

April 24, 2008

The Honorable Olympia J. Snowe
United States Senate
Washington, DC 20510

The Honorable Mark Pryor
United States Senate
Washington, DC 20510

Dear Senator Snowe and Senator Pryor:

I am writing to commend your introduction of the “Independent Office of Advocacy and Small Business Regulatory Reform Act of 2008.” This legislation will add transparency to the Office of Advocacy’s budget and will bolster the responsiveness of government to small business concerns raised during the rulemaking process.

As you know, my position as Chief Counsel for Advocacy was created so that small businesses would have an *independent* voice within the federal government. Due to my office’s independence, these views do not necessarily reflect the position of the Administration or the U.S. Small Business Administration (SBA). This letter was not circulated to the Office of Management and Budget (OMB) for comment.

I. Budgetary Line Item for the Office of Advocacy

The Office of Advocacy’s ability to impact the regulatory process for the benefit of small entities depends greatly on the office’s independence. Congress, the President, and

policy leaders throughout the country value comments, opinions, and research from the Office of Advocacy because they know those views represent an unfiltered perspective. I was sworn in as Chief Counsel in February of 2002, and my ability to advocate for small business honestly and independently has never been compromised. However, as long as the Office of Advocacy remains merged within SBA's overall budget, the temptation remains for SBA leadership to influence the views of the Office of Advocacy by controlling its budget.

My support for a budgetary line item to include the entire operating budget for the Office of Advocacy, similar to funding for the SBA's Inspector General, comes as no surprise to you or the Committee on Small Business & Entrepreneurship. I have publically supported legislation in the House and Senate that creates a line item budget and guarantees long term independence for the Office of Advocacy.

II. Proper Consideration of Small Entities in Agency Rulemaking

In August of 2002, President Bush signed Executive Order 13272, "Proper Consideration of Small Entities in Agency Rulemaking." The President's action brought increased attention by agencies toward their responsibilities under the Regulatory Flexibility Act. The Executive Order requires greater communication between agencies that promulgate regulations and the Office of Advocacy, resulting in increased awareness by the small business community of draft regulations that would benefit from their input.

The "Independent Office of Advocacy and Small Business Regulatory Reform Act of 2008" codifies key elements of the Executive Order. Comments on proposed regulations, filed by the Office of Advocacy, will have to be addressed by the promulgating agency under your legislation. This will ensure that agencies are more directly responsive to the views and concerns of small entities.

The “Independent Office of Advocacy and Small Business Regulatory Reform Act of 2008” will go far to improve the business climate for entrepreneurs. I welcome this opportunity to voice my strong support for this legislation and I look forward to working with you to ensure its consideration and passage. If this letter prompts questions, comments, or concerns that you feel I should respond to, please contact me directly at (202) 205-6539 or via e-mail at <mailto:thomas.sullivan@sba.gov>. Thank you for your continued attention to the needs of small business.

Sincerely,

Thomas M. Sullivan
Chief Counsel for Advocacy