

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

MEMORANDUM

TO: Members of the Committee on Small Business

FROM: Committee Majority Staff

DATE: October 19, 2023

RE: Full Committee Hearing Titled: “Burdensome Regulations: Examining the Effects of DOL Rulemaking on America’s Job Creators.”

On **October 19, 2023, at 10:00 AM ET**, the Committee on Small Business will hold a hearing titled “**Burdensome Regulations: Examining the Effects of DOL Rulemaking on America’s Job Creators.**” The meeting will convene in room 2360 of the Rayburn House Office Building. The purpose of this hearing is to examine the impacts of the Department of Labor’s (DOL) burdensome regulations and economic pressures on small businesses.

I. Witnesses

- **Mr. Paul J. Ray**, Director, Thomas A. Roe Institute for Economic Policy Studies, The Heritage Foundation
- **Mr. Mario Burgos**, Chief Strategy Officer, Prairie Band, LLC
- **Mr. Ric Suzio**, Vice President, The Suzio York Hill Companies
- **Mr. Frank Knapp Jr.**, President & CEO, South Carolina Small Business Chamber of Commerce

II. Background

Small businesses have been dealing with many economic headwinds since President Biden took office. High inflation is increasing production cost and reducing consumers spending power, small business optimism remains low, and a labor shortage is threatening small business products and services nationwide.¹ To make matters worse, the federal regulatory agenda is overly

¹ James Webster, *Inflation Affects More Than Just Small Bus. Bottom Lines*, FORBES (Jan. 13, 2023); Jennifer Nash, *Inflation Remains Biggest Problem for Small Bus.*, ADVISOR PERSPECTIVES (Sept. 12, 2023).

complex and threatens small businesses. Unreasonable government regulations rank as a top concern for small entities.²

Regulatory actions cost Americans about \$1.9 trillion annually in compliance, economic and Gross Domestic Product (GDP) losses, social, and other costs.³ Under the Biden Administration alone, 677 final rules have been passed costing \$430.5 billion, and more than 215 million paperwork hours as of October 6, 2023.⁴ These regulations can add compliance costs, cause confusion so small entities have to retain outside counsel to comply, and ultimately threaten small businesses' existence.

Federal agencies are required to consider the additional costs that their regulatory actions will have on small businesses under the Regulatory Flexibility Act (RFA). The RFA requires agencies to quantify the number of entities a new regulation will affect as well as the cost of implementation. Additionally, agencies are required to explore alternative rules that would make complying with the regulation easier for small entities. Even though the RFA requires agencies to consider and to mitigate the regulatory burden for small businesses, some agencies do as little as possible to comply with the law.⁵ Often times, guardrails designed to include small business voices in the rulemaking process are skirted in favor of overbearing regulations.

The DOL has had a very active regulatory agenda since President Biden took office. Some of their actions include regulations which affect whether small businesses that are independent contractors are classified as employees, increase mandatory overtime pay, give third parties access to private businesses, raise labor costs, and increase compliance costs. These actions will significantly impact small entities and will make it harder for job creators to continue operations during these tough economic times.

III. Conclusion

The government should be in the business of ensuring that the economy works for American small businesses and that regulations do not hamstring job creators. The federal government's regulatory agenda should not come at the expense of small businesses through increased costs of compliance. Small businesses deserve to have their concerns heard about the true impact of federal regulations.

² *Regulations*, NAT'L INDEP. FED'N OF SMALL BUS. (last visited Oct. 26, 2023).

³ Clyde Wayne Crews, Jr., *Ten Thousand Commandments: An Annual Snapshot of the Fed. Regu. State*, COMPETITIVE ENTERPRISE INST., 33 (2022).

⁴ *Week in Regulation*, AM. ACTION FORUM (Oct. 10, 2023).

⁵ *Id.* at 23.