

Validation of Data Used in Performance Measures – FY 2014

Name of indicator:	Cost per \$1 million in regulatory cost savings
Name of office/program:	Office of Advocacy
Performance goal indicator header (title):	Cost per \$1 million in regulatory cost savings
Indicator overview/summary. Briefly answer the following four questions:	
1. Why was this indicator chosen?	Best available measure.
2. Relevance of this indicator for measuring program success.	Measure is an efficiency indicator to quantify the cost in Advocacy resources for each \$1 million in regulatory cost savings to small entities achieved as a result of Advocacy interventions in the rule development process. Regulatory advocacy on behalf of small entities is one of the primary statutory missions of the office (see 15 U.S.C. 634a <i>et seq.</i>). Small business dollars saved by not having to comply with unnecessary federal regulations can be used to grow or maintain affected businesses.
3. Any limitations on relevance to measure program success?	This measure is directly relevant to program success, but limitations in its calculation and accuracy are described in Section 2 below.
4. How is this indicator used or will be used to manage the program?	Measure is used to assess the success of the regulatory advocacy program within standardized time frames (e.g., by fiscal year or moving five-year average).
Is this indicator intended for internal use only?	No
Section I: Indicator definition and relevance	
Identify the Strategic Goal and Objective, and Priority Goal if any, that the indicator measures.	Strategic Goal: 1 Objective: This indicator measures the efficiency of Advocacy in meeting Objective 1.1
Indicator type: Select the indicator measure as a Contextual, Customer Service, Efficiency, Input, Outcome, Output, Priority Goal or Process (result).	Efficiency
Priority Goal indicator category.	N/A
Actual direction.	Increase in cost per million in savings from FY 2011 to FY 2012, the last years for which full-year data was available for reporting in the FY 2014 Congressional Budget Justification, which includes the Annual Performance Report for FY 2012. Although there was an increase in the cost of savings from FY 2011 to FY 2012, it was still only \$3,445 per \$1 million in FY 2012.

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<p>Unit of Measurement: Indicate unit in dollar, number or percentage and indicate what you are measuring.</p>	<p>Advocacy cost per \$1million in regulatory savings is measured in dollars. Advocacy costs are the total of those budgetary obligations actually incurred by Advocacy for all purposes in the reporting year. Regulatory cost savings consist of forgone capital or annual compliance costs for rules in which Advocacy intervened that otherwise would have been required in the first year of a rule’s implementation.</p>
<p>Origination Date: (MM-DD-YYYY) (As applicable)</p>	<p>N/A</p>
<p>End Date: (MM-DD-YYYY) (As applicable)</p>	<p>N/A</p>
<p>Calculation Method: Explanation of how the measure is calculated.</p>	<p>The total of all Advocacy budgetary obligations actually incurred in the reporting year is divided by the amount of regulatory cost savings for that year (in \$ millions).</p>
<p>Timeliness: Identify the reporting lag time between an event/action and the availability of data reporting</p>	<p>Advocacy budgetary obligations actually incurred during the reporting year are provided by the SBA’s Office of the Chief Financial Officer sometime during the first quarter following the close of the reporting year. Regulatory cost savings can lag an agency’s final action on the rule which generated these savings. The length of this lag time varies with each rule/agency. On some rules data may be available immediately; on others months may pass before savings are scored. Advocacy finalizes its annual calculation before the end of the first quarter following the reporting year, and this information is available to the public with the release of the President’s annual budget request to Congress, normally released in the second quarter following the year of the Advocacy’s Annual Performance Report.</p>
<p>Section II: Data quality</p>	
<p>Describe the data collection process for the indicator:</p> <ul style="list-style-type: none"> • Identify how the data record is captured. • What is the data source? 	<ul style="list-style-type: none"> • Savings on a given rule on which Advocacy has worked are captured in an internal database when the agency promulgating that rule agrees to the changes that result in savings and finalizes that rule. • Cost savings data are supplied by the federal agencies promulgating the relevant rules or the industries affected by them. Advocacy budgetary obligations actually incurred during the reporting year are provided by the SBA’s Office of the Chief Financial Officer.
<p>Identify the frequency of data capture:</p>	<p>Cost savings data are captured in the quarter and fiscal year in which the regulating agency agrees to changes to its rule resulting from Advocacy’s intervention and finalizes the rule. Advocacy budgetary obligations during the reporting year are provided on an annual basis by the SBA’s Office of the Chief Financial Officer.</p>

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<p>Describe any limitations to accuracy, measuring program success, or completeness of data (records without data, wrong data, double counting, etc.). Include OIG/GAO findings.</p>	<p>A limitation of this measure is that it can vary unpredictably because one of the two factors used in its calculation, regulatory cost savings, is impossible to predict with any degree of accuracy. There is no way to determine in advance what rules will cost in any given year or what cost saving modifications will be made based on Advocacy’s interventions. Advocacy must rely on data supplied by federal agencies or affected industries. Cost savings rely on externalities; Advocacy does not control the content or timing of the regulations on which it works and from which cost savings may be derived. Another limitation of this measure is that Advocacy is unable to include in its annual estimate of regulatory cost savings any savings that result solely from pre-decisional deliberative consultations or technical assistance provided to regulatory agencies. These savings are in addition to those scored under this performance measure and are substantial but impossible to measure with accuracy. No OIG or GAO findings pending in FY 2014.</p>
<p>Describe plans to address limitations to accuracy or completeness of data. Provide Internal Control, OIG/GAO recommendations.</p>	<p>Although Advocacy attorneys and economists do work with regulatory development officials in other agencies and with affected industries to validate and verify the accuracy of cost savings data, the ultimate sources of such data are beyond Advocacy’s direct control. No OIG or GAO recommendations pending in FY 2014.</p>
<p>If this indicator was used in the prior year reporting cycle, then: (1) describe any changes affecting data quality, and (2) identify any changes that would impact comparability with the prior year’s data.</p>	<p>No changes have occurred affecting data quality or comparability with prior years’ data.</p>
<p>Data Quality Assessment: HIGH – No known weaknesses and accurately represents the results of the program. MEDIUM – Some risks or weaknesses exist but the data is of sufficient quality to manage the program. LOW – Shows significant weakness and cannot be used to manage or represent the results of the program. Data rated as “low” will not be used for reporting.</p>	<p>Medium. See sections relating to limitations above.</p>
<p>Certification</p> <p>I hereby certify that actions were taken to provide reasonable assurance that the data supplied above is accurate and reliable. I also confirm the data/targets being reported for SBA’s Congressional Budget Submission.</p> <p>/s/ Claudia Rodgers, Deputy Chief Counsel for Advocacy</p>	