

TRUMP'S REGULATORY ROLLBACK: SAVING AMERICANS \$907 BILLION AND COUNTING

HEARING BEFORE THE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP OF THE UNITED STATES SENATE ONE HUNDRED NINETEENTH CONGRESS FIRST SESSION

NOVEMBER 19, 2025

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TRUMP'S REGULATORY ROLLBACK: SAVING AMERICANS \$907 BILLION AND COUNTING

WEDNESDAY, NOVEMBER 19, 2025

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The committee met, pursuant to notice, at 2:33 p.m., in Room 428A, Russell Senate Office Building, Hon. Joni Ernst, chairwoman of the committee, presiding.

Present: Senators Ernst [presiding], Young, Hawley, Booker, and Hirono.

OPENING STATEMENT OF SENATOR ERNST

CHAIR. I call the Committee on Small Business and Entrepreneurship to order. As I travel from river to river across Iowa, I hear from small businesses about the consistent thorn in their side, which is overregulation. In fact, when asked about federal regulations, Iowans consistently tell me to bring back a simple message to Washington bureaucrats; stay out of our way.

For a small business, regulatory compliance is more than just a headache. It's wasted time and money they'd rather put back into their businesses. It forces folks to jump through hoops designed by people who have never run a payroll, or had to scramble to keep their doors open and their lights on.

In Iowa, most entrepreneurs do not have extra folks on hand dedicated to compliance, or a legal team to comply with regulations designed for large corporations, not to mention the endless time and money to fight Uncle Sam if they miss one small paperwork requirement.

Unfortunately, during the previous administration, federal bureaucrats ignored the resources and bandwidth of our small businesses. During the Biden administration, a record shattering 107,262 pages of rules were added to the *Federal Register*, which cost an estimated \$1.8 trillion, with a T, trillion dollars, and added 256 million hours of paperwork onto the plates of small business owners.

During President Biden's last year in office alone, his administration issued over 3,000 final rules. The regulatory costs of the Biden administration's reckless rulemaking were more than 15 times higher than President Trump's first term, and over three times higher than of Barack Obama's entire presidency.

The massive mountain of paperwork hours due to bureaucratic red tape cuts into small businesses, bottom lines. It slows job creation and balloons compliance costs. It's simply bad for business.

Since January, the Trump administration has published \$702 billion in total regulatory cost savings, and cut 72.1 million hours of paperwork, altogether, with additional deregulatory efforts. These actions so far could save American taxpayers up to \$907 billion. And I know these savings will only grow as small businesses recover from the previous administration's regulatory onslaught. The Trump administration is hard at work making sure agencies delete, revoke, and rescind the harmful regulations of previous administrations.

I've been pleased to work with Administrator Zeldin to help bring common sense back to the Environmental Protection Agency, where the Trump EPA has been especially busy. Just this week, the EPA proposed an updated Waters of the United States, or WOTUS Rule, to clarify what is covered by WOTUS. This proposed rule follows my Clean Waters Act, which would codify that groundwater and waste treatment systems are not navigable waters, and end this government overreach for our farmers, landowners, and small businesses.

I am also glad that the EPA is working to overturn the agency's harmful Obama-era Endangerment Finding, which allowed far left administrations to pave the way for EV mandates and Green New Deal policies. The Trump EPA estimates that the Endangerment Finding has been used to justify over \$1 trillion in hidden taxes on small businesses and American families. Revoking that finding would save Americans \$54 billion annually.

Today, our committee will hear from Chief Counsel for Advocacy, Dr. Casey Mulligan. In any administration, the Office of Advocacy is a valuable counterweight to the sprawling bureaucratic mess that regulations create for small businesses.

Dr. Mulligan, thank you so much for your steadfast commitment to identifying regulatory pain points that make it difficult for small businesses to grow. It has been a personal mission of mine to end the red tape nightmare that has tormented our small business owners.

And earlier this year, I reintroduced the PROVE IT Act. My bill requires agencies to consider both the direct and indirect costs for small businesses before finalizing regulations. It requires Advocacy to formally review federal agency certification of rules, and prove that the federal government is fully compliant with existing law, and it gives small businesses a voice in the rulemaking process to shift the balance of power away from the administrative state and back onto the Main Street.

I also introduced the RED TAPE Act, earlier this year, to expose the true price tag of Washington's red tape and end Biden shady circular, A-4 scheme used to conceal the cost of federal regulations. Just a few weeks later, President Trump issued Executive Order 14192, which mirrored my legislation and formally rescinded the Biden-era guidance. This sort of common-sense legislation along with the deregulatory action of this administration will truly lead to a golden age for America's small business.

I look forward to hearing from Dr. Mulligan today about further ways we can work together to reduce regulatory burdens on small firms. Ranking Member Markey is unable to make it today, so we will go ahead, and we will start then with your statement. So, you, Dr. Mulligan, are recognized. I'll give you an introduction first, but then, you will have five minutes for your opening statements.

And again, I would like to extend a warm welcome today to our witness, Dr. Casey Mulligan. I'm thankful that you took the time out of your busy schedule to be here with us, and I think it looks like it might be a quick hearing today. We will have members come and go throughout the day, but the committee is excited to hear about the work of the Office of Advocacy, and your work to limit the regulatory burdens on small businesses since your confirmation.

In August, Dr. Mulligan was confirmed by the Senate, and currently serves as the SBA's Chief Counsel for Advocacy. Prior to this, he was a professor at the University of Chicago, specializing in labor economics, public policy, and the impacts of regulation on economic behavior.

During the first Trump administration, he served as chief economist for the White House Council of Economic Advisors. Dr. Mulligan received his Bachelor of Arts from Harvard University, and earned his Ph.D. in economics from the University of Chicago.

I ask unanimous consent that Dr. Mulligan's full statement be included in the record. And without objection, it is so ordered. And with that, Dr. Mulligan, you're recognized for five minutes for your testimony. You may begin.

STATEMENT OF THE HONORABLE CASEY B. MULLIGAN, CHIEF COUNSEL FOR ADVOCACY, U.S. SMALL BUSINESS ADMINISTRATION, WASHINGTON, DC

Dr. MULLIGAN. Chair Ernst, Ranking Member Markey, and members of the committee, I'm honored to discuss with you the small business effects of President Trump's regulatory agenda. My testimony does not necessarily reflect the views of the administration or of the SBA.

Before I begin, I would like to thank the committee for supporting my nomination to this position of Chief Counsel, and I look forward to working with you to support America's small businesses.

The Biden administration finalized 12,000 rules that would cost almost \$6 trillion. Against that backdrop, President Trump was elected to stop, and I quote him, "ever expanding morass of complicated federal regulation." He directed agencies to identify regulations that impose undue burdens on small businesses.

Advocacy is well positioned to help agencies follow in that direction. During my nomination hearing, I committed to prioritizing meeting small businesses where they are, and I have done so in person, in Iowa even, together with our regional advocates who every day gather small business perspectives nationwide and bring them into policy discussions here in Washington.

For years, small businesses burdened by regulations remained silent, fearing retaliation. Now, they tell Advocacy that this administration is the first to listen and to understand. One even said that

Advocacy quite literally saved Christmas, as agencies have been seeking comment on candidates for deregulation.

My office has flagged roughly 300 issues, particularly those giving large organizations an artificial advantage over small ones. One example is the Outpatient Prospective Payment System, which pays hospitals more for identical services than it pays independent physicians.

The Trump administration has already delivered substantial regulatory relief for small businesses. For example, the One Big Beautiful Bill zeroed out the penalty on auto manufacturers that fail to achieve Biden's impossible fuel economy standards. With approximately 14 million Schedule C businesses owning vehicles, that change alone positioned small entities to save tens of billions of dollars.

In addition, President Trump and Congress removed 16 regulations this year by way of the Congressional Review Act. More rule changes are on the way. Among roughly 60 economically significant rules so far, the largest savings likely come from the rule that the chair mentioned, which is to stop greenhouse gas regulations of vehicles. Without that action, vehicle quality would've fallen and prices risen, costing small businesses about half a trillion dollars.

Another rule flagged by small businesses is the proposed OSHA Heat rule. It would impose sweeping one-size-fits-all, and often absurd requirements, on workplaces where heat is above certain temperatures. During a meeting with Advocacy, an Arizona watermelon farmer explained that the rule would require shade structures even though harvesting occurs at night when there's no sun to be shaded.

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 decades. Deregulation sharply reduced internet access prices. And that's all about the competition channel that we see in the Regulatory Flexibility Act.

While regulators are quick to sanction businesses when they violate the requirements, they often fail to follow the rules Congress set. A particularly frequent practice has been to unlawfully certify important rules as not having a significant economic impact on a substantial number of small entities. Such certifications are a pathway to capricious enforcement actions.

In Orwellian fashion, 65 percent of the major rules from the Biden administration were nonetheless said to lack significant effects on small businesses or otherwise not require any consideration of those effects. Small businesses were saddled with at least a hundred billion in costs without any acknowledgement that there were costs.

President Trump's Restoring Gold Standard Science Executive Order initiates additional reforms that small entities have long sought: decisions that rest on transparent data and reproducible methods. For example, independent fishermen find the modeling of fisheries by the Biden administration to be outdated and contrary to the Magnuson-Stevens Act. Among other things, they point to Georges Bank where closures aimed at protecting groundfish also stopped scallop harvest, leaving an estimated \$52 million in annual scallops to die off unharvested.

Thank you for the opportunity to testify today. As Chief Counsel, I will continue to listen and to work toward better policy for all small businesses. And I would be happy to answer questions.
[The prepared statement of Dr. Mulligan follows.]



Testimony of

**Casey B. Mulligan
Chief Counsel
Office of Advocacy
U.S. Small Business Administration**

***United States Senate
Committee on Small Business & Entrepreneurship***

Date: November 19, 2025
Time: 2:30 pm
Location: 428A Russell Senate Office Building, Washington, DC
Topic: Trump's Regulatory Rollback: Saving Americans \$907 Billion and Counting

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 policy makers. 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.

**Casey B. Mulligan
Chief Counsel
Office of Advocacy
U.S. Small Business Administration**

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

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

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.

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.

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

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, at 1.

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

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.

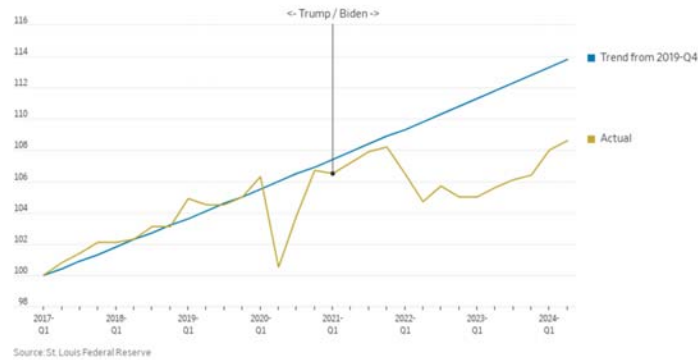
We prepared Figure 1 this time last year to check what actually happened to inflation-adjusted real employee compensation per adult during the Biden era.²³ It is an index taking the value of 100 for the first quarter of 2017. Although we do not know for sure what would have happened if President Trump 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.

²¹ The Office of Advocacy has raised concerns with various of the Department of Energy's proposed updates to Energy Conservation 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

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.

²⁷ See U.S. Env't 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

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.

CHAIR. Wonderful. Thank you, Dr. Mulligan. And we'll begin the questioning round, and I will recognize myself for five minutes for questions.

So, Dr. Mulligan, the cost of living and affordability for Americans, including our small businesses, has been top of mind for President Trump in the first year of his second term. Overregulation makes it difficult for small firms to stay in business, and it also hurts every American family struggling with the cost of childcare, home heating, and electricity, and housing affordability.

With the holidays around the corner, how has deregulation made everyday items more affordable for our American families?

Dr. MULLIGAN. Thank you for your question. And the answer is much anticipated in the Regulatory Flexibility Act. It points to two issues with regulatory overreach. One, is by discouraging the smaller companies from entering the market. There's less competition, and those bigger companies who are still there are free to charge quite a bit.

The other channel is productivity. We ended up using more resources to do the same amount because of the extra paperwork and extra compliance. So, electricity, for example, we need more resources to make the same electricity, which means higher electricity prices for people. We've seen that throughout the energy area in the last four years. Delivering energy to our consumers has been quite difficult.

CHAIR. Good. And I appreciate that, and the fact that we are trying to drive those costs down. And it's just common-sense measures that this administration is taking.

So, Dr. Mulligan, as your testimony had pointed out, small businesses across Iowa and America are hurting due to the compliance costs that Washington bureaucrats don't even think twice about. For our small business owners, extra paperwork means less time actually working to grow their businesses.

And as you know, as I discussed earlier, I've introduced the PROVE IT Act to make bureaucrats prove that those proposed rules do not harm small businesses. And it gives Advocacy further tools to enforce their mission, and to ensure small businesses are considered in the rulemaking process.

How would the tools given to your office in the PROVE IT Act allow you to better interact with your federal partners, and what legislative authority would you still need?

Dr. MULLIGAN. Thank you for your question. My experience so far in the Trump administration, which has just been a few months, they're extremely supportive of Advocacy and the small businesses. They're coming to me quite often asking, "What can we do to make the rules better for small businesses?"

But President Trump won't always be our President. And then what happens after that? And I think legislation would be quite helpful to stop the practice that we saw so much in the last four years of saying that a regulation is not meaningful for the small businesses, when in fact, it's quite meaningful and can sometimes put them out of business.

CHAIR. Yes, we've seen that a lot through the years, and hopefully, we'll be able to get the PROVE IT Act across the finish line. That is definitely a goal of mine.

Recently, the CFPB released a proposed rule regarding small business lending. And just this week, the EPA released a new proposed WOTUS rule. How do these new rules compare to their predecessors in terms of their impact on small businesses?

Dr. MULLIGAN. Both of those rules, when they came out before this administration, they were adding costs, as we heard in my office about those costs. And the new rules, they're in the proposed stage. They're largely set to reverse what was done. And during the process, I've seen in, even in preparing the proposed rules, there was a lot of listening to small businesses, and those agencies told us, "Wow we were glad to hear from them because we were able to make a better proposed rule based on the wisdom that they heard from outside the Beltway."

CHAIR. That is good. And I'll just share a very abbreviated story, but also when it came to farmers under the Biden WOTUS rule, if a farmer who had not tilled his field for a while, if he decided to farm that land again, there was additional cost because that farmer was fined hundreds of thousands of dollars for disturbing the land that he owned and intended to farm.

So, not only is there a cost of regulation and adhering to that regulation, but then there's the government overreach where you can also be fined for simply doing your normal day-to-day activities as a small business owner, which are farmers or small business owners.

So, my time is expired. We'll come back for additional questions, but at this point, I will recognize the Senator from Hawaii, Senator Hirono, for five minutes.

Senator HIRONO. Thank you, Madam Chair. So, you are the advocate, I suppose, for small businesses, right? You the counsel. So, as I talk with small businesses in my state, the biggest thing that they are concerned about right now are the President's tariffs. But you're not talking about the tariffs as increasing costs for small businesses in your testimony. Why not?

Dr. MULLIGAN. Thank you for your question. I think the tariffs you're referring to came out around April 1st, and—

Senator HIRONO. Well, the President's tariffs, they come and they go. There's a certain unpredictableness about it, and that that's another reason that small businesses are concerned, and that there have already been billions of dollars in payments that businesses have had to make. And by the way, so can you answer my question? Why aren't you talking about tariffs as being a cost driver for small businesses?

Dr. MULLIGAN. Advocacy doesn't make the rules about tariffs or anything else. We have two things we do. Number one, we listen—

Senator HIRONO. But excuse me, your job is to, did you just say, listen to small businesses and address their concerns, their concern being impact of the tariffs?

Dr. MULLIGAN. One way. Number two, make sure those people who do make the policy are aware of those concerns. And my position is subject to Senate confirmation, even though the President was incredibly quick to get me nominated, and the chair of this committee was incredibly quick to get the hearing going. Somehow, the Senate did not finish the job until well after the trade policies

were initiated. So, the chief counsel chair at those policy discussions was empty.

Senator HIRONO. You are avoiding answering my question, you know, that President Trump has imposed tariffs in April. And then, as I said, they come and go. And my question to you is, knowing that these tariffs are very detrimental in raising costs for small businesses, why aren't you talking about tariffs in your testimony?

Dr. MULLIGAN. Thank you for your question. My job is to listen to the small businesses, and to communicate to those who do make the policies their concerns. Right on the heels of—

Senator HIRONO. And so, did you tell the people who are making these policy decisions that the tariffs are hurting small businesses?

Dr. MULLIGAN. Let me explain to you how that worked. On the heels of my confirmation, the government was shut down. So, while I was able to listen—thank you, Congress, for the excellent funding you gave my office so we could stay open. I was listening like crazy, but it was not until the government reopened.

And let me tell you, last Wednesday, government was still closed. The White House called me at 8:00 p.m. and they said, "Casey, get over here. The government's open tomorrow. The agencies need to hear what the small businesses are telling you."

And I went there, and I sat close to—

Senator HIRONO. If I look a little frustrated, that's because I am. You wrote in your book, "Tariffs are taxes on small businesses." And wouldn't taxes on small businesses hurt small businesses? So, you don't need to be confirmed, or talk to them, or whatever. You've written about it. So, why is it that we can't hear what you're going to do to help small businesses deal with this on again, off again, tariff situation.

By the way, I've talked to small businesses in Hawaii, and anybody who imports anything, any part of a product that the Hawaii businesses sell, and that goes for small businesses all across the country, are having to pay higher costs.

So, there's a chip maker in Hawaii, for example, he gets some of his packaging from China. He's had to pay more for his product, which are chips. So, there is no question that these tariffs that Trump tariffs are hurting small businesses. And yet, you're not here to tell us about how that is impacting small businesses. And not to mention, I would like to ask you, are tariffs taxes? Yes or no?

Dr. MULLIGAN. I just wasn't able to finish answering your question, which is what am I telling Trump people about the tariffs.

Senator HIRONO. I'm moving on—

Dr. MULLIGAN. I'm in the middle of telling that—

Senator HIRONO. I'm moving on to ask you; are tariffs taxes?

Dr. MULLIGAN. President Trump campaigned on changing the composition of revenue—

Senator HIRONO. Are tariffs taxes?

Dr. MULLIGAN. They're a source of revenue.

Senator HIRONO. Are tariffs taxes? Why aren't you answering the question? You said so in your book that tariffs are taxes.

Madam Chair, I don't know why our witness, the single witness we have, who's supposed to be talking about impacts on small businesses and how we can be of help, and the biggest impact that

they're having to face right now are the tariffs, and we have a witness who's not responding to my questions. I thank you very much.

CHAIR. Thank you, Senator. And I would also respond that. What the Trump administration is doing by releasing some of the overreach from the federal government on those small businesses, it has created some equilibrium to any hurt that small businesses may be feeling.

So, this is something that we can do for the long run, though, is undo the pain of the pressure from some of these regulations that are fine for larger corporations, but certainly do hurt those smaller businesses. So, I appreciate that.

And I would also recommend that the members of the committee, also, should be the ones advocating for their small businesses and reaching out. If they feel that there is a concern from small businesses, they should take that to the administration. So, I know I certainly do. I have those conversations with the President and the administration.

And, Senator Booker, thank you so much. If you would go ahead and direct your questions to the witness, you are recognized for five minutes.

Senator BOOKER. Chairwoman, I really appreciate you. Thank you for having this hearing. Gives us an opportunity to have a conversation.

Mr. Mulligan, I crisscross my state and really am interested in the success of small businesses. They are the top job givers in our state and job providers. It's extraordinary to see these entrepreneurs who risk their capital, and make serious investments in not just the success of their businesses, but as you know, small businesses radiate into our communities or are part of the fabric of our towns, especially a state like New Jersey, which is runs on our small towns.

One of my biggest concerns I hear from my small businesses right now is just healthcare. They're getting really stuck pretty badly with healthcare costs. Congress did sweeping cuts to the federal healthcare funding programs, and has really given tax cuts not to some of the small businesses, but seen a lot of them manure to the benefit of the wealthiest there are.

And so, the CBO, which is the non-partisan Congressional Budget Office, as you know, estimates the healthcare provisions in that bill will increase our deficit by \$907 billion from 2025 to 2034. And the increases, the number of uninsured Americans, by 10 million by 2034, and additional 4.2 million will lose their Marketplace coverage because the law failed to extend the tax credit enhancements, which lower annual premiums by more than \$700 on average for people who receive them simultaneously.

The small business businesses with the Affordable Care Act are facing premium increases of about, on average, 11 percent for 2026, according to an analysis of premium preliminary rate filings from 318 insurers across all 50 states.

And so, when I just finished crisscrossing my state, having town halls, I was stunned. I thought we were going to be talking about other issues, but small business after small business talked to me about literally the impossibility of covering healthcare or even imagining trying to cover it for people to work for.

I had one woman who has a flower business in my state who talked about not only will she have to forego health insurance, her and her husband, in order to keep it for their children, but having the challenges also of watching their employees who get it through the Marketplace have to lose their insurance as well.

So, as the administration finalizes its regulations for the Trump tax bill, will you advocate for the small business owners whose prices are going up due to the administration's economic policies, or who will actually lose valuable employees, as some of the owners told me that are going to go to places where they're going to get health coverage because they can no longer afford it themselves?

Dr. MULLIGAN. Thank you for your question. The short answer is yes. I listen to the small businesses, and then I report what I hear to those who make the rules, and around healthcare in this case. And like you, I hear a lot, and my staff hears a lot about healthcare. We have a letter on our website where we've gathered together, my count was 97 different healthcare issues, that we heard about from small businesses. And the cost of insurance is something that's often cited.

One thing that's often cited is the pandemic emergency. We hear in so many different ways that rules that were put in place during the pandemic are still there and the pandemic emergency doesn't end. And that really undermines a number of healthcare—

Senator BOOKER. I'm going to interrupt you because I got 90 seconds. So, I get it. As a former mayor, the bureaucracy, the rules, all of these things, this is where I find a lot of agreement with my colleagues on the other side of the aisle. But the biggest issue, and I'm not overstating this at all, was the staggering premium cost, the staggering cost of people's healthcare.

And you said, yes, I'll advocate for that. But I'm wondering specifically when you're saying on your own website, I think that you were mentioning you're having people bring this problem. I'm asking you then, what is the solution? What will you be specifically advocating for to deal with the number one issue?

And it's anecdotal, but that I heard in county after county of New Jersey, meeting with small business people, thinking I was going to talk about other issues. But every conversation centered around this staggering cost of healthcare. And I'm wondering, you as a person that's in a very important position, what specifically is the solution, as you see it?

Dr. MULLIGAN. Thank you for your question. We have 97 specifics in the letter, but if I were to organize them, as we did in the beginning of that letter, really the Regulatory Flexibility Act principles apply very well to those 97, which is there are a lot of regulations that reduce competition in healthcare.

And I mentioned in my opening statement things that increase the cost of healthcare by undermining independent physicians. And the other aspect is wasted resources. To deliver the same healthcare, we need more resources because of all the red tape.

Senator BOOKER. And have you thought about the consequences? Because the immediacy of this, it starts at the end of the year, what are the consequences going to be for small businesses that see their costs going up tens of thousands of dollars; not being able to cover their families, or facing employees leaving? Have you thought

about—because to me it seems like quite the tsunami that's about to hit small businesses with their costs going up 5 percent, 10 percent, 15 percent just for health insurance alone.

Dr. MULLIGAN. What we have been doing at my office, and I've been doing myself, is again, listening to what the small businesses have to say and the problems that they express.

Senator BOOKER. But there's no—you have no immediate solution, in your mind, for in January?

Dr. MULLIGAN. Well, I have 97 solutions that I heard from the small businesses. They're not from Casey Mulligan, they're from the small businesses. Some of them are immediate and others may take more time.

Senator BOOKER. Thank you, Mr. Chairman.

CHAIR. Yes, thank you, Senator Booker. And I would say, as you pointed out, there are steep premium increases. So, just simply allowing subsidies to continue to flow doesn't bring the cost of healthcare down. So, I think this is something we all should be able to work on together; is figure out what is going on in healthcare that's driving those costs up, and how do we actually lower the cost of the healthcare so that it's just not significant premiums.

So, I hope that we all can come together and figure that out because, yes, our small businesses need an option that is affordable and allows easy access to healthcare. So, thank you, God bless you. And Senator Hawley, you are recognized for five minutes.

Senator HAWLEY. Thank you very much, Madam Chair. Dr. Mulligan, thank you for being here. Let me just start, if I could, by asking a little bit about rural businesses. This is something that I talked to the administrator about when she was here for her confirmation hearings.

I was sort of surprised, fairly stunned actually, to see these numbers. The Biden administration's SBA spent in Fiscal Year 2024 alone, out of 103,000 loans, only 12,500 of them went to rural businesses. 12 percent of the \$56 billion in capital last fiscal year, \$6 billion went to rural businesses. That's less than 11 percent.

My state is majority rural. We have many, many small businesses throughout the state that are located in rural areas. And, obviously, I think a key function of the small business administration is to protect and promote rural businesses. So, let me just ask, what office—what role, rather, does your office, the Office of Advocacy play in promoting rural small businesses?

Dr. MULLIGAN. Thank you for your question. And we know from a lot of our analysis and visiting in person, small businesses are especially prominent in rural areas. And as I committed in my nomination hearing and I have done in person, is to go out and visit, go where they are. Don't ask them to come to Washington, go visit them.

We even had an instance a month or two ago where it was such a remote area that my regional advocate took a mule for the last couple of miles. And we're really going to great lengths to hear from—in that case, it was ranchers. And the ranchers were thrilled that we were listening, and they were thrilled with the results that we're getting. And we came back to President Trump's team to start to improve some of that poor policy in the rural areas.

Senator HAWLEY. What steps do you think can Congress take to ensure SBA prioritizes rural areas and rural businesses? Any recommendations you might have?

Dr. MULLIGAN. Maybe I'd like to meet with my staff and get back to you. That's a serious ask, and I don't want to have a glib answer to that. Certainly, there is lots of room because a lot of our policies have not treated the rural areas well.

Senator HAWLEY. Yeah, understood. And I certainly, agree with that, and I just want to point out that, you know, programs like the 7(a) Loans, the 504 Certified Development Company Loans, Disaster Recovery Assistance, these kinds of programs are absolutely vital to rural America, in general, and to rural businesses in particular. And they need support and advocacy from your office and, and across the agency.

Let me just ask you for a second while I've got you here in my remaining time. Let's go back to talk a little bit about SBA's 8(a) Program. You're familiar with the 8(a) Program, Dr. Mulligan?

Dr. MULLIGAN. Kelly Loeffler, that's her area. Now, any regulation that she puts out because she's subject to the Regulatory Flexibility Act, I would review, and again, hear from the small businesses and comment on that. So, I'm familiar with it from that perspective, but I'm not involved in making the 8(a) rules.

Senator HAWLEY. Well, I guess my question is this. I mean, the 8(a) has been back in the news recently for reports of all kinds of corruption and waste of taxpayer dollars. You've got the most recent example, ATI Government Solutions, which is a technology services company, apparently that improperly, maybe fraudulently, claimed ownership Native American ownership to get 8(a) status, and has been exposed now for acting as a pass-through organization to take unfair advantage of this program.

These things are happening. We're seeing these reports proliferate, and we don't have an Inspector General at SBA. So, I guess maybe my question should be, given what you just said a moment ago, I mean, do you think it's time that we get an Inspector General at SBA so that we're able to address these allegations or reports of fraud?

Dr. MULLIGAN. Thank you for your question. I have been frustrated in that Senate confirmation process on how long it took. It shouldn't take that long. And you're right, it's taking way too long for the SBA Inspector General.

Senator HAWLEY. Yeah, I think so, too. Thank you, Madam Chair.

CHAIR. Thank you so much. And I'll take five minutes additional for a few more questions. I really appreciate your time today, Dr. Mulligan.

I do want to turn to the great work that you have been doing at the Office of Advocacy. You and your team have worked really hard to shed light on a lot of these hard-to-understand regulations. There's a lot on the books that are small businesses. They don't have the time to research. They don't have the time to understand. They don't have additional personnel to sort through all of that, and it costs them money.

So, as you've traveled across the country, I know you've met with a lot of small businesses, you've had discussions with small firms.

What is the top existing regulation that is currently negatively affecting small businesses that those of us here in Congress can actually grab a hold of, or even something that exists that the administration might be able to grab a hold of, and look at reforming or rolling back?

Dr. MULLIGAN. Thank you for your question. There are regulations in both categories, and in fact, working together like Congress did on the Congressional Review Act, that small businesses are very thankful for that. That gives them more durability and more certainty going forward.

You know, a top one is a little bit hard. We just put on our website, *advocacy.sba.gov*, a most wanted list. And there's not just one on there, but it's a fairly short list. These are the ones we heard most from the small businesses. And often, in a dollar sense, they have costs well into the billions, just for one of the rules.

The 2024 Cybersecurity Maturity Model Certification is one that we hear a lot from small businesses that are involved or hope to be involved in contracting, the 2024 Heat rule, quarterly payroll filings. And believe it or not, 15 years on, the Obamacares employer mandate.

CHAIR. I wish we had had that question just a little bit ago. So, yes, the mandate can be very, very costly, but I do hope that as a Congress or as an administration, that we can all work together to find some reasonable solutions to help our small businesses in all of those areas.

So, following the bureaucratic nightmare created by the former administration, the Trump administration has been really working very hard to slash a lot of the regulations and red tape that are out there that affect small businesses, and make it cheaper and simpler for these small business owners to comply with federal regulations.

And your office has been playing a key role in that fight. So, Dr. Mulligan, I intend to follow-up with, of course, perhaps a question for the record. But as the first confirmed Chief Counsel for Advocacy in a decade, and you noted that the seat had been vacant, but you are the first one in a decade, I'm confident that you have many well-informed ideas about how to strengthen and better that role for the benefit of all of our small businesses.

So, if you would, briefly, because I only have a minute and a half left, just briefly describe what you've thought about any legislative changes that you would recommend that could be helpful to us, and in addition to the PROVE IT Act, of course, because I would like to see that over the finish line. But things that would allow us to be good champions for our small businesses.

Dr. MULLIGAN. Thank you for your question. One idea in the spirit of the PROVE IT Act would maybe to require that any major rule can't be certified without the Chief Counsel's approval. Let's stop the double-talk, the Orwellian doublespeak. That would be an idea.

If you can, take a look at President Trump's budget, it's an excellent budget. But one of the things that it does is really support the Office of Advocacy to a much greater degree than the draft budget that came out of the House. So, if the Senate could look at that, that would also, I think, be helpful.

CHAIR. Wonderful.

Dr. MULLIGAN. And I know the small businesses are very appreciative of what Advocacy is able to do now that it has a Senate-confirmed leadership.

CHAIR. I think that's great. And again, I'll reform this question. I'll submit it for a question for the record. And then, as you're hearing from some of those small businesses, you said you had 97 different ideas or suggestions that are out there or topics. Perhaps some of those might make its way here to the halls of Congress, and we could actually work on some solutions for those small businesses.

So, I will stop the questions here, and do appreciate your time today. I thank you. I know it is a busy day on the Hill, but thank you for being here. I see that there are no further questions. So, again, thank you for joining us.

I ask unanimous consent that the record of today's hearing remain open for two weeks for members to submit questions, revise, and extend their remarks, and submit additional information into the record.

And without objection, it is so ordered.

And with that, the Committee on Small Business and Entrepreneurship stands adjourned. Thank you, Dr. Mulligan.

[Whereupon, at 3:14 p.m., the hearing was adjourned.]



U.S. Chamber of Commerce

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November 19, 2025

The Honorable Joni Ernst
Chair
Committee on Small Business &
Entrepreneurship
United States Senate

The Honorable Ed Markey
Ranking Member
Committee on Small Business &
Entrepreneurship
United States Senate

Re: Letter for the Record: November 19, 2025 Hearing titled *Trump's Regulatory Rollback: Saving Americans \$907 Billion and Counting*

Thank you for holding today's hearing, "Trump's Regulatory Rollback: Saving Americans \$907 Billion and Counting." The Chamber appreciates the opportunity to provide our feedback on the importance of small business regulatory relief and, in particular, the importance of the Office of Advocacy within the U.S. Small Business Administration (SBA).

According to the most recent estimate, American businesses face more than \$2.15 trillion in regulatory costs, a figure equivalent to the entire GDP of Canada. Our work with the Bradley Foundation in 2017 revealed that because many regulatory costs are fixed, small businesses bear a regulatory cost burden on a per-employee basis that is roughly 20 percent higher than larger businesses with more employees. More recently, our MetLife & U.S. Chamber of Commerce Small Business Index published last December revealed that more than half of America's small business owners view regulatory compliance costs as a barrier for growth.

The Regulatory Flexibility Act (RFA), amended by the Small Business Regulatory Enforcement Fairness Act (SBREFA), was intended to rectify the disproportionate regulatory burden faced by small business by incorporating their concerns into the regulatory process and by insisting that federal agencies find ways to meet their regulatory objectives while at the same time minimizing costs on small businesses.

The Office of Advocacy is responsible for overseeing agency compliance with the RFA and acts as an independent voice within the Administration to ensure that agencies are sensitive to how their regulations impact small businesses. The Chamber urges this Committee to continue supporting the SBA Office of Advocacy's independence and resources, as well as robust implementation of the RFA. Also, the Chamber believes the RFA must be updated in order for the Office of Advocacy to

better serve small businesses. Earlier this year, Chair Ernst introduced S. 495, the Prove It Act, that modernizes the RFA in a way that will help the Office of Advocacy better serve America's small business community. S. 495 ensures that regulators are fully transparent about costs that could harm small employers' ability to re-invest in their employees, improve their operations, and grow. The Prove It Act will also allow small businesses to challenge agencies' refusal to reduce regulatory burden. This will hold federal agencies accountable for ignoring small business input required by the RFA.

We applaud Chair Ernst's introduction of S. 495, the Prove It Act. In the last Congress, similar legislation passed the U.S. House of Representatives with support from more than 260 local, state, and regional chambers of commerce in 43 states.

We look forward to working with you and Members of the Committee to pass S. 495 and explore additional ways to provide America's small businesses with long term certainty for regulatory relief.

Sincerely,

A handwritten signature in blue ink, appearing to read "Thomas M. Sullivan".

Thomas M. Sullivan
Senior Vice President
Small Business Policy
U.S. Chamber of Commerce

**Senate Committee on Small Business and Entrepreneurship Hearing
November 19, 2025
Follow-Up Questions for the Record**

Questions for Dr. Mulligan

Questions from:

Ranking Member Markey

The Office of Advocacy is required by statute to “serve as a focal point for the receipt of complaints, criticisms, and suggestions concerning the policies and activities of the Administration and any other Federal agency which affects small businesses.”

QUESTION 1:

Do you agree that President Trump’s tariff policy is something that the Office of Advocacy should be reviewing and commenting about on behalf of small businesses?

Response: International trade matters are among the “policies and activities of the Administration” referenced in 15 U.S.C. § 634c(a)(1).

QUESTION 2a:

Why were you unable to hold a single roundtable or issue a single alert on President Trump’s tariffs since being confirmed?

Response: My Senate confirmation hearing was in early March 2025, which should have been early enough for me to join Advocacy and participate in discussions of policies that the executive branch was implementing in April and May 2025. However, my confirmation vote was extraordinarily delayed in the U.S. Senate, until August 1. During the intervening period, adherence to the U.S. Constitution made me unable to hold roundtables, issue alerts, or engage in any other activity of the Chief Counsel for Advocacy.

Since my swearing in on August 5th, I have fully engaged in the activities of the Chief Counsel, limited only by the government shutdown and the number of hours in a day. Many of these activities and limitations are explained in detail in what follows.

QUESTION 2b:

What work did the Office of Advocacy undertake during the government shutdown and how many of its staff remained in the office during that time?

Response: Thanks to the special budget authority provided by Congress, Advocacy was able to conduct normal operations except when our agency counterparts were closed. All staff were able to work and be paid during the government shutdown. Such work included reviewing draft

regulations, preparing compliance reports, and filing public comment letters on rules with open comment periods that closed during the government shutdown. I also visited small businesses outside of Washington DC, and received others at SBA headquarters. One of the latter was a Chicago entrepreneur and owner of coffee shops.

Another meeting featured small fishing businesses from New Bedford and Gloucester, MA, who articulated various concerns about federal policies affecting the fishing industry. They were grateful to be heard and understood, especially during a government shutdown. However, Advocacy interactions with federal agencies were limited because most of the rest of the government was furloughed. Among others, the U.S. National Oceanic and Atmospheric Administration was unable to meet or communicate, thereby delaying policy changes that would benefit affected small businesses.

QUESTION 2c:

In your testimony, you said “I was listening like crazy, but it was not until the government reopened.” What kept you from listening to and speaking with small businesses about their experience under President’s Trump’s tariff regime while the government was shut down?

Response: Your question stems from an incorrect quote from the in-person hearing. The correct quote reflects two distinct activities: listening to small businesses and communicating with federal agencies. The correct quote is “I was listening like crazy, but it was not until the government reopened and – let me tell you – last Wednesday (government was still closed) the White House called me at 8:00 p.m....”

The distinction between listening to small businesses and communicating with federal agencies was clearly established just a few seconds earlier in the hearing, when it was presented in a “number one... number two” format.

QUESTION 2d:

In your testimony, you said that after the government reopened, you were called to the White House and asked to explain to agencies “what the small businesses are telling you.” Did you share how tariffs are hurting small businesses in particular, and, if so, what kind of reaction did you get from those agencies? Please provide the names of the agencies you have spoken with about tariffs and concerns you shared with them.

Response: I appreciate the opportunity to finish what was interrupted during the hearing, which goes to the heart of small business Advocacy in the Trump Administration. The evening before the government reopened, the White House told me to report the next day to share with agencies what the small businesses were telling me. I arrived prepared to share what the Chicago entrepreneur (see question 2b) explained about the sharply rising price of her imported coffee. I was sitting near Department of Commerce leadership, but before I could share her narrative, Commerce announced to the entire group that the tariffs on certain agricultural products, including coffee, would henceforth be set to zero.

I wonder whether the zero tariff on coffee would have gone into effect earlier if a Chief Counsel for Advocacy had been confirmed earlier in the year or the government had not been shut down.

QUESTION 3:

Of the submissions received by the Office of Advocacy's Red Tape Hotline, how many were related to the President's tariffs? Without violating the privacy of the small businesses submitting comments, please provide summaries of these submissions to the Committee, including the topic area, the state in which the submitter's business is situated, and the specific tariff policy affecting the small business.

Response: Since its inception, the scope of the Red Tape Hotline has been "federal regulation" and "red tape for small businesses" for the purpose of "shap[ing] smarter, more responsive regulation."¹ I have not attempted to classify or tally categories of out-of-scope submissions.

When Administrator Loeffler was here, she told the committee that costs have not gone up due to tariffs. However, President Trump's decision on November 14th to remove tariffs on certain kitchen table goods suggests that even he understands that his policies are driving up costs.

QUESTION 4:

Yes or no, do you agree that President Trump's tariffs have increased costs for small businesses and consumers?

Response: Thank you for your question about President Trump's policy. As President Trump put it, his policy is to reduce internal revenue and replace it in part with external revenue. Because small businesses have been so heavily burdened by internal revenue, President Trump's policy does not, on average, raise costs for small business. With 36 million small businesses nationwide, there is substantial heterogeneity. The experience of some will exceed the average and others will be less.

I know this to be President Trump's approach because it is spelled out in the 2024 Republican platform, which was introduced by President Trump and enthusiastically adopted in Milwaukee by the entire Republican Party. That platform emphasized the revenue aspect of tariffs and how it should go hand-in-hand with reducing reliance on other revenue sources.

In your book, "You're Hired!", you wrote, "My view is that tariffs are taxes on top of all of the other taxes and regulations in our economy and therefore have a particularly costly substitution effect, reducing employment, real incomes and GDP." You also wrote in the National Review that "Consumers themselves may be businesses and go bankrupt due to import prohibitions on

¹ See U.S. Small Bus. Admin., Off. of Advoc., *Report Burdensome Regulations*, <https://advocacy.sba.gov/resources/hotline/> (last visited Dec. 21, 2025).

products they use in production.”

QUESTION 5:

Do you believe President Trump’s tariffs raise costs for businesses and consumers? Do you agree that they are a tax on small businesses?

Response: Thank you for highlighting my 2020 article “I am a Tariff Man: Comparing Presidents Reagan and Trump.” The article, as well as “You’re Hired!,” concluded that Ronald Reagan’s international trade policies, including his support for “import prohibitions,” raised costs for American businesses and consumers. Especially, Reagan’s trade policies “enriched foreign producers” at Americans’ expense, whereas President Trump’s did not. When they soberly consider the matter, international trade economists widely recognize that the key difference between quotas (Reagan) and tariffs (Trump) is whether foreign producers or the U.S. Treasury receive the revenue. From today’s perspective, it is important to recognize that the observations in both the article and the book refer to either the 45th presidency or the 40th presidency.

As President Trump put it, the policy during the 47th presidency is to reduce internal revenue and replace it in part with external revenue. Nothing is being put “on top of” internal revenue. Because small businesses have been so heavily burdened by internal revenue, this policy does not, on average, raise costs for small businesses. With 36 million small businesses nationwide, there is substantial heterogeneity. The experience of some will exceed the average and others will be less.

In response to President Trump’s tariffs, I introduced the Small Business RELIEF Act, which would exempt small businesses from the global baseline and reciprocal tariffs and refund any amounts they have paid. The Office of Advocacy was created to identify ways to mitigate administration policies that have a disproportionate effect on small businesses.

QUESTION 6:

Do you think small businesses would benefit from this legislation?

Response: Your proposal to reduce external revenue would require increased internal revenue or additions to the national debt, either way potentially undermining trade negotiations and burdening the average small business.

Small businesses have specifically recommended to Advocacy that tariffs be considered as a way to gain leverage in the international sphere. They, including some from Massachusetts, share with Advocacy grave concerns about policies from Europe and elsewhere in the world that threaten their livelihoods. The Biden Administration’s responses were weak and counterproductive. Small businesses wanted a leader who would address these concerns more forcefully and get results on the international stage. They will be worse off if foreign regulatory policies are allowed to continue uncontested.

On November 16th, Politico reported about how businesses of all sizes are spending huge amounts of time and expense keeping up with the extraordinary administrative burden imposed by President Trump's tariffs. These extra costs are erasing small businesses' already thin margins. According to a recent survey, 78 percent of small businesses said tariffs have raised their operating costs in the last six months.

The Office of Advocacy was created by Congress to highlight how administrative compliance creates undue burdens for small businesses.

QUESTION 7:

Does the Office of Advocacy intend to document how the Trump Tariffs are creating mountains of paperwork and consuming small businesses' time as they try to keep up with the President's ever-shifting policies? Has the Office of Advocacy heard from any small businesses about the administrative burden associated with President's tariffs?

Response: My reports are grounded in what small businesses share with me regarding their experiences. Not even one business has cited paperwork burdens associated with tariffs.

Small businesses do cite millions of administrative hours spent on payroll filings. Those seeking federal contracts are also overwhelmed by the administrative burdens of Cybersecurity Maturity Model Certification. The U.S. National Oceanic and Atmospheric Administration has hundreds of information collections together requiring millions of hours of effort from small businesses.

On November 13, 2025, the Consumer Financial Protection Bureau proposed two rules regarding small business lending under the Equal Credit Opportunity Act. The proposals would have the effect of narrowing the scope of data collection by financial institutions, particularly relevant to understanding disparities in access to capital for minority and underserved small businesses and undermining fair lending enforcement standards.

As written, the proposed rule titled, "Small Business Lending Under the Equal Credit Opportunity Act (Regulation B)" would hurt the ability of policymakers to understand disparities that exist in credit markets for minority and underserved entrepreneurs. The proposed rule titled, "Equal Credit Opportunity Act (Regulation B)" weakens the tools available to combat discriminatory lending and the limits the discretion of private lenders to offer targeted financing programs to minority and underserved entrepreneurs.

QUESTION 8:

What is the impact and cost of discriminatory lending practices on minority and underserved small businesses, and the positive economic impact of government policies, including special purpose credit programs, that seek to remedy such discrimination?

Response: The allocation of credit to low- rather than high-return projects, sometimes known as “misallocation,” has proven to be an important reason that economies fail to reach their full potential in terms of productivity and living standards.² At a micro level, credit misallocation involves low credit access, high borrowing costs, and reduced business formation among disadvantaged groups. Well-designed credit assistance programs can close lending gaps to firms with inadequate access to capital, including minority-owned small businesses.

However, improved living standards are not guaranteed from credit programs because credit misallocations are too often the result of government policies, including discretionary subsidies, low-interest rate loans, and preferential access to credit.³ Even when government policies succeed in allocating credit to high-return activities on average, they may nonetheless reduce productivity and living standards because of the noise they add to the economic system. Milton Friedman’s “The Effects of a Full-Employment Policy on Economic Stability” is a well-known demonstration. I tied Friedman’s statistical perspective into the misallocation analysis in “Misallocations, Substitution, and the Robustness of Activist Public Policy.”⁴

The more predictable result is that paperwork and administrative requirements disproportionately burden small businesses. Reduced access to credit for small businesses is one reason that well-intentioned policies that “seek to remedy such discrimination” are at risk of doing the opposite. That is a key theme Advocacy heard from small businesses regarding CFPB data collection rules.

Policymakers should be well informed (less “noise”), but they should consider financing their own information gathering rather than concentrating data-collection costs on small businesses in the form of administrative burden and reduced credit options. Reaching policy objectives via alternatives that are less burdensome to small businesses is the essence of the Regulatory Flexibility Act. See also Advocacy’s public comment letter to the CFPB on from December 15.⁵

² Chang-Tai Hsieh & Peter J. Klenow, *Misallocation and Manufacturing TFP in China and India*, 124 Q. J. OF ECON. 1403 (2009); Diego Restuccia & Richard Rogerson, *The Causes and Costs of Misallocation*, 31 J. OF ECON. PERSPECTIVES 151 (2017).

³ See especially Diego Restuccia & Richard Rogerson, *supra* note 2.

⁴ CASEY B. MULLIGAN, MISALLOCATIONS, SUBSTITUTION, AND THE ROBUSTNESS OF ACTIVIST PUBLIC POLICY, UNIV. OF CHICAGO (Jan 2015), <https://home.uchicago.edu/cbm4/econ260/Friedmancorrelation.pdf>.

⁵ U.S. Small Bus. Admin., Off. of Advoc., Comment Letter on Small Business Lending Under the Equal Credit Opportunity Act (Regulation B) (Dec. 15, 2025), https://advocacy.sba.gov/wp-content/uploads/2025/12/Comment-Letter-Small-Business-Lending-Under-the-ECOA_121525.pdf.