Testimony of

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Created by Congress in 1976, the Office of Advocacy of the U.S. Small Business Administration is an independent voice for small business within the executive branch. Appointed by the President and confirmed by the U.S. Senate, the Chief Counsel for Advocacy directs the office. The Chief Counsel advances the views, concerns, and interests of small businesses before Congress, the White House, federal agencies, federal courts, and state policymakers. Economic research, policy analyses, and small business outreach help identify issues of concern. Regional advocates and an office in Washington, DC, support the Chief Counsel's efforts.

For more information on the Office of Advocacy, visit https://advocacy.sba.gov/, or call (202) 205-6533.

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Chair Ernst, Ranking Member Markey, and Members of the Committee on Small Business and Entrepreneurship: I am honored to be here today on behalf of the Office of Advocacy (Advocacy) to present testimony about President Trump's regulatory rollback agenda and its effects on small businesses. The views in my testimony do not necessarily reflect the views of the Administration or the Small Business Administration (SBA).

I. The Potential for Enormous Cost Savings

According to a widely cited statistic, the Biden Administration made almost 1,200 new rules that cost the nation more than $1.8 trillion combined.[1] But that does not count another 11,000 rules with zero acknowledged costs. A more accurate cost estimate would be almost $6 trillion.[2] Many of these rules were put in place at the behest of big businesses and special interests to hold back competition from the small businesses that drive American innovation.

Against that backdrop, President Trump was elected to stop the "ever-expanding morass of complicated Federal regulation [that] imposes massive costs on the lives of millions of Americans, creates a substantial restraint on our economic growth and ability to build and innovate, and hampers our global competitiveness."[3]

To carry out this mission, President Trump signed Executive Order 14219, which directs agencies to identify "regulations that impose undue burdens on small businesses and impede private enterprise and entrepreneurship."[4] As Chief Counsel for Advocacy and watchdog of the Regulatory Flexibility Act, I am well positioned to help federal agencies follow that

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[1] *See* Dan Goldbeck, Am. Action F., *The Biden Regulatory Record* (Jan. 29, 2025), https://www.americanactionforum.org/insight/the-biden-regulatory-record/, which tracks rules published in the Federal Register that include a quantified estimate of either net regulatory costs or paperwork burden.

[2] THE COUNCIL OF ECON. ADVISERS, THE ECONOMIC BENEFITS OF CURRENT DEREGULATORY EFFORTS (June 2025), https://www.whitehouse.gov/research/2025/06/the-economic-benefits-of-current-deregulatory-efforts/; CASEY B. MULLIGAN, COMM. TO UNLEASH PROSPERITY, BIDEN-HARRIS REGULATIONS COST THE AVERAGE FAMILY ALMOST $50,000 (July 2024), https://committeetounleashprosperity.com/wp-content/uploads/2024/07/240724_CTUP_BidenHarris Regulations_Doc.pdf.

[3] Exec. Order No, 14,192, Unleashing Prosperity Through Deregulation, 90 Fed. Reg. 9065 (Feb. 6, 2025).

[4] Exec. Order No. 14,219, Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative, 90 Fed. Reg. 10583 (Feb. 2, 2025). *See also* THE COUNCIL OF ECON. ADVISERS, *supra* note 2, which lists several 2025 executive orders, presidential memoranda, and proclamations laying out a deregulatory agenda for the administration.

direction. Advocacy's regional outreach is vital because, while the power to regulate is centralized here in Washington, Advocacy's regional advocates work across the country to gather local perspectives from small businesses and bring their essential insights back into federal policy discussions in Washington, D.C.

It required scarcely more than 100 days to put in place the office's Regional Advocacy team. They have already visited at least 40 states, providing our office much of the intelligence we bring to interagency policymaking processes.

Since President Trump took office, agencies have begun coming to Advocacy proactively for help meeting their Regulatory Flexibility Act responsibilities, reflecting a renewed seriousness about following the law and reducing unnecessary burdens on small businesses.

Small businesses have high expectations for President Trump's deregulatory agenda. The National Federation for Independent Business's Optimism Index came off four-year lows before the 2024 election to surge even more than it did after the 2016 election.[5] Community bankers' outlook on regulatory relief surged between September 2024 and December 2024 to historic levels.[6] President Trump's direction has opened the door for real dialogue: agencies are now asking for deregulatory recommendations and for proposals to revise rules that have long disadvantaged small businesses.

The potential for deregulation is obvious in my small business outreach. For years, small businesses burdened by regulations remained silent, fearing retaliation from regulators for speaking up. Today, they tell Advocacy that this administration is unlike any before. Now they are comfortable to shine a light on unlawful, unnecessary, and unjust regulatory overreach. Many other small businesses say that this is the first time that the federal government has listened and understood. One even said that Advocacy "quite literally saved Christmas."

During this administration, my office has already flagged approximately 300 issues for federal agencies where deregulatory action would help small businesses. Many of these issues are rules which give large organizations an artificial advantage over small ones. An example is the Outpatient Prospective Payment System that pays hospitals more for the same services

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[5] Nat'l Fed'n of Indep. Bus., *NEW NFIB SURVEY: Small Business Optimism Surges Again, Reaches Six-Year High* (Jan 14, 2025), https://www.nfib.com/news/press-release/new-nfib-survey-small-business-optimism-surges-again-reaches-six-year-high/.

[6] VICTORIA WILLIAMS, U.S. SMALL BUS. ADMIN., OFF. OF ADVOC., SMALL BUSINESS ECONOMIC BULLETIN: SECOND QUARTER 2025 (Sept. 2025), https://advocacy.sba.gov/wp-content/uploads/2025/09/EconomicBulletin_SecondQtr2025_090325_FINAL.pdf.

than it pays independent physicians.[7] Others include the Department of Labor's 2013 Companion Care rule, the Department of War's 2024 Cybersecurity Maturity Model Certification, and the Occupational Health and Safety Administration's proposed 2024 Heat rule.[8]

II. Regulatory Relief Already in Hand

Although we are still in the administration's first year, the Trump Administration has already delivered substantial regulatory relief for small businesses. For example, the One Big Beautiful Bill (OBBB) streamlined drilling approvals on federal lands. This widens access to federal acreage for small independent producers and service firms. With these statutory changes, they can plan with less risk that the auction schedule will dry up with an administration change.

The OBBB also zeroed out the monetary penalty for an auto manufacturer's failure to achieve the Biden Administration's impossible fuel-economy standards. With approximately 14 million Schedule C businesses owning a vehicle, and typically owning two or more, that part of the bill alone sets the stage for saving small businesses tens of billions of dollars.[9]

The OBBB also substantially delayed implementation and enforcement of the 2024 nursing home staffing rule from the Centers for Medicare and Medicaid Services (CMS). At a time of real shortage of qualified nurses and other nursing home caregivers, this major rule required more than 80 percent of facilities to increase their staffing. Penalties for noncompliance were severe. Unable to pass along or absorb these costs, many facilities would have to close.

Additionally, President Trump and Congress removed 16 regulations in 2025 by way of the Congressional Review Act. The majority of the 16 regulations were opposed by small businesses due to the excessive costs imposed on them.

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[7] U.S. Small Bus. Admin, Off. of Advoc., Comments on Medicare and Medicaid Programs; CY 2026 Payment Policies Under the Physician Fee Schedule and Other Changes to Part B Payment and Coverage Policies; Medicare Shared Savings Program Requirements; and Medicare Prescription Drug Inflation Rebate Program (Sept. 11, 2025) https://advocacy.sba.gov/wp-content/uploads/2025/09/Comment-Letter-CMS25-CY-2026-PFS-NPRM-Final.pdf.

[8] Application of the Fair Labor Standards Act to Domestic Service, 78 Fed. Reg. 60454 (Oct. 1, 2013); Cybersecurity Maturity Model Certification (CMMC) Program, 89 Fed. Reg. 83092 (Oct. 15, 2024); Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings, 89 Fed. Reg. 70698 (Aug. 30, 2024).

[9] A full return of vehicle-buyer choice would also require changes to "tailpipe emission" regulations, which are discussed later in my testimony.

Advocacy warned that the Biden Administration's beneficial ownership information reporting requirements would have been expensive for small entities. After the rule was finalized in 2022, Advocacy continued to receive feedback from small businesses that this rule would be burdensome as they prepared to comply. President Trump's Treasury Department saved small businesses almost $50 billion over ten years by substantially modifying the Beneficial Ownership Information Reporting Requirement in an interim final rule.[10] Changing the focus of the requirements to fall on foreign rather than domestic firms alleviates the compliance burden on millions of legally operating small firms. Over the next 10 years, 77.5 million small firms will no longer be required to file.

In May, President Trump's Department of Labor reinstated the independent contractor framework via opinion letter, providing clarity for independent contractors who participate in ridesharing, delivery, and other virtual marketplace platforms.[11]

Program integrity rules are important to small businesses too. Such rules reduce the amount of waste, fraud, and abuse that must be financed from additional taxes or Treasury borrowing. A large fraction of federal revenue comes from small businesses and their employees. By reducing the federal deficit by $150 billion, the June 2025 Marketplace integrity rule from CMS is likely to save small businesses and their employees $50 billion or more in present value.[12]

The actions described above demonstrate that meaningful regulatory relief for small businesses has already been finalized. They have reduced existing burdens, averted costly future mandates, and begun to realign federal policy with the realities faced by small entities. Building on this momentum, the administration and Congress will continue advancing additional measures to deliver even greater relief.

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[10] Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension, 90 Fed. Reg. 13688 (Mar. 26, 2025); U.S. Small Bus. Admin., Off. of Advoc., Comments on Beneficial Ownership Information Reporting Requirements and Revision and Deadline Extension (May 27, 2025), https://advocacy.sba.gov/2025/05/29/advocacy-commends-fincen-interim-final-rule-on-beneficial-ownership/.

[11] U.S. Dep't of Lab., Wage & Hour Div., Opinion Letter No. FLSA2025-2 (May 2, 2025), https://www.dol.gov/sites/dolgov/files/WHD/opinion-letters/FLSA/FLSA2019-6.pdf.

[12] We know from payroll statistics that 39 percent of the nation's payroll is paid by enterprises with less than 500 employees. The CMS final rule was published at Patient Protection and Affordable Care Act; Marketplace Integrity and Affordability, 90 Fed. Reg. 27074 (June 25, 2025). Regarding the economic impact of regulations that affect the federal deficit, see also OFF. OF MGMT. & BUDGET, MARGINAL EXCESS TAX BURDEN AS A POTENTIAL COST UNDER E.O. 13771 (Dec. 6, 2019), https://www.regulations.gov/document/OMB-2017-0002-0055 and the sources cited therein.

III. Much More Relief on the Way

Fifty-nine economically significant rules were proposed between February 1 and October 26, 2025. Perhaps the largest dollar amount comes from EPA's proposal to stop regulating greenhouse gas emissions from light-, medium-, and heavy-duty vehicles. Absent Trump Administration action, manufacturers would not, to a good approximation, be able to sell gas- or diesel-powered passenger cars, light trucks, medium-duty trucks, or heavy-duty trucks without also selling an electric vehicle in the same class. This would dramatically reduce the average quality of vehicles sold, as their buyers perceive them, and raise their prices. The overall cost would be about $4.7 trillion, at least 10 percent of which would fall on small business buyers of cars and trucks.[13]

During my confirmation hearing, I cited the excessive paperwork associated with employer payroll. Among nearly 11,000 sets of federal forms tracked by the Office of Information and Regulatory Affairs, "Employer's Quarterly Federal Tax Return" (Form 941) is at least the fifth most time consuming. The economic value of reducing the payroll paperwork burden from annual to quarterly for most small businesses exceeds $300 billion in net present value and may be as large as $800 billion. Reducing the frequency of payroll filing does NOT require Congressional action, because the U.S. Code does not require that there be a Form 941, let alone it be filed quarterly.[14]

During its first five months, this administration rescinded several proposed rules that would have cost almost $200 billion.[15] Advocacy has flagged for federal agencies more than 200 other issues for which small businesses would like to see deregulatory action.

As an example, Advocacy recommended withdrawal of the 2024 "Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings" rule by the Occupational Safety and Health Administration. The rule would impose sweeping, one-size-fits-all, and often absurd requirements on workplaces where heat is above certain temperature thresholds. This highly prescriptive rule fails to account for geographic and operational differences and will be overly burdensome and, in some cases, even dangerous. During a meeting with Advocacy, an Arizona watermelon farmer explained that the rule would require shade structures for

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[13] *See* U.S. ENV'T. PROT. AGENCY, DRAFT REGULATORY IMPACT ANALYSIS FOR "RECONSIDERATION OF THE 2009 ENDANGERMENT FINDING AND GREENHOUSE GAS VEHICLE STANDARDS," apps. A & B at 26-62 (July 2025), https://www.epa.gov/system/files/documents/2025-07/420d25003.pdf.

[14] 26 U.S.C. § 6011 authorizes the Secretary of the Treasury to require returns "in such form as the Secretary may prescribe," rather than naming specific forms or frequencies, leaving those details to regulation and administrative guidance.

[15] THE COUNCIL OF ECON. ADVISERS, *supra* note 2, at1.

workers even though harvesting takes place at night, when there is no sun to shade. In another scenario, asphalt or concrete arrives at a construction site and must be applied immediately, without artificial breaks or hazardous shade structures. Introducing water near industrial processes or chemical reactions could create an explosion hazard.[16]

OSHA estimated that small entities would incur annualized costs of approximately $8.2 billion due to the proposed rule. But the real impact would be much greater. In June 2025, Advocacy testified that OSHA understated the expected compliance costs, including in the areas of rule familiarization and program development, and these are precisely the types of costs that put small entities at a competitive disadvantage. Further, OSHA imagines that its mandates would often increase productivity in ways that companies had failed to achieve on their own.

IV. Regulations Frequently Increase the Cost of Living

Regulations frequently increase the cost of living through two basic channels identified in the Regulatory Flexibility Act (RFA). One is "adversely affect[ing] competition in the marketplace" by giving large companies an artificial advantage over smaller ones.[17] The second is by "discourage[ing] innovation and restrict[ing] improvements in productivity."[18] Examples include rules that require more resources to make the same amount of electricity.

In contrast, well-designed deregulation increases competition and productivity. President Trump's first term was a case in point. Prescription drug prices fell for the first time in almost 50 years, thanks to more companies entering the market after President Trump reduced regulatory barriers.[19] Deregulation reduced internet-access prices sharply in 2017.[20] The competition channel cited in the RFA is an important reason for both changes.

Housing is less affordable because many of its components were overregulated during the Biden Administration. They include microwave ovens, conventional ovens, stovetops, refrigerators, freezers, washing machines, dishwashers, clothes dryers, water heaters, air

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[16] U.S. Small Bus. Admin., Off. of Advoc., Post-Hearing Comments on OSHA's Proposed Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings Rule (Oct. 30, 2025), https://advocacy.sba.gov/wp-content/uploads/2025/11/Comment-Letter-OSHA-HeatIIP_103025.pdf.

[17] Regulatory Flexibility Act, Pub. L. No. 96-354, § 2(a)(4), 94 Stat. 1164, 1164 (1980) (codified at 5 U.S.C. §601 note).

[18] *Id.*

[19] THE COUNCIL OF ECON. ADVISERS, MEASURING PRESCRIPTION DRUG PRICES: A PRIMER ON THE CPI PRESCRIPTION DRUG INDEX (Oct. 2019), https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/10/Measuring-Prescription-Drug-Prices-A-Primer-on-the-CPI-Prescription-Drug-Index.pdf.

[20] Casey B. Mulligan, *Trump Proved the Stagnationists Wrong*, WALL ST. J., Jan. 5, 2021, https://www.wsj.com/opinion/trump-proved-the-stagnationists-wrong-11609870178.

conditioners, ceiling fans, furnaces, boilers, heat pumps, and lamps.[21] These are examples of the RFA's productivity channel.

Five years ago, I released a study with Kevin Hassett, Tim Fitzgerald, and Cody Kallen of the economic effects of then-candidate Biden's agenda compared to President Trump's.[22] One of the scenarios we analyzed proved to be quite like the policies delivered during the Biden Administration, which can be described as a combination of heavy regulation and expanded Obamacare.

Using the same principles highlighted in the RFA, we projected that the Biden agenda would cause inflation to outpace the per capita income from work. Specifically, the purchasing power of the income from jobs would fall 5.0 percent below what it would be had President Trump's policies continued.

We prepared Figure 1 this time last year to check what actually happened to inflation-adjusted real employee compensation per adult during the Biden era.[23] It is an index taking the value of 100 for the first quarter of 2017. Although we do not know for sure what would have happened if President Trump had begun a second term in 2021, the chart shows a linear trend fit to the period 2017-Q1 through 2019-Q4. The trend proves to be a good model of what happened after the second full quarter of the pandemic into late 2021.

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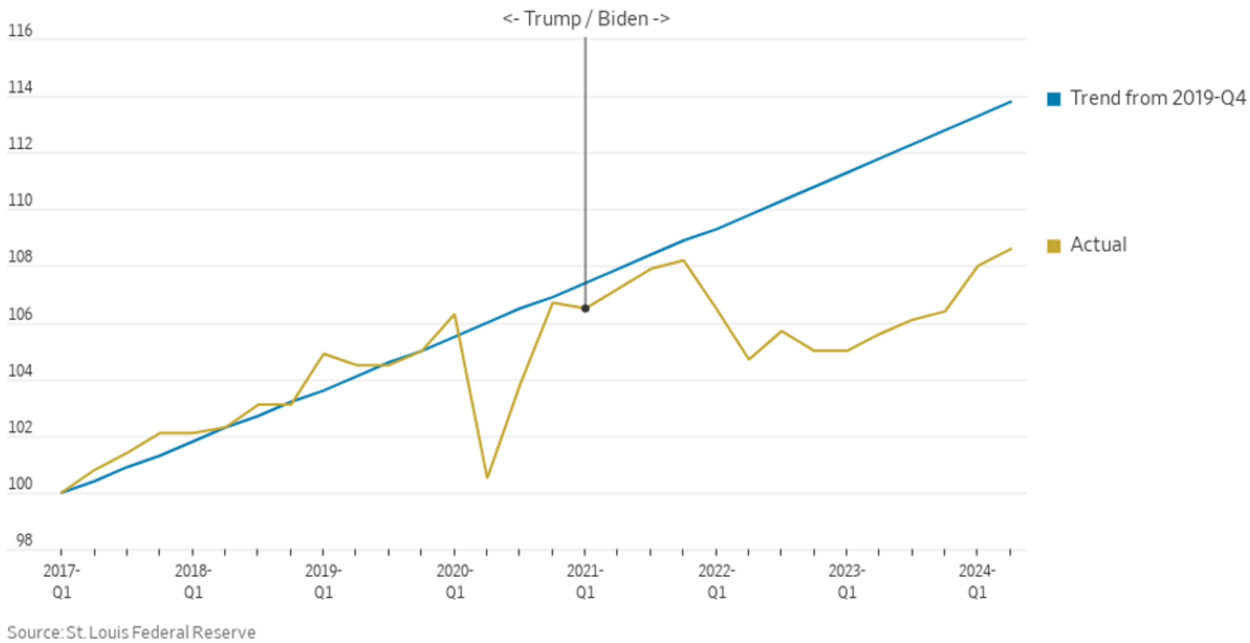
[21] The Office of Advocacy has raised concerns with various of the Department of Energy's proposed updates to Energy Conservations Standards. Examples include U.S. Small Bus. Admin., Off. of Advoc., Comments on Energy Conservation Program: Energy Conservation Standards for Distribution Transformers (Mar 27, 2023), https://advocacy.sba.gov/wp-content/uploads/2023/03/Comment-Letter-Distribution-Transformers-508c.pdf.

[22] Kevin Hassett, Casey B. Mulligan, Timothy Fitzgerald, & Cody Kallen, *An Analysis of Vice President Biden's Economic Agenda: The Long Run Impacts of its Regulation, Taxes, and Spending*, THE HOOVER INST. (Oct. 13, 2020), https://www.hoover.org/research/analysis-vice-president-bidens-economic-agenda-long-run-impacts.

[23] Kevin Hassett & Casey B. Mulligan, *Nobelists for Harris Are Unburdened by Proof*, Wall St. J., Oct. 29, 2024, https://www.wsj.com/opinion/nobelists-for-harris-are-unburdened-by-proof-9b33ac0f.

Figure 1. Inflation-adjusted Employee Compensation per Person 16 or Older



Then inflation hit. Employee compensation, and national income more broadly (not shown in the chart), was unable to keep up. That is when we began to see the effects that we predicted. By the second quarter of 2024 (the most recent national accounts at the time we made the chart), the real per capita income from work remained 4.6 percent below the trend. That is remarkably close to the 5.0 percent that we predicted.

V. Options for Limiting Regulatory Overreach

Congress and the executive branch may wish to consider reforms to limit regulatory overreach. Based on Advocacy's outreach to small businesses, potential options include strengthening the Regulatory Flexibility Act's protections for small entities and insisting on "gold standard" science in federal rulemaking.

V.A. Compliance with the Regulatory Flexibility Act

The RFA creates rules for regulators to follow. While regulators are quick to sanction businesses that do not follow their rules, they frequently do not adhere to rules Congress has placed upon them.[24]

A particularly frequent agency practice has been to unlawfully certify important rules as not having a significant economic impact on a substantial number of small entities. Improper and unlawful certifications are a pathway to capricious enforcement actions against small entities.

In true Orwellian fashion, sixty-five percent of the rules that Biden Administration agencies deemed both "significant" and having priority for congressional review ("major") were nonetheless said to lack significant effects on small entities or otherwise not require consideration of effects on small entities. Biden Administration regulators saddled small businesses with regulatory costs of at least $100 billion without even bothering to acknowledge their magnitude.[25] The Biden Administration's Environmental Protection Agency (EPA) failed to publish even a single final regulatory flexibility analysis until Fiscal Year 2024, despite the exceptional significance of its rules to small entities and its extraordinary rulemaking obligations to them.

Congress could cut down on internal contradictions by prohibiting agencies from certifying major rules without the consent of the Chief Counsel for Advocacy. Alternatively, Congress could cap sanctions on small entities that fail to comply with rules that were certified as having no significant economic impact on a substantial number of them. Due to the large number of improperly certified rules, information updates, and changing circumstances, it would also help to clarify that the retrospective review requirement at 5 USC § 610 also applies to rules that were initially certified.

With only a handful of exceptions, President Biden's agencies failed to adhere to the RFA's requirement to share regulatory flexibility agendas with the Office of Advocacy.[26] Supported

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[24] U.S. SMALL BUS. ADMIN., OFF. OF ADVOC., BIDEN ADMINISTRATION RULES CERTIFIED UNDER THE REGULATORY FLEXIBILITY ACT (Aug. 5, 2025), https://advocacy.sba.gov/wp-content/uploads/2025/08/Biden-Administration-Rules-Certified-Under-the-RFA_080525.pdf; U.S. Small Bus. Admin., Off. of Advoc., Statement of Actions Letter dated 10/8/2025 re GAO Report Number GAO-25-106950, Regulatory Flexibility Act: Improved Policies for Analysis and Training Could Enhance Compliance (Oct. 7, 2025), https://advocacy.sba.gov/2025/10/08/watchdog-or-lapdog-gao-rubber-stamps-unlawful-abuse-of-small-businesses/ [hereinafter Statement of Actions Letter].

[25] Statement of Actions Letter, *supra* note 24.

[26] 5 U.S.C. § 602(b).

by this unlawful behavior, they ambushed small businesses with proposals to increase regulatory costs by hundreds of billions of dollars and deprived them of their rights to fully participate in rulemaking processes.

V.B. Gold Standard Science

President Trump's Executive Order 14303 on "Restoring Gold Standard Science" initiates the reforms small entities have long sought: decisions that rest on transparent data, reproducible methods, and explicit uncertainty analysis. Agencies should revisit legacy models, document assumptions, and show how evidence supports statutory objectives before imposing costs on the regulated public.

Small businesses can be held back by regulations that are contrary to science and the law. For example, the Environmental Protection Agency (EPA) has a tradition of treating business owners as insufficiently anticipating that purchases of gasoline- or diesel-powered vehicles will entail ongoing fuel expenses. EPA believed that forcing a shift toward low-emission vehicles would purportedly increase business profitability in ways that many companies had failed to achieve on their own.[27]

This technocratic paternalism is not supported by the Office of Advocacy's experiences with small businesses. Owners have a great deal of wisdom about their own operations, which too often is ignored or discounted in federal rulemaking. For example, as EPA looks to evaluate existing chemicals under revised procedures under the Toxic Substances Control Act, Advocacy finds that small businesses are often better suited to explain the real-life uses of those chemicals, the precautions being taken, and the real-life impacts of additional regulations. Often, a small business owner is in a much better position to know the impacts of a regulation because they, not the regulators, are the ones that will shoulder the burden. The SBREFA panel process also serves as an important mechanism for small businesses to provide direct input into EPA's rules and EPA can take advantage of that knowledge.[28] In fact, EPA has announced two potential SBREFA panels for chemicals in the Trump Administration. It is a relief to small businesses that President Trump's EPA Administrator shows respect to small business owners.

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[27] *See* U.S. Env'l Prot. Agency & Nat'l Highway Traffic Safety Admin., Regulatory Impact Analysis for Rulemaking to Establish Greenhouse Gas Emissions Standards and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles, 9-2 (Aug. 2011), https://www.nhtsa.gov/sites/nhtsa.gov/files/truck_cafe-ghg_ria.pdf; Greenhouse Gas Emissions Standards for Heavy-Duty Vehicles-Phase 3, 89 Fed. Reg. 29440, 29702 (Apr. 22, 2024).
[28] The panels are known for the statute establishing the conditions under which they must be convened, the Small Business Regulatory Enforcement Fairness Act (SBREFA).

The owners of small fishing businesses have found the modeling of fishery resources by President Biden's National Oceanic and Atmospheric Administration (NOAA) to be outdated, oversimplified, and contrary to the Magnuson-Stevens Act. The Act requires fishing regulations to aim for the greatest overall benefit to the nation based on maximum sustainable yield.

Among other things, fishermen point to Georges Bank, where closures aimed at protecting groundfish also bar scallop harvests, leaving an estimated $52 million in scallops to die off unharvested each year. Static closure assumptions no longer reflect current species distributions or feasible bycatch controls. They urge reevaluation under RFA Section 610 to allow scallop access, arguing this would honor the Act's optimum-yield mandate.

VI. Conclusion

Thank you for the opportunity to testify today. Advocacy looks forward to continuing to work with you and other Members of Congress to be the voice for small businesses in the federal regulatory process and work with agencies to reduce small businesses' regulatory burdens. I would be happy to answer any questions you may have.

Appendix. About The Office of Advocacy

Congress recognized the importance of small businesses to our nation's economy. The Office of Advocacy was created by Congress in 1976 to be an independent voice for small business within the executive branch. Title II of Public Law 94-305 and the Regulatory Flexibility Act confer responsibilities and authorities on Advocacy. Both laws are standing, non-expiring legislation and have been amended since passage.

An important theme leading to Public Law 94-305 was the need for an advocate within the federal government to represent the interests of small business. The law provides that the Chief Counsel is to be appointed from civilian life by the President with the advice and consent of the Senate, and Advocacy employees serve at the pleasure of the Chief Counsel. Further, the law authorized the Chief Counsel to prepare and publish reports as deemed appropriate. The reports "shall not be submitted to the Office of Management and Budget (OMB) or to any other Federal agency or executive department for any purpose prior to transmittal to the Congress and the President."[29] For this reason, Advocacy does not circulate its work for clearance with the SBA Administrator, OMB, or any other federal agency prior to publication. Since 2010, Advocacy has also had independent budget authority.[30]

That said, Advocacy is a relatively small office and continues to rely on SBA for a variety of administrative support services, including office space, equipment, IT, communications support, human resources support, and acquisitions, which are outlined in a Memorandum of Understanding between SBA and Advocacy. Advocacy's administrative support staff utilize SBA's administrative and computer systems to keep Advocacy functioning at a high level of productivity.

It is also important to note the other ways in which Advocacy and SBA interact. Advocacy's economic research team's work is widely used by SBA offices. For example, the number of small businesses in the United States is a common statistic used by SBA and other agencies but is calculated by Advocacy's research team.[31] Additionally, Advocacy's press team works

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[29] § 206, Public L. No. 94-305, 15 U.S.C. § 634f.

[30] The Small Business Jobs Act of 2010 established a separate appropriations account for Advocacy, in addition to a requirement that SBA provide operating support for Advocacy. Advocacy's funds are to remain available until expended. Pub. L. No. 111-240, title I, § 1601(b) (Sept. 27, 2010), 124 Stat. 2551, 15 U.S.C. § 634g. These provisions became operational with Advocacy's budget request for Fiscal Year 2012. Since then, Advocacy's annual Congressional Budget Justification and its accompanying Annual Performance Report have appeared in a separate budget appendix following the main SBA budget request.

[31] There are 36.2 million small businesses in the United States. U.S. SMALL BUS. ADMIN., OFF. OF ADVOCACY, 2025 SMALL BUSINESS PROFILE: UNITED STATES 1 (2025), https://advocacy.sba.gov/wp-content/uploads/2025/06/United_States_

with SBA's Office of Communications and Public Liaison to field media requests regarding small business data. Advocacy also works closely with the SBA Ombudsman and prides itself on the level of cooperation and assistance that its professionals provide to all SBA program and policy staff.

2025-State-Profile.pdf. Advocacy calculates small business statistics using the most recent data available from government sources.