

Research on the Burden of Regulations on Small Businesses

Statement of Work

The U.S. Small Business Administration's Office of Advocacy examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats and it funds research into small business issues. For more information on the Office of Advocacy, including past research projects, visit <http://www.sba.gov/advocacy/847>.

Type of contract: The government anticipates awarding a firm-fixed price type award

Location of work: To be completed by the contractor at the contractor's facility

Anticipated period of performance: Not more than 15 months from the award date

Clearance required: None

1 Purpose

This study will update and extend previous research from the Office of Advocacy on the cost to small businesses of regulations.

2 Background

The Office of Advocacy has released several reports assessing the costs of regulations. The reports have typically found that the relative burden, for example the cost per employee, is higher for smaller businesses. This study will update and extend that research. Examples of previous reports include:

- T. A. Morrison (1984). "Economies of Scale in Regulatory Compliance: Evidence of the Differential Impacts of Regulation by Firm Size." United States Small Business Administration, Office of Advocacy.
- J. Trutko, J. Gibson, D. Kennell, A. Brooks, and T. Savala (1990). "Cost and Impact of Federal Regulations on Small Versus Large Business Retirement Plans." United States Small Business Administration, Office of Advocacy.
- T. D. Hopkins (1995). "A Survey of Regulatory Burdens." United States Small Business Administration, Office of Advocacy.
- W. M. Crain and T. D. Hopkins (2001). "The Impact of Regulatory Costs on Small Firms." United States Small Business Administration, Office of Advocacy.
- W. M. Crain (2005). "The Impact of Regulatory Costs on Small Firms." United States Small Business Administration, Office of Advocacy.
- N. V. Crain and W. M. Crain (2010). "The Impact of Regulatory Costs on Small Firms." United States Small Business Administration, Office of Advocacy.

Regulatory Impact Analyses (RIAs) are prepared by executive agencies promulgating significant regulations. Each year the Office of Management and Budget (OMB) publishes a report summarizing the impacts of the major regulations that it has reviewed. The 2016 report indicates

that in fiscal year 2015 executive agencies promulgated 21 major regulations for which both costs and benefits were quantified and monetized and an additional 5 rules for which costs only were quantified and monetized.

Under the Regulatory Flexibility Act, federal agencies are required to provide Regulatory Flexibility Analyses (RFAs) describing the impacts on small entities of the regulations they promulgate. Size standards for small businesses are published by the Small Business Administration. The standards vary by industry, but usually address either the average annual receipts of a business or the average number of employees of a business.

3 Scope

3.1 Overview

- a. Any additional terms must be submitted with the proposal. No additional terms or agreements will be considered following award.
- b. The research contract will incorporate by reference the contractor's complete research proposal, the complete Statement of Work (SOW), and additional documents.
- c. This is a nonpersonal services contract to provide services as detailed herein and in the contractor's complete research proposal.
- d. The contractor shall provide all personnel, equipment, supplies, facilities, transportation, tools, materials, supervision, and other items and non-personal services necessary to perform this service as defined in this SOW. The contractor shall perform to the standards identified in this contract.

3.2 Proposal Expectations and Components of Finished Research

This contract will be divided into three tasks.

Task A, to be completed within six months of initial award:

The contractor will review the RIAs and RFAs for all of the major rules in the 2016 OMB report with cost estimates to determine the cost information provided for businesses of different sizes. The information provided is likely to vary across rules. For example, one set of analyses may provide no information specific to small businesses, another set may provide an estimate of the total cost of the rule and the cost of the rule for small businesses, and a third set may provide estimates of the cost per business, the total number of businesses affected, and the number of small businesses affected. The contractor will prepare a short report summarizing the information provided.

Task B, to be completed within six months of initial award:

The contractor will prepare a research plan for using the information provided in the analyses to study differences in the relative burden of regulations. For example, suppose a set of analyses includes both an estimate of the total cost of a regulation for an industry and the cost for businesses in that industry with 500 or fewer employees. The number of employees at businesses in that industry with more than 500 employees and the number at businesses with 500 or fewer employees could be estimated using data from the Statistics of US Businesses or another source. The average cost per employee for each business size category would then be calculated. If a set

of analyses provided information for several different size categories, calculations would be made for each size category.

The research plan will describe the analysis that would be conducted on how differences in relative burden by business size vary across types of regulations. For example, differences in relative burden for environmental regulations may be compared to differences in relative burden for health and safety regulations.

The research plan will specify the group of rules that the Contractor would assess. For example, the Contractor may assess all of the major rules in the 2016 OMB report with cost estimates, or all of them with cost estimates exceeding some threshold. Alternatively, a Contractor may assess all of the major rules in the 2016 OMB report with cost estimates that were promulgated by some group of agencies, such as the Environmental Protection Agency, the Department of Health and Human Services, and the Department of Transportation. If, in Task A, few of the major rules in the 2016 OMB report were found to provide sufficient information for an analysis of relative burden, rules from other years could also be included. Other selection criteria may also be acceptable.

Task C (if option is exercised), to be completed within eight months of exercise of the option (within 15 months of initial award):

The contractor will execute the research plan developed in Task B and prepare a final report that includes both those results and the results from Task A.

4 Deliverables

4.1 Final Deliverable Schedule

The following is a general set of deliverables and deadlines for the delivery of those deliverables. More specific deliverables and a more specific deliverable schedule shall be finalized following the award of the contract and shall be mutually agreed upon by the Contractor, Contracting Officer, and Contracting Officer Representative at the kick-off meeting for the contract. The deliverables and deliverable schedule shall be based on the milestones identified in this section, the accepted proposal, and the specific period of performance of the contract upon award, including specific due dates within the contract term. The final deliverable schedule shall be formally amended to the contract through a modification.

4.2 Progress of Deliverables

Deliverables must show significant progress relative to each previous deliverable and must be consistent with all parts of section 5 of the Statement of Work, Performance Requirements. SBA's Office of Advocacy will not cover the costs associated with correcting rejected deliverables.

4.3 Acceptance of Deliverables

The Contracting Officer Representative (COR) shall review submitted deliverables over a reasonable amount of time and shall make an express determination of whether to accept or reject the deliverable.

Deliverable	Due Date	Format For Written Submissions	Transition Method	Transmitted to Whom
Post Award Conference – discuss expectations, procedures/invoicing, and deliverables milestones	10 business days after award			CO and COR
Monthly progress reports	3rd business day of each month	Microsoft Word document	Via Email	COR
Discussions on reports/submittals, including passback and edits	As scheduled by request of the COR (possible bi-weekly calls)			COR
Detailed Contract Deliverables Milestones				
Task A				
Task A Report Outline	Month 1	Microsoft Word documents (no PDFs or locked files)	Via Email	COR
Task A Summary of results	Month 3	Microsoft Word documents (no PDFs or locked files)	Via Email	COR
Task A Report initial draft	Month 4	Microsoft Word documents formatted in accordance with specifications (no PDFs or locked files)	Via Email	COR
Task A Report initial draft passback	Month 5	Microsoft Word or PDF	Via Email	COR to contractor
Task A Report revised draft	Month 5	Microsoft Word documents formatted in accordance with specifications (no PDFs or locked files)	Via Email	COR
Task A Report revised draft	Month 6	Microsoft Word or	Via Email	COR to

Deliverable	Due Date	Format For Written Submissions	Transition Method	Transmitted to Whom
passback		PDF		contractor
Task A Report final draft	Month 6	Microsoft Word documents formatted in accordance with specifications (no PDFs or locked files)	Via Email	COR
Task B				
Task B Research Plan initial draft	Month 5	Microsoft Word documents (no PDFs or locked files)	Via Email	COR
Task B Research Plan initial draft passback	Month 6	Microsoft Word or PDF	Via Email	COR to contractor
Task B Research Plan final draft	Month 6	Microsoft Word documents (no PDFs or locked files)	Via Email	COR
Briefing				
Task A Report and Task B Research Plan presented	Month 6	Microsoft Word or PowerPoint Document	Via Teleconference or in Person	COR and internal staff including Advocacy editors
Task C (if the option is exercised)				
Task C Report outline	Month 7	Microsoft Word documents (no PDFs or locked files)	Via Email	COR
Task C Report initial draft	Month 9	Microsoft Word documents formatted in accordance with specifications (no PDFs or locked files)	Via Email	COR
Task C Report initial draft passback	Month 10	Microsoft Word or PDF	Via Email	COR to contractor
Task C Report revised draft	Month 10	Microsoft Word documents	Via Email	COR

Deliverable	Due Date	Format For Written Submissions	Transition Method	Transmitted to Whom
		formatted in accordance with specifications (no PDFs or locked files)		
Peer review and other comments distributed	Month 13	Microsoft Word or PDF	Via Email	COR to contractor
Proposed responses to peer review and other comments	Month 13	Microsoft Word documents (no PDFs or locked files)	Via Email	COR
Provisional Task C final draft submitted	Month 14	Microsoft Word documents formatted in accordance with specifications (no PDFs or locked files)	Via Email	COR
Provisional Task C final draft passback	Month 15	Microsoft Word or PDF	Via Email	COR to contractor
Final draft submitted	Month 15	Microsoft Word documents formatted in accordance with specifications (no PDFs or locked files)	Via Email	COR

5 Performance Requirements

5.1 General Requirements

- a. The methodology and hypotheses put forth in the proposal will clearly show how the research will be conducted, are binding upon award, and are expected to be reflected in the final report.
- b. All research team members listed in the proposal, including but not limited to subject matter and technical experts, will actively contribute through the performance of these services.
- c. The resulting final submission will fully document the analysis and conclusions to fully support the position asserted.
- d. The final product should contain a thorough review of the current and relevant literature, discussion of the data and findings, and overall conclusions.
- e. The report should demonstrate policy relevance to current issues.

- f. Deliverables as listed in the final deliverable schedule will reflect reasonable progress toward the final product and should be submitted according to final product formatting requirements, meaning all deliverables should be thoroughly proofread and edited, written clearly and concisely and free of grammatical and typographical errors.
- g. For other details on the final product, see section 4 of the Statement of Work on deliverables and section 5.2 of the Statement of Work on additional requirements.

5.2 Additional Requirements

Contractors must adhere to the following when submitting draft and final deliverables, with the draft and final versions completed by the listed deadlines:

5.2.1 Adherence to Contract Terms

All submissions will be presented by the prescribed deadlines; presented under the prescribed methodology; in the prescribed format to the contracting officer's representative (COR). Documents shall be clearly annotated and/or identified as either a draft or a final document.

5.2.2 Deliverables

The contractor will provide the Office of Advocacy with an electronic version of the final deliverable within the contract term. All of the deliverables listed in the deliverables chart of this SOW and any subsequent modifications to the contract, including all drafts identified as deliverables, shall be created in accordance with the terms and conditions detailed in this document. The research is expected to progress along the timeline and benchmarks as noted in the Deliverables section and as incorporated into the contract.

5.2.3 Contract Team

a. Key Personnel

Key personnel shall have the technical skills requisite to perform the project. This requires a minimum of advanced technical training in applied economic and econometric analysis and demonstrated experience as subject matter experts. For example, a Ph.D. in Economics or survey methodology would be considered acceptable. Offerors shall submit resumes that demonstrate these minimum qualifications for key personnel, such as project leads.

b. Changes in Contract Team

Contractors must seek prior written approval from the contracting officer and COR before any changes are implemented among the key personnel and other staff listed in the proposal. Individuals that the contractor proposes to use as replacements for those listed in the proposal shall satisfy the minimum qualification requirements contained in the solicitation and the contractor must provide resumes for each proposed replacement as part of its request for prior written approval.

5.2.4 Paperwork Reduction Act Requirements

When surveys or new information collections are necessary, contractors must meet the requirements of the Paperwork Reduction Act (PRA) where applicable. In order to do so, the contractor will need to anticipate within the performance term the required public notice and OMB review for information collections under the PRA. The creation of a new information collection will require the contractor to develop survey procedures; identify appropriate respondents; provide clarification of the collection process; provide realistic estimates of the response rates; and work to develop an appropriate survey instrument (see

http://www.whitehouse.gov/omb/inforeg_infocoll).

It is the contractor's responsibility to prepare any materials necessary to obtain PRA clearances associated with the work to be performed.

5.2.5 Data Quality and Transparency Requirements

All research and data projects are subject to the Office of Management and Budget Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies

<http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/reproducible2.pdf>.

Per these guidelines, data source disclosure and robustness checks will be required for any research or data project, including all data coding necessary to replicate findings and datasets derived through coding and query and used in support of analysis, unless otherwise limited by special access agreements. Peer review may range from internal Advocacy staff review to that of external reviewers in relevant fields such as academics or technical experts. Feedback from this process will be incorporated into subsequent drafts before the report can be finalized for release.

5.2.6 Data Rights

Rights in Data under FAR §§ 52.227-14 (alternates 2 and 5), 52.22715, 52.227-16, and 52.227-17 shall apply.

5.2.7 Editing and Proofreading Requirements

The documented submissions related to the post award service, including the final report and all intervening deliverables, must be thoroughly edited and of high professional quality before submission to the COR. These high professional quality drafts and reports shall include professional language, presentation, and citations commensurate with published research in academic journals in the relevant subject matter field and shall be free of typographical and grammatical errors.

5.2.8 Style Requirements

The final report must contain an executive summary and table of contents. It must conform to the current version of one of the major style guides, such as the University of Chicago Manual of Style or the American Psychological Association (APA) Style Manual, in terms of grammar, style, and organization. In particular, each table and figure must have a source specified on the page; references, footnotes and bibliographies shall be formatted consistent with a major style guide; and all pages shall have page numbers, including tables and figures.

5.2.9 ADA Section 508 Requirements

All government agency electronic and information technology (EIT) is required to comply with the Americans with Disabilities Act of 1990 (ADA). Section 508 of the ADA's 1998 amendments requires the electronic documents posted by Federal agencies to be accessible to employees and members of the public with disabilities to the extent that it does not pose an "undue burden." To comply with this mandate, the final report must be formatted in accordance with Section 508 requirements. The according to the Office of Advocacy will provide guidance to achieve 508 compatibility at the time of award; however, it is ultimately the contractor's responsibility to provide all deliverables in accordance with the legal requirements for section 508 compliance. Per the guidelines, written descriptions of all figures and charts in the final report must be provided in a separate document.

5.2.10 Formatting Requirements

Final reports must be double-spaced. The format of the electronic version must be a native word processing software format. An Acrobat (PDF) file is not acceptable. All tables, graphics, and charts must be supplied in an editable software format. The font size used in the document will be no smaller than 12 point for manuscript text; 10 point for tables, graphics and charts; and 9 point for footnotes.

5.2.11 Disclaimer

The Office of Advocacy will prepare a cover page carrying the following disclaimer, "The statements, findings, conclusions, and recommendations found in this study are those of the authors and do not necessarily reflect the views of the Office of Advocacy, the United States Small Business Administration, or the United States Government."

5.2.12 Product Release

If the contracted product is a complete publishable report, following approval and acceptance of the final report, the Office of Advocacy will assign a date for public release of the report. Upon release, an electronic final report, along with an Office of Advocacy-prepared research summary, will be posted on Advocacy's web site, <http://www.sba.gov/advocacy/847>, and the report also will be available for sale at cost through the National Technical Information Service.

5.2.13 Definition of Small Business

Within the research product, the definition of small businesses should be the same as that of the proposal and should be consistent with either the general definition of small businesses (less than 500 employees), the definition of small business established by the U.S. Small Business Administration's Office of Size Standards, or a reasonably justified definition of small business as substantiated in the contractor's proposal.

5.2.14 Future Publication and Attribution

The Office of Advocacy encourages contractors to publish their findings in professional journals, if possible, but they can do so only after completing the contract. Prior to publication the Contractor must approach the Contracting Officer Representative regarding attribution to the Office of Advocacy. Attribution should cite the SBA contract number under which the research was performed.