

Statement of Ed Schrock
Chairman
Subcommittee on Regulatory Reform and Oversight
Committee on Small Business
United States House of Representatives
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Good afternoon, ladies and gentlemen. The President has said in several speeches that government regulation and paperwork continues to be a problem. In May he said,

We need fewer mandates, and fewer unnecessary regulations from Washington. Companies like [the one he was visiting] should be able to spend their time building the business and adding jobs, not filling out a lot of useless government paperwork.

Last week in Michigan the President made a strong case for why this is so important,

Now, the best way to make sure this economy continues to grow is to make sure America is the best place for people to risk capital; to make sure the entrepreneurial spirit is strong; to have less regulation and less taxes for the small business people of America.

Vice President Cheney has been saying the same thing.

Last month in New York he said,

We also need to continue stripping away the needless mandates and regulations that burden small businesses. The Small Business Administration estimates that regulations cost small businesses some \$7,000 per worker per year. That discourages hiring, stifles innovation, and often without any benefit to the public interest. So we streamlined tax reporting requirements for small businesses, saving them more than 50 million hours of unproductive work. We must continue those efforts.

America's entrepreneurs should spend their time building businesses and creating jobs, not filling out a lot of useless government paperwork.

I think the President and Vice President have made my opening statement for me. It is very clear where they stand on providing relief to small businesses from the burden of regulation and paperwork. Our regulatory review office under Dr. Graham believes the same thing and has shown us that through his careful stewardship of new regulations.

But the efforts to combat the legacy of regulations and paperwork requirements that have existed since before this administration came to office are incomplete.

I've said these numbers before: over 500 million hours spent by small businesses to comply with tax paperwork, over 8 billion hours of paperwork imposed by the federal government in total, over \$800 billion that regulation costs our economy. It is imperative to ensure America's continued global competitiveness that we get these costs under control and, in fact, reduce them.

Congress tried to help get the ball rolling in 2002 when we passed the Small Business Paperwork Relief Act. It asked for some simple things like providing a Single Point of Contact for small businesses in each agency and publishing a list of all compliance assistance resources. But it also did a big thing. That was to get multiple agencies to talk to each other about regulation "government-wide" and about reducing the costs and burden of regulation "government-wide." The reason it was so important was that government agencies just don't think that way. They think about their individual agency's mandate. Very few of them, unless they are forced to, think about how a proposed regulation might impact businesses already regulated by several other agencies. OMB has traditionally served that role through interagency review, comments, and return letters. But we had hoped that the task force created by the law would bring a new outlook and a new way of thinking to regulation and burden reduction. Sadly, the two reports of the task force bear little resemblance to my hopes. And we may have missed a golden opportunity to do something great for the small businesses of America.

I hope that through our dialogue today with OMB, GSA, and the Department of Treasury we can reignite some of that thinking. I hope we can leave here today with the continued mandate of the President, the Vice President, these committees, and the Congress to streamline and eliminate unnecessary paperwork and regulatory requirements that are a needless drag on the economy.

I look forward to hearing from all of our witnesses today.