



NEWS RELEASE

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NEW RULE CHANGE WILL ALLOW MORE TRAVEL AGENCIES TO QUALIFY FOR SBA'S ASSISTANCE

WASHINGTON - The U.S. Small Business Administration has increased its revenue-based size standards for travel agencies from \$1 million to \$3 million, allowing more of these companies to qualify for federal assistance under the agency's size standards. The new size standard, published as a final rule in the *Federal Register* on May 31, 2002, is effective July 1, 2002.

Travel agencies that fall within the SBA size standard are eligible for SBA assistance, including small business loan programs. These travel agencies will be eligible to apply for SBA's contracting and business development programs such as the 8(a) Business Development Program and HUBZone Empowerment Contracting Program; and compete for federal contracts worth an estimated \$347 million through small business set-asides and other contracting incentive programs.

"SBA recognizes the hardships facing travel agencies nationwide in the rapidly changing travel market, especially after the September 11 Terrorist attacks. We have increased the size standards to help these firms better qualify for assistance and ensure that they receive access to capital and their fair share of contracting opportunities," says SBA Administrator Hector V. Barreto.

The change was the result of an in-depth review of the travel agencies industry that showed trends affecting compensation, technology, and government and corporate requirements justified a higher size standard.

Travel agencies have been dramatically affected by reduced airline commissions and advances in technology, specifically, the use of the internet. In order to compete with larger businesses, travel agencies have had to make greater investments in technology to meet the needs of their customers and switch from a commission-based system to a fee-based compensation system.

SBA's size standards define whether a business entity qualifies as small and, thus, eligible for government programs and assistance reserved for small businesses, including some programs in other agencies.

Size standards are established separately for industry groups as defined by the North American Industry Classification System.

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The higher size standard makes travel agencies with revenues between \$1 million and \$3 million eligible for federal assistance that can help them meet these challenges and become more competitive with larger travel agencies. The revenue figures in the rule include commissions, fees and other revenues.

For additional information on the new size standard, visit the SBA's Office of Size Standards Web page at www.sba.gov/size, and click on "What's New?"

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For more information about all of the SBA's programs for small businesses, call the SBA Answer Desk at 1-800 U ASK SBA or TDD 704-344-6640, or visit the SBA's extensive Web site at <http://www.sba.gov>.

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