

nearly any conviction or judgment might trigger the cause. SBA agrees and has revised the guidelines.

SBA made one revision in section 130.700(c)(7) (proposed section 130.650(g)), changing from 60 days to 120 days the time permitted an SBDC to conclude operations and submit close-out documents when its application for renewal has been denied.

Section 130.810 sets forth mechanisms that SBA may use to oversee and monitor the SBDC program, including site visits, on-site examinations and audits. In order to comply with section 404 of P.L. 103-403, SBA has made the following changes to the section: (a) § 130.810(b) in the proposed rule, providing for required on-site reviews, has been deleted in its entirety and has been replaced by a new section 130.810(b), requiring SBA examiners to perform biannual programmatic and financial examinations of each SBDC; (b) § 130.810(d)(1) in the proposed rule, providing for limited scope reviews, has been deleted; and (c) a new section 130.810(c) has been added permitting SBA to provide financial support to the Recognized Organization to develop and implement an SBDC certification program.

Section 130.830 describes audit procedures. In response to a comment, SBA has revised the language to clarify that pre-award audits will be conducted by or coordinated with the SBA Office of Inspector General according to *Government Auditing Standards*.

**Compliance With Executive Orders 12612, 12778 and 12866; Regulatory Flexibility Act, 5 U.S.C. 601 et seq.; and the Paperwork Reduction Act, 44 U.S.C. ch. 35.**

SBA certifies that this rule is not a significant rule within the meaning of Executive Order 12866 because it does not have an annual economic effect in excess of \$100 million, result in a major increase in costs for individuals or governments, or have a significant adverse effect on competition. The rule conforms to existing parameters under which the Program is functioning.

For purposes of Executive Order 12612, SBA certifies that this rule has federalism implications. As such, SBA offers the following Federalism Assessment.

This rule is designed to allow the States participating in the Program maximum policy-making and administrative discretion within the requirements of the law and sound Program management. In formulating and implementing the policies set forth in this rule, SBA has encouraged State

participants to develop their own methods of achieving program objectives and has limited the number of uniform national requirements.

For purposes of Executive Order 12778, SBA certifies that this rule is drafted in accordance with the standards set forth in section 2 of that Order.

For purposes of the Regulatory Flexibility Act, SBA certifies that this rule does not have a significant economic effect on a substantial number of small entities because it does not impose material changes on the existing program.

For purposes of the Paperwork Reduction Act, SBA certifies that this rule imposes no new reporting or recordkeeping requirements. The rule does, however, codify, at sections 130.800 through 130.830, paperwork requirements previously cleared by the Office of Management and Budget.

**List of Subjects in 13 CFR Part 130**

Business development, small businesses, Small Business Development Center (SBDC), technical assistance.

Title 13 of Code of Federal Regulations, Chapter 1 shall be amended by adding a new Part 130 as follows:

**PART 130—SMALL BUSINESS DEVELOPMENT CENTERS**

Sec.

- 130.100 Introduction.
- 130.110 Definitions.
- 130.200 Eligible entities.
- 130.300 Small Business Development Centers (SBDCs). [Reserved]
- 130.310 Area of service.
- 130.320 Location of lead centers and SBDC service providers.
- 130.330 Operating requirements.
- 130.340 SBDC services and restrictions on service.
- 130.350 Specific program responsibilities.
- 130.360 SBDC advisory boards.
- 130.400 Application procedure. [Reserved]
- 130.410 New applications.
- 130.420 Renewal applications.
- 130.430 Application decisions.
- 130.440 Maximum grant.
- 130.450 Matching funds.
- 130.460 Budget justification.
- 130.470 Fees.
- 130.480 Program income.
- 130.500 Funding.
- 130.600 Cooperative agreement. [Reserved]
- 130.610 General terms.
- 130.620 Revisions and amendments to cooperative agreement.
- 130.630 Dispute resolution procedures.
- 130.700 Suspension, termination and non-renewal.
- 130.800 Oversight of the SBDC program.
- 130.810 SBA review authority.
- 130.820 Reports and recordkeeping.
- 130.830 Audits and investigations.

**Authority:** Sections 5(b)(6) and 21 of the Small Business Act, as amended, 15 U.S.C.

634(b)(6) and 648; Pub. L. 101-515, 101 Stat. 2101; Pub. L. 101-574, 104 Stat. 2814; Pub. L. 102-366, 106 Stat. 986; and Pub. L. 102-395, 106 Stat. 1828.

**§ 130.100 Introduction.**

(a) *Objective.* The SBDC Program creates a broad-based system of assistance for the small business community by linking the resources of Federal, State and local governments with the resources of the educational community and the private sector. Although SBA is responsible for the general management and oversight of the SBDC Program, a partnership exists between SBA and the recipient organization for the delivery of assistance to the small business community.

(b) *Incorporation of amended references.* All references in these regulations to OMB Circulars, other SBA regulations, Standard Operating Procedures, and other sources of SBA policy guidance incorporate all ensuing changes or amendments to such sources.

**§ 130.110 Definitions.**

*Application.* The written submission by a new applicant organization or an existing recipient organization explaining its projected SBDC activities for the upcoming budget period and requesting SBA funding for use in its operations.

*Applicant organization.* An entity, described in § 130.200(a), which applies to establish and operate an SBDC network.

*Area of Service.* The State or territory, or portion of a State or territory (when there is more than one SBDC in a State or territory), or the District of Columbia, in which an applicant organization proposes to provide services or in which a recipient organization provides services.

*Budget period.* The 12-month period in which expenditure obligations are incurred by an SBDC network, coinciding with either the calendar year or the Federal fiscal year.

*Cash Match.* Non-Federal funds allocated specifically to the operation of the SBDC network equalling no less than fifty percent of the Federal funds. Cash Match includes direct costs committed by the applicant or recipient organization and sponsoring SBDC organizations, to the extent that such costs are committed as part of the verified, specific, line item direct costs prior to funding. Cash Match does not include indirect costs, overhead costs or in-kind contributions.

*Cognizant Agency.* The Federal agency, other than SBA, from which a recipient organization or sponsoring