

February 5, 2013

The Honorable Richard Shelby  
United States Senate  
Washington, DC 20510

Dear Senator Shelby:

Administrator Mills has asked me to respond to your recent letter requesting the U.S. Small Business Administration (SBA) to provide you with an update on its review of the size standard for North American Industry Classification (NAICS) 541712, Research and Development in the Physical, Engineering and Life Sciences (except Biotechnology).

As you know, the Small Business Jobs Act of 2010 (Jobs Act) directs SBA to conduct a detailed review of all size standards and to make appropriate adjustments to reflect market conditions. Specifically, the Jobs Act requires SBA to conduct a detailed review of at least one-third of all size standards during every 18-month period from the date of its enactment and review all size standards not less frequently than once every 5 years thereafter.

Instead of reviewing more than 1,100 size standards in a single rule, SBA is reviewing size standards on a NAICS Sector by Sector basis, starting with sectors with revenue-based size standards. The Agency has already completed reviewing all revenue-based size standards, including the publication of final rules for ten sectors and proposed rules for seven sectors. The SBA is ahead of the timeframe set by the Jobs Act.

We are currently reviewing size standards for NAICS 31-33, Manufacturing, and other industries with employee-based standards, including NAICS 541712. With the review and clearance, first within SBA and then by the Office of Management and Budget, we expect to issue the proposed rule for comments in the fourth quarter of fiscal year 2013. Including the comment period, analysis of comments, preparation of the final rule, and review/clearance, we expect to publish the final rule in the second quarter of fiscal year 2014.

We appreciate your support of the SBA and the Alabama small business community. If you and your staff have further questions, please to contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

A. John Shoraka  
Associate Administrator  
Office of Government Contracting and Business Development