

businesses. The number of newly defined and expanding small businesses that are willing and able to sell to the Federal Government will limit the potential transfer of contracts away from large and currently defined small businesses. The potential distributional impacts of these transfers may not be estimated with any degree of precision because the data on the size of business receiving a Federal contract are limited to identifying small or other-than-small businesses.

The revision to current size standards for Facilities Support Services is consistent with SBA's statutory mandate to assist small businesses. This regulatory action promotes the Administration's objectives. One of SBA's goals in support of the Administration'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 SBA's size standards for their programs to eliminate the need to establish an administrative mechanism for developing their own size standards.

#### **Initial Regulatory Flexibility Analysis**

Under the Regulatory Flexibility Act (RFA), this rule may have a significant impact on a substantial number of small entities. As described above in the Regulatory Impact Analysis, this rule may impact small entities in two ways. First, small businesses in the Facilities Support Services industry competing for Federal Government procurements reserved for small business, and SDB and HUBZone businesses eligible for price adjustment, may face greater competition from newly eligible small businesses. Second, additional Federal procurements for Facilities Support Services may be set aside for small businesses as the pool of eligible small businesses expands.

The proposed size standard may affect small businesses participating in programs of other agencies that use SBA size standards. As a practical matter, SBA cannot fully estimate the impact of a size standard change on each and every Federal program that uses its size standards. In cases where an SBA's size standard is not appropriate, the Small Business Act and 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 SBA's Office of Advocacy when developing different size standards for their programs.

Immediately below, SBA sets forth an initial regulatory flexibility analysis (IRFA) of this proposed rule addressing the following questions: (1) What is the need for and objective of the rule, (2) what is SBA's description and estimate of the number of small entities to which the rule will apply, (3) what is the projected reporting, recordkeeping, and other compliance requirements of the rule, (4) what are the relevant Federal rules which may duplicate, overlap or conflict with the proposed rule, and (5) what alternatives will allow the Agency to accomplish its regulatory objectives while minimizing the impact on small entities?

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

The revision to the size standards for Facilities Support Services more appropriately defines the size of businesses in these industries that SBA believes should be eligible for Federal small business assistance programs. A review of the latest available industry data supports a change to the size standard.

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

Within the Facilities Support Services industry, 896 out of 1,219 businesses are small. SBA estimates that 177 additional businesses out of 1,219 firms in the Facilities Support Services industry would be considered small as a result of this rule, if adopted. Of these 177, 19 are between the current \$23 million Base Maintenance size standards and the \$30 million proposed size standard. These businesses would be eligible to seek available SBA assistance provided that they meet other program requirements. Businesses becoming eligible for SBA assistance as a result of this rule, if finalized, cumulatively generate approximately \$25.8 billion out of a total of \$75.8 billion in receipts, or 34.1 percent of industry receipts. The small business coverage in the Facilities Support Services industry would increase by 3.6 percent of total receipts. SBA estimates that \$2.5 million to \$5.5 million additional loans may be guaranteed by SBA and \$65 million to \$95 million in additional Federal contracts may be awarded to the newly eligible small businesses.

#### **3. What Are the Projected Reporting, Record Keeping, and Other Compliance Requirements of the Rule and an Estimate of the Classes of Small Entities That Will Be Subject to the Requirements?**

A new size standard does not impose any additional reporting, record keeping or compliance requirements on small entities. Increasing size standards expands access to SBA programs that assist small businesses, but does not impose a regulatory burden as they neither regulate nor control business behavior.

#### **4. What Are the Relevant Federal Rules Which May Duplicate, Overlap or Conflict With the Proposed Rule?**

This proposed rule overlaps other Federal rules that use SBA's size standards to define a small business. Under Section 632(a)(2)(C) of the Small Business Act, unless specifically authorized by statute, Federal agencies must use SBA's size standards to define a small business. In 1995, SBA published in the **Federal Register** a list of statutory and regulatory size standards that identified the application of SBA's size standards as well as other size standards used by Federal agencies (60 FR 57988-57991, dated November 24, 1995). SBA is not aware of any Federal rule that would duplicate or conflict with establishing size standards.

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#### **5. What Alternatives Will Allow the Agency To Accomplish Its Regulatory Objectives While Minimizing the Impact on Small Entities?**

SBA considered two alternative size standards. First, it considered adopting the current \$23 million Base Maintenance size standard to all activities in the Facilities Support Services industry. SBA believes this size standard level is inadequate given that most Federal contracts obtained by small businesses have been awarded through reserved contracting methods. This indicates that small businesses at