REVIEW AT A GLANCE

Impact of the Small Business Forward Initiative

What questions did the review look at?

- Did the New York City Small Business Forward (SBF) initiative effectively reduce violations and improve how enforcement agencies support small businesses?

Why does it matter for New Yorkers?

Small businesses are the backbone of New York City's economy. In 2022, the Small Business Forward initiative was implemented by the Mayor's Office to reduce onerous fines and penalties for small businesses. SBF directed six enforcement agencies to review and reform existing business regulations, by reforming or eliminating violations.

The review found that the initiative was not consistently implemented across agencies and lacked reliable data to measure its effectiveness on small businesses. Because the City failed to define "small business" or establish a tracking system, agencies could not verify if the program actually reduced fines for small business owners or improved compliance and the City did not have a coordinated approach to monitor outcomes. These gaps made it difficult to determine whether the program actually reduced violations or improved compliance.

When programs like SBF are not carried out effectively, small businesses may continue to grapple with avoidable fines and unnecessary bureaucratic burdens. Uneven enforcement can lead to significantly higher costs. With the SBF program continuing under the new mayoral administration (SBF 2.0), it is critical that the City strengthen oversight and ensure that the program delivers meaningful relief for entrepreneurs and small business owners.

What changes did the agency commit to make following the review?

- The Mayor's Office agreed to improve how it tracks data and program savings to more effectively measure program outcomes.
- The Mayor's Office agreed to improve program design and strategic targeting, including the adoption of a uniform definition of "small business" for all participating agencies.
- The Mayor's Office agreed to improve coordination and oversight to promote a more uniform approach to enforcement and compliance assistance.

REVIEW FINDINGS

- The SBF initiative was not consistently implemented across City enforcement agencies.
- Agencies could not reliably track whether small businesses corrected violations or benefited from reduced penalties.
- The City lacked sufficient data to evaluate SBF's effectiveness.
- Weak coordination across agencies limited the initiative's impact.

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	Review Recommendations	Agency Response
1	The Mayor's Office should formally designate a lead agency (e.g., the Mayor's Office or SBS) responsible for overseeing and coordinating the SBF initiative's progress, tracking savings, and ensuring ongoing effectiveness.	AGREED
2	The City should provide regular public reporting on the SBF initiative's progress, realized savings for small businesses, and overall compliance rates. To maintain integrity, these reports should clearly define performance indicators, data sources and scope, explain calculation methodologies, and acknowledge any data limitations.	AGREED
3	The City should adopt a uniform "small business" definition used by all participating agencies.	AGREED
4	Agencies should prioritize violations and reforms based on their potential impact on businesses that fit within the adopted definition. The selection process should move beyond general business benefits to address the unique regulatory and financial challenges faced by smaller entities.	PARTIALLY AGREED[1]
5	The City should develop a framework for monitoring and assessing both financial savings and non-financial impacts, such as reductions in administrative burden and time savings for business owners.	AGREED
6	The regulatory agencies (DCWP, DEP, DOB, DOHMH, DSNY, and FDNY) should consider integrating a specific "small business" identifier in their systems to track violation issuances, fine reductions, waivers, and cure periods specifically for small entities.	PARTIALLY AGREED[2]
7	The City should create a formal, documented methodology for assessing the impact of SBF reforms, establishing a transparent framework for calculating projected and realized savings. This would equip City officials with the data necessary to inform future policy decisions, prioritize effective reforms, and ensure fiscal accountability.	AGREED
8	The City should implement a formal protocol to monitor the impact of regulatory relief on public health and safety. This framework should track whether reduced penalties or extended cure periods affect the timeliness of violations remediation	AGREED
9	The designated lead agency should conduct a comprehensive review of the previously implemented reforms to determine if the financial savings benefited small businesses. This evaluation would help the City determine if the program is helping the intended recipients.	DID NOT ADDRESS

[1] The Mayor's Office agreed with the recommendation. The Department of Small Business Services (SBS), the Department of Consumer and Workforce Protection (DCWP), the Department of Buildings (DOB), and the Department of Sanitation (DSNY) deferred to the Mayor's Office. The Department of Health and Mental Hygiene (DOHMH) indicated it would seek guidance from the Mayor's Office. The Department of Environmental Protection (DEP) did not respond to the recommendation. The Fire Department (FDNY) disagreed with the recommendation.

[2] The Mayor's Office and FDNY agreed in principle with the recommendation. DCWP, DOB, DOHMH, and DSNY deferred to the Mayor's Office. DEP did not respond to this recommendation