



# OFFICE OF ADVOCACY *FACTSHEET*

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## **Advocacy Applauds SBA's Withdrawal of Proposed Rule to Restructure Small Business Size Standards**

On July 1, 2004, the U. S. Small Business Administration's Office of Advocacy (Advocacy) sent a letter to the Administrator of the U. S. Small Business Administration (SBA) commending him for his decision to withdraw the proposed Size Standard regulation. Advocacy's letter can be found at [www.sba.gov/advo/laws/comments](http://www.sba.gov/advo/laws/comments).

- The SBA has authority to establish distinct definitions by which businesses are deemed small and thus eligible to receive a variety of federal financial, procurement, and business development assistance. In general, the SBA size standards also define which businesses are small for Regulatory Flexibility Act analysis purposes.
- The intent of the March 19, 2004, proposed rule was to simplify size standards by establishing number of employees as a standard for all industries and by reducing the number of individual size standard levels from 37 to 10.
- The Office of Advocacy submitted comments expressing its concerns on June 29, 2004. Advocacy's primary concern was that SBA did not fully analyze and publish the impacts that the proposed size regulations would have on small entities. Advocacy's comments reflected information received from small business owners and small business trade group representatives. These comments are available on Advocacy's website at [www.sba.gov/advo/laws/comments](http://www.sba.gov/advo/laws/comments).
- By withdrawing the rule, SBA will have an opportunity to assess the full impact that the changes may have on small entities. Additionally, SBA will be able to consider alternatives that will be less burdensome on small entities.
- In the withdrawal notice, Administrator Hector V. Barreto stated that "SBA commits to issue a new proposed rule prior to final rulemaking, ensuring that the public has sufficient notice and opportunity to comment...."
- In its letter, Advocacy supported SBA's decision to reexamine the size standard rule, and to conduct a formal stakeholder outreach process throughout the country. Advocacy also offered to work with SBA when the rulemaking is revisited.

For more information, visit the Office of Advocacy's web page at [www.sba.gov/advo](http://www.sba.gov/advo) or contact Major Clark at (202) 205-6533.