIRA go further in its recommendations to Congress, by recommending that agencies include foreseeable indirect costs in their analyses as well. NFIB has supported a definition of indirect costs proposed by the Chief Counsel for Advocacy in his Legislative Priorities for the 112th Congress.⁴ This definition provides a narrow framework for determining indirect costs that should be put into use by federal agencies.

Small-business owners continue to ask for regulatory relief. While entrepreneurs understand the need for regulation, they also seek regulations that are founded on solid data and have been rigorously analyzed for their impact on the economy. OIRA's suggestion that Congress consider requiring agencies to develop a job-impact component of cost-benefit analyses is a good one. Still, analyses can be improved further by examining reasonably foreseeable indirect costs.

We appreciate the opportunity to comment on this draft report. Should OIRA require additional information, please contact NFIB's manager of regulatory policy, Daniel Bosch, at 202-314-2052.

Sincerely,



Susan Eckerly
Senior Vice President
Public Policy

¹ http://www.whitehouse.gov/sites/default/files/omb/oira/draft_2012_cost_benefit_report.pdf. pp. 80-81

² <http://www.nfib.com/Portals/0/PDF/sbet/sbet201205.pdf>, pp. 18

³ <http://www.sba.gov/advo/research/rs371tot.pdf>

⁴ http://www.sba.gov/sites/default/files/files/leg_priorities112th.pdf