

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. This rule may impact small entities in two ways. The SBA estimates that an additional 177 businesses may obtain small business status as a result of this rule. Also small businesses may obtain an additional \$65 to \$95 million in Federal contracts.

The size standard may also affect small businesses participating in programs of other agencies that use the SBA size standards. As a practical matter, the 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 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.

Immediately below, the SBA sets forth a final regulatory flexibility analysis (FRFA), addressing the need for and objective of the rule; description and estimate of the number of small entities to which the rule will apply; the projected reporting, recordkeeping, and other compliance requirements of the rule; the relevant Federal rules which may duplicate, overlap or conflict with the final rule; and alternatives to the final rule considered by the SBA that minimize the impact on small businesses.

(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 the 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 Significant Issues Were Raised by the Public Comments in Response to the Initial Regulatory Flexibility Act (IRFA)?

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

(3) What Is the 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 currently small. With the adoption of this rule, the SBA estimates that 177 additional businesses out of 1,219 firms will be considered small. Of these 177, 19 are between the current \$23 million Base Maintenance size standards and the new \$30 million size standard. These businesses will be eligible to seek available SBA assistance provided that they meet other program requirements. As a result of this rule, businesses becoming eligible for SBA assistance cumulatively will generate approximately \$25.8 billion out of a total of \$75.8 billion in receipts, or 34.1% of industry receipts. The small business coverage in the Facilities Support Services industry will increase by 3.6% of total receipts.

(4) Will This Rule Impose Any Additional Reporting or Recordkeeping Requirements on Small Businesses?

A new size standard does not impose any additional reporting, recordkeeping or other compliance requirements on small entities for the SBA 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 Business?

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, SDBs, and businesses located in HUBZones; and (2) eligibility for the SBA's financial assistance programs such as 7(a) business loans, 504 business loans, and EIDL assistance. The SBA estimates that firms gaining small business status could potentially obtain Federal contracts worth \$65 million to \$95 million per year under the small business set-aside programs, the 8(a) program, the HUBZone program, or unrestricted contracts. This represents less than 1% of the \$12 billion in total Federal expenditures for Facility Support Services. The SBA estimates that approximately \$2.5 million to \$5.5 million in new Federal loan guarantees could be made to these newly defined small businesses. Because of the \$2 million maximum size of the SBA 7(a) loan guarantees, most loans are made to small businesses well below the size standard.

(6) Alternatives

(a) What Alternatives Will Allow the Agency To Accomplish Its Regulatory Objectives While Minimizing the Impact on Small Entities?

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-manufacturing concerns on the basis of gross receipts of a business concern over a period of 3 years. The SBA's research showed that Facility Support Services contracts include a broad spectrum of services involving administrative support, custodial services, janitorial, facilities repair and maintenance, and technical services. The size standards for many of these industries, such as security guard services, janitorial services, and technical support for navigational waterways and military weapons systems, are well in excess of \$6 million. Contract costs often are \$10 million per year or more in value. A small business can lose its small business status with only one or two contracts. Costs on these types of contracts have increased greater than the general inflation rate, especially due