

November 18, 2014

The Honorable Kelly A. Ayotte  
United States Senate  
Washington, DC 20510

Dear Senator Ayotte:

Thank you for your comment on U.S. Small Business Administration's (SBA) recent proposed rule on Small Business Size Standards for Manufacturing (RIN 3245-AG50). Specifically, you are concerned that the increasing the size standard for Footwear Manufacturing from 500 employees to 1,000 employees will endanger domestic footwear manufacturing industrial base and negatively affect small businesses.

In accordance with the Small Business Jobs Act of 2010 (see Section 1344 of Public Law No. 111-240), SBA has been updating all size standards, on a sector by sector basis. As part of this effort, on September 10, 2014, (79 FR 54146), SBA issued for comments a proposed rule to modify employee based size standards for a number of industries in Sector 31-33, Manufacturing. The comment period ended on November 10, 2014.

As explained in the proposed rule and SBA's "Size Standards Methodology" on its website at [www.sba.gov/size](http://www.sba.gov/size), to establish or modify size standards the Agency evaluates industry factors (such as average firm size, industry concentration, distribution of firms by business size, and start-up costs and entry barriers) and Federal market, specifically the small business participation under the existing size standards. The SBA also examines the industry's market share of firms at the proposed or revised size standard to ensure that no dominant firm in an industry qualifies as small.

Based on the analysis of the latest industry and Federal market data available to the Agency when it developed the rule, SBA proposed to maintain the size standard for Footwear Manufacturing at its current 1,000-employee level. The Agency determined that no individual firm at or below this size standard is large enough to dominate the footwear manufacturing activity in the U.S.

The SBA received a total of 17 comments on the proposed rule, including 11 on the Footwear Manufacturing size standard. The Agency will thoroughly review all comments in developing the final rule. With the review of comments, drafting the final rule and review, SBA expects to issue the final rule some time in summer of 2015.

The Honorable Kelly A. Ayotte  
Page 2

We appreciate your support of SBA and the New Hampshire Business Community. If you or your staff have any questions, please contact the SBA Office of Congressional and Legislative Affairs, at (202) 205-6700.

Sincerely,

Khem R. Sharma, Ph.D.  
Chief  
Office of Size Standards