

based this estimate on the per year funding of the businesses that currently have Job Corps Center contracts, which would gain small business status as a result of this rule.

The revision to the current size standard for Job Corps Centers is consistent with the SBA's statutory mandate to assist small businesses. This regulatory action promotes the Administrator's objectives. One of the SBA's goals in support of the Administrator's objectives is to help individual small businesses succeed through fair and equitable access to capital and credit, Government contracts, and management and technical assistance. Reviewing and modifying size standards when appropriate ensures that intended beneficiaries have access to small business programs designed to assist them. Size standards do not interfere with State, local, and tribal governments in the exercise of their government functions. In a few cases, State and local governments have voluntarily adopted the SBA's size standards for their programs to eliminate the need to establish an administrative mechanism for developing their own size standards.

#### **Final Regulatory Flexibility Analysis**

Under the RFA, this rule may have a significant impact on a substantial number of small entities engaged in Job Corps Center activities. Immediately below, the SBA sets forth a Final Regulatory Flexibility Analysis (FRFA) of this rule addressing the following: (1) The reasons and objective of the rule; (2) a description and estimate of small entities to which the rule will apply; (3) the projected reporting, record keeping, and other compliance requirements of the rule; (4) the relevant Federal rules which may duplicate, overlap or conflict with the rule; and (5) alternatives to the final rule considered by the SBA that minimize the impact on small businesses.

The size standard may also affect small businesses participating in programs of other agencies that use the SBA size standards. As a practical matter, however, the SBA cannot estimate the impact of a size standard change on each and every Federal program that uses its size standards. However, this rule is limited to a specific type of contract only issued by the DOL. In cases where an SBA size standard is not appropriate, the Small Business Act and the SBA's regulations allow Federal agencies to develop different size standards with the approval of the SBA Administrator (13 CFR 121.902). For purposes of a regulatory flexibility analysis, agencies

must consult with the SBA's Office of Advocacy when developing different size standards for their programs. (13 CFR 121.902(b)(4)).

#### *(1) What Is the Need for and Objective of the Rule?*

The objective of this rule is to establish an appropriate small business definition of businesses operating Job Corps Centers, and therefore, eligible for Federal small business assistance programs. An increase to the current \$6 million size standard is needed to provide contracting opportunities to the small business segment of businesses engaged in or competing for Job Corps Center contracts. Currently, there are five businesses in the Job Corps Centers activity that have revenues below the current \$6 million size standard; however, only one of these businesses has a contract to operate a Job Corps Center. This business is likely to outgrow the current size standard within the next year as its current contract is for \$5.8 million per year. This will leave only four businesses below the size standard, all having revenues below \$1 million. None of these businesses have been successful in winning a Job Corps Center contract. This, along with the fact that the average yearly contract funding is \$8.8 million and the minimal funding for a Job Corps Center is \$5 million, indicates that the size standard for Job Corps Centers needs to be greater than the current \$6 million.

#### *(2) What Significant Issues Were Raised by the Public Comments in Response to the Initial Regulatory Flexibility Analysis (IRFA)?*

The SBA received no comments in response to the IRFA of the proposed rule.

#### *(3) What Is the SBA's Description and Estimate of the Number of Small Entities to Which the Rule Will Apply?*

The SBA estimates that 35 organizations are engaged in the Job Corps Center activity, of which approximately 14 percent are small businesses currently at or just below the \$6 million in size. With this rule, 10 additional businesses will gain small business status. These businesses will be eligible to seek available SBA assistance provided that they meet other program requirements.

Based on the relative size of these businesses and the amount of Job Corps Center contracting, the SBA estimates that small business coverage will increase by \$53 million, or 5.8 percent of total contracting in this activity. The SBA based this estimate on the per year

funding of the businesses that currently have Job Corps Center contracts and that will gain small business status with this rule.

#### *(4) Will This Rule Impose Any Additional Reporting or Record Keeping Requirements on Small Businesses?*

A new size standard does not impose any additional reporting, record keeping or other compliance requirements on small entities for the SBA's programs. A change in a size standard would not create additional costs on a business to determine whether or not it qualifies as a small business. A business needs to only examine existing information to determine its size, such as Federal tax returns, payroll records, and accounting records. Size standards determine "voluntary" access to the SBA and other Federal programs that assist small businesses, but do not impose a regulatory burden as they neither regulate nor control business behavior. In addition, this rule does not impose any new information collecting requirements from the SBA which requires approval by OMB under the Paperwork Reduction Act of 1980, 44 U.S.C. 3501-3520.

#### *(5) What Are the Steps the SBA Has Taken To Minimize the Significant Economic Impact on Small Businesses?*

Most of the economic impact on small businesses will be positive. The most significant benefits to businesses that will obtain small business status as a result of this final rule are (1) eligibility for the Federal Government's procurement preference programs for small businesses, 8(a) firms, small disadvantaged businesses, and businesses located in a HUBZone; and (2) eligibility for the SBA's financial assistance programs such as 7(a), 504 business loans, and Economic Injury Disaster Loan assistance. The SBA estimates that businesses gaining small business status could potentially obtain Federal contracts worth \$53 million per year under the small business set-aside program, the 8(a) program, the HUBZone program, or unrestricted contracts. This represents approximately 5.8 percent of the \$909 million in total Federal expenditures for Job Corps Centers.

#### *(6) Alternatives*

##### *(a) What Are the Legal Policies or Factual Reasons for Selecting the Alternative Adopted in the Final Rule?*

As stated in the Small Business Act, 15 U.S.C. 632 and 13 CFR part 121, the SBA establishes size standards based on industry characteristics and for non-