

February 27, 2008

The Honorable Paul A. Denett
Administrator
Office of Federal Procurement Policy
New Executive Office Building
Washington, DC 20501

Subject: "Two Existing FAR Rules/Policies" on Advocacy's 2008 r3 Top 10 List

Dear Administrator Denett:

The Office of Advocacy is charged with monitoring compliance with the Regulatory Flexibility Act (RFA) and works with federal agencies to ensure that they analyze the impact of their proposed regulations on small business. Under the RFA, agencies are required not just to review proposed rules, but to review existing rules – as mandated by section 610 of the RFA. In an effort to increase compliance with section 610 and to ensure that agencies conduct transparent reviews in general, the Office of Advocacy developed the Regulatory Review and Reform (r3) initiative.

This r3 initiative was designed to identify and address existing federal rules that should be reviewed and may need reforming. r3 is a tool for small business stakeholders to suggest needed reforms to regulations that are outdated, ineffective, duplicative, or otherwise in need of review. After a call for nominations, over 80 existing rules were submitted by small businesses and their stakeholders identifying potential rules ready for review and reform. Following significant review and analysis of those nominations, I have selected the 2008 Top 10 rules for Review and Reform.

The purpose of this letter is to inform you that your office has two regulatory initiatives that appear on our 2008 r3 Top 10 list. The first is a rule on Retainage for Fixed Priced A&E contracts and the other item is the OFPP initiative on reverse auctions. Advocacy will be announcing the 2008 r3 Top 10 Rules for Review and Reform and releasing its annual report on agency compliance with the RFA on Thursday, February 28, 2008 at the National Press Club. A list of the r3 Top 10 rules can be found in the attached summary report. Additional information on the r3 initiative is available on our website: www.sba.gov/advo/r3. In addition, a six-month status report will be placed on our website to update the public regarding Advocacy and agency progress on the r3 Top 10 Rules for Review and Reform.

Advocacy has been working with staff in your office on these regulatory initiatives and we see this Top 10 listing as an opportunity for both of our offices to accomplish burden reduction for small business and to be responsive to the regulated public.

We look forward to working with your office on these important reviews. **If** you have any questions or concerns, please do not hesitate to contact me or Major L. Clark, III of my staff at 202-205-7150 or major.clark@sba.gov.

Sincerely,

Thomas M. Sullivan
Chief Counsel for Advocacy

Enclosure