

Evaluation of Barrier Removal Costs Associated with 2004 Americans with Disabilities Act (ADA) Accessibility Guidelines

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Background

The U.S. Department of Justice (DOJ) is considering amendments to the requirements for businesses to remove physical barriers to accessibility under the Americans with Disabilities Act (ADA). In 2004 the Architectural and Transportation Barriers Compliance Board (Access Board) developed recommendations to the DOJ for revised ADA accessibility guidelines (ADAAG). The 2004 ADAAG made recommendations for significant changes to the ADAAG that were adopted in 1992. In 1992 many small business owners commented that the accessibility requirements were unduly burdensome, particularly requirements to remove “architectural barriers” whenever such removal is “readily achievable.” The 2004 ADAAG standards have been similarly criticized by small firms for mandating marginal changes in accessibility after many small business owners struggled for years to come to terms with the 1992 standards.

Small business was critical of the 2004 ADAAG standards for two reasons that echo concerns from 1992. First, the scope of the standards is broad for small firms in many industries. For instance, a small retailer or restaurant owner may have to make many modifications to remove architectural barriers, despite being a very small operation with only a handful of employees. Second, the primary reason that a small firm may be subject to ADA barrier removal is that the “readily achievable” standard is ambiguous. Many small firms simply do not know what their liability under the rule is, and may additionally fear litigation that arises because of ambiguities in standard applicability.

Overall Findings

Disparities in regulatory compliance costs between large and small firms are relatively common. A 2005 Office of Advocacy study concluded that small businesses paid nearly 1.5 times as much per employee as large firms to comply with regulations. In industries such as manufacturing, and for certain subsets of regulations, such as environmental rules, cost disparities can be many times greater. This report examines the costs of complying with the architectural barrier removal requirements set out in the 2004 ADAAG. Separate costs for small firm buildings and large firm buildings are developed to examine the magnitude of small firm costs, and whether small firms are expected to face disproportionately higher costs than large firms. The report finds that small firms face substantial costs from adoption of the barrier removal requirements in the 2004 ADAAG, and that typical small firm buildings incur significantly higher costs than large firm buildings on both a per square foot and per employee basis. The difference in costs per square foot or per employee is based largely on the fixed cost nature of most barrier removal projects.

Highlights

- Typical small firms will face total costs of between \$82,449 (typical small firm restaurant building) and \$275,375 (typical small firm hospital building) to comply with the new guidelines for barrier removal;
- When placed on a per square foot basis, small firm building barrier removal costs range from \$2.04 (hospitals) to \$18.25 (offices) per square foot;

- Typical small firm building costs are 2.2 to 4.1 times greater per square foot than large firms in the same industry and using the same but larger building type;

- On a per employee basis, the typical small firm building costs range from \$499 per employee for a small hospital building to \$17,458 per employee for a small hotel building. These costs range from about 1.5 to 7.9 times those faced by larger firms.

Methodology

The researchers used data on construction project costs from a nationally representative, industry standard database to calculate the costs of barrier removal modifications mandated by the new accessibility guidelines in the 2004 ADAAG. Further data relating firm size and structure size were then incorporated to form representative building and firm types by industry. Total costs were calculated by aggregating the costs of the various projects required to achieve the new accessibility standards.

This report was peer-reviewed consistent with Advocacy's data quality guidelines. More information on this process can be obtained by contacting the Director of Economic Research at advocacy@sba.gov or (202) 205-6533.

Ordering Information

The full text of this report and summaries of other studies performed under contract with the U.S. Small Business Administration's Office of Advocacy are available on the Internet at www.sba.gov/advo/research. Copies are available for purchase from:

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