PCLP loan by submitting appropriate documentation to SBA's loan processing center. SBA will notify the Premier CDC of the SBA loan number (if it does not identify a problem with eligibility, and funds are available).

(b) *Premier CDC Exposure.* A Premier CDC must reimburse SBA for 10% of any loss (including attorney's fees and litigation costs and expenses) incurred by SBA as a result of a default by the Premier CDC on a Debenture issued under the PCLP ("Exposure").

(c) *Loss Reserve.* A Premier CDC must establish a loss reserve to provide funds to pay its Exposure to SBA.

(1) *Assets.* (i) A Premier CDC's loss reserve must be composed of any combination of:

(A) Segregated funds on deposit in one or more federally insured depository institutions in which the Premier CDC has granted to SBA, in a manner acceptable to SBA, a first priority perfected security interest to secure the Premier CDC's obligations to SBA under the PCLP; or

(B) Irrevocable letters of credit.

(ii) SBA must be named as the beneficiary of all letters of credit. A Premier CDC's loss reserve deposits in an institution may exceed the institution's insured amount, but only if the institution is "well-capitalized" as defined in regulations of the Federal Deposit Insurance Corporation, as amended (12 CFR 325.103) ("well capitalized bank").

(iii) A loss reserve letter of credit must:

(A) Be issued by a well-capitalized bank;

(B) Have a term equal to or longer than the maturity of the PCLP loan which triggered the requirement for the Premier CDC to contribute to the loss reserve;

(C) Be irrevocable;

(D) Be otherwise acceptable to the SBA;

(E) Have an issuer who remains well-capitalized throughout the term of the letter of credit, or SBA may require an additional loss reserve contribution by the contributing Premier CDC.

(2) *Contributions.* A Premier CDC's loss reserve must total 1 percent of the Debentures it issues under the PCLP Program. A Premier CDC must contribute 50 percent of the required loss reserve attributable to each PCLP loan when the Debenture it issues to fund the PCLP loan is closed, 25 percent within 1 year after the Debenture is closed, and 25 percent within 2 years after the Debenture is closed.

(3) *Reimbursement.* SBA determines a Premier CDC's Exposure on a loan and withdraws the amount necessary to cover the Exposure. If, after full use of any assets in the loss reserve, there are not enough loss reserve assets to cover a Premier CDC's Exposure, the Premier CDC must pay SBA any difference between the Exposure and the loss reserve assets withdrawn by SBA to cover the Exposure within 45 days of a demand for payment by SBA.

(4) *Replenishment.* If SBA withdraws assets from the loss reserve to cover a Premier CDC's Exposure, the Premier CDC must replace the withdrawn loss reserve assets within 30 days of the withdrawal with contributions equal to or greater than the amount of the assets withdrawn.

(5). *Withdrawal.* A Premier CDC may withdraw loss reserve assets attributable to any repaid Debenture upon written approval by SBA.

(d) *Review.* SBA will review a Premier CDC's PCLP loans annually.

(e) *Suspension and revocation.* The AA/FA may suspend or revoke a CDC's Premier designation upon written notice stating the reasons for the suspension or revocation at least 10 business days prior to the effective date of the suspension or revocation. Reasons for suspension or revocation may include loan performance unacceptable to SBA, failure to meet loss reserve or eligibility criteria, or violations of applicable statutes, regulations, or published SBA policies and procedures. A Premier CDC may appeal the suspension or revocation made under this section pursuant to the procedures set forth in part 134 of this chapter. The action of the AA/FA shall remain in effect pending resolution of the appeal.

(f) *Applications.* A CDC may obtain information concerning this pilot program from the Office of Program Development in the Office of Financial Assistance at SBA's Headquarters. A CDC may submit its application to the SBA field office in which it is most active. The SBA field office will send the application with its recommendation to the AA/FA for a final decision.

(g) *Acceptance into Program.* When determining a CDC's application, SBA will consider the CDC's ability to work with the local SBA office and the quality of past performance.

(h) *Program period.* The PCLP pilot program ends on October 1, 2000.

Dated: May 5, 1999.

Aida Alvarez,

Administrator.

[FR Doc. 99-12100 Filed 5-13-99; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

13 CFR Part 121

Small Business Size Standards; Engineering Services, Architectural Services, Surveying, and Mapping Services

AGENCY: Small Business Administration.

ACTION: Final rule.

SUMMARY: The Small Business Administration (SBA) is establishing a size standard of $4.0 million in average annual receipts for general Engineering Services (part of Standard Industrial Classification (SIC) code 8711), Architectural Services (SIC code 8712), Surveying (SIC code 8713) and Mapping Services (part of SIC code 7389). The current size standard for the general Engineering component of SIC code 8711 and all of SIC codes 8712 and 8713 is $2.5 million. For Mapping Services under SIC code 7389, the current size standard is $3.5 million. These revisions are made to more appropriately define the size of business in these industries that SBA believes should be eligible for Federal small business assistance programs.

DATES: This rule is effective on June 14, 1999.

FOR FURTHER INFORMATION CONTACT: Robert N. Ray, Office of Size Standards, (202) 205-6618.

SUPPLEMENTARY INFORMATION: On February 3, 1998, SBA proposed a revision to the size standard for general Engineering Services (part of SIC code 8711) from $2.5 million to $7.5 million (63 FR 5480). (The other size standards applicable to Engineering Services under SIC code 8711—Military and Aerospace Equipment, Military Weapons, Marine Engineering, and Naval Architecture—were not reviewed as part of the proposed rule and are not changed by this final rule.)

The proposed rule also revised the size standard for the Architectural Services industry (SIC code 8712), from $2.5 million to $5.0 million, and for the Surveying Services industry (SIC code 8713) from $2.5 million to $3.5 million. SBA proposed no change to the $3.5 million size standard for Mapping Services categorized within Business Services, Not Elsewhere Classified (SIC code 7389). SBA proposed that Mapping Services should have the same size standard as Surveying Services since they are closely related industries. Surveying Services was proposed for adjustment to $3.5 million, the standard already applicable to Mapping Services.

SBA proposed these size standards based on its analysis of the latest

available industry data from the U.S. Bureau of the Census (the Census Bureau) and Federal contract award data from the Federal Procurement Data Center. SBA evaluated certain factors describing the economic characteristics of firms in the Engineering, Architectural, and Surveying Services industries (industry data from the Census Bureau are not available for Mapping Services under SIC code 7389). These factors were average firm size, the distribution of industry revenues by size of firm, start-up costs, and industry competition. SBA compared the characteristics of the Engineering, Architectural, and Surveying Services industries to the average characteristics of all industries with a $5.0 million size standard (the most common size standard established for nonmanufacturing industries and referred to as the "anchor" size standard for the nonmanufacturing industries).

Doing so enabled SBA to determine if the size standards for Architectural, General Engineering, and Surveying Services should be the same, higher, or lower than the $5 million anchor size standard. In addition, SBA reviewed the percent of total Federal contract dollars awarded to small businesses to determine if small businesses were obtaining a reasonable share of Federal contracts. For a further discussion of SBA's size standard methodology and the analyses leading to the proposed size standards see the proposed rule of February 3, 1998 (63 FR 5480).

Reason for Adopting a $4.0 Million Size Standard for These Industries

This final rule establishes a $4.0 million size standard for the each of the general Engineering, Architectural, Surveying, and Mapping Services industries. The decision to adopt this size standard rather than those proposed primarily reflects our assessment of public comments received on the proposed size standards. While industry and Federal procurement data support the size standards originally proposed, these data also indicate that $4.0 million is within a range of size standards supportable by the data.

The size standards analysis is not a mechanical process that produces a finite result. Rather, the analysis of industry and Federal procurement data provides SBA with a reasonable range of size standards to consider. Based on a review of specific industry characteristics and other information, such as public comments on a proposed size standard, SBA makes a decision on what final size standard to adopt within the range of size standards supported by the data.

As discussed in greater detail below, a significant number of comments disagree with the $7.5 million proposed size standard for General Engineering Services and the $5.0 million proposed size standard for Architectural Services. These comments express a consistent and serious concern that smaller businesses, especially those below the $2.5 million size standard, would not be competitive with businesses whose sizes are at or near the size standards which were proposed for general Engineering ($7.5 million) or Architectural Services ($5.0 million).

SBA has accepted the significance of these concerns, and adopts the lower size standard of $4.0 million to help address them, while at the same time providing an appropriate recognition of the results of inflation. Most comments separately addressing Surveying and Mapping Services support a higher standard than the proposed $3.5 million. A $4.0 million size standard helps address those views as well.

As explained below, numerous commenters strongly argue that a common size standard should be established for the four industry categories of general Engineering, Architecture, Surveying, and Mapping Services to reflect the many related activities encompassing the professional design industry. SBA agrees. The desirability of establishing the same size standard for each of these industries, provided industry-specific factors are reasonably consistent with that standard, was a strong consideration in developing this final rule.

SBA's review of industry and Federal procurement data support $4.0 million as a reasonable size standard for these industries. As discussed in the proposed rule, most of the industry factors for Architectural Services and Surveying Services support a size standard at or below SBA's anchor size standard of $5.0 million for nonmanufacturing industries.

Also, as discussed in the proposed rule, the large discrepancy between the share of Federal contract awards to small businesses in these two industries and their share of total industry revenues support an increase from the $2.5 million size standard. A size standard of $4.0 million recognizes the impact of general inflationary trends that have occurred since the current size standard was established in 1986, as well as additional cost pressures related to the expanded use of computerized applications experienced by engineering, architectural and surveying and mapping firms. Thus, we believe a size standard at $4.0 million is a reasonable alternative to the proposed size standards for Architectural Services and Surveying Services.

Although the industry data for general Engineering Services support a size standard higher than the anchor size standard, the SBA is now persuaded, in light of comments received, that Census Bureau data do not adequately consider the integrated nature and relationships among the four industry categories. For this reason, we believe the size standard appropriate for Architectural Services and Surveying Services is also appropriate for general Engineering Services.

Finally, we continue to believe the size standard for Surveying Services should also be established for Mapping Services. As discussed in the proposed rule, Surveying Services and Mapping Services are considered closely related activities. The newly developed North American Industry Classification System (NAICS) organizes firms engaged in these two activities into a single industry. SBA will be establishing size standards by NAICS industries in the near future, and believes it should treat Surveying Services and Mapping Services as one industry for size standards purposes.

Discussion of Comments

SBA received 177 timely comments on the proposed size standards. Eight comments are from associations, two from officials of Government agencies, and 167 from businesses and individuals. Several organizations submitted multiple comments. By counting multiple comments from the same organization as one, there are 130 comments from individuals and organizations that express a clear preference for a particular size standard. Just over half of the comments favor size standards similar to or higher than those proposed, and just under half favor no change to the current size standard or favor increases smaller than those proposed.

The comments raise ten major issues concerning the proposed size standards. Two of these issues strongly influenced our decision to adopt a $4.0 million size standard for each of general Engineering, Architectural, Surveying, and Mapping Services rather than the proposed size standards ($7.5 million, $5.0 million, and $3.5 million, respectively). These two issues involve the amount of increase appropriate from the existing size standards, and whether there should be a common size standard for all four industries. These two issues are dealt with first in the following discussion of the major issues raised by the commenters. Eight other issues raised by the commenters dealt with

other concerns. Below we explain our position on each.

Common Size Standard

A majority of the commenting associations, several individual businesses, and one Government agency argue for a common size standard for the general Engineering, Architectural, Surveying, and Mapping Services industries. Many of these comments consider the Architecture, Landscape Architecture, Engineering, Surveying, and Mapping Services as fully integrated and comprising the "Professional Design Services" industry.

This multi-disciplined nature of the industry indicates the need for a common size standard among these services. In the public sector, these commenters argued that architects, landscape architects, engineers, and surveyors often serve in similar positions of responsibility, moving between jobs requiring a design professional's expertise. In the private sector, many design professionals practice in multidisciplinary design firms. These firms integrate the skills of each profession to offer quality services to their clients.

Because of the integrated nature of multidisciplined firms, many of the comments express concern that firms could be held to three different size standards if the proposed size standards were adopted depending on the nature of a particular project. This is seen as confusing and unnecessary. Moreover, it is argued that with different size standards, contracting officers will at times inappropriately select the SIC code with the highest size standard when a procurement calls for activities from different industries.

Based on these comments, we agree that a common size standard should be established for general Engineering, Architectural, Surveying, and Mapping Services. The industries of general Engineering and Architectural Services are closely integrated and it is often difficult to distinguish whether a Federal contract should be classified under Architectural or Engineering Services. Also competition on surveying contracts frequently involves firms from both the Surveying Services and Engineering Services industries. In addition, there could be a tendency for contracting officers to select industries with higher size standards in cases where it's a "close call" as to which industry best describes the primary purpose of the contract. A common size standard will ensure that firms that compete in closely related industries are subject to the same size standard, and that contracting officers are not influenced by the size standard when determining the proper SIC code for a Federal procurement.

We recognize that this position departs from the approach taken in the proposed rule. Architectural, Engineering, and Surveying Services are separate industries under the SIC system for which the Census Bureau publishes data on firms primarily engaged in each industry. (Mapping Services is a very small component of SIC 7389, which includes a broad range of business services. No separate Census Bureau industry data are available for Mapping Services.) The proposed rule was the first time the SBA had both specific industry data to analyze a size standard for Architectural, Engineering, and Surveying industries and legal authority to make size standard changes.

When the $2.5 million size standard was adopted in 1986, Engineering, Architectural, and Surveying Services made up only one SIC industry. The revisions to the SIC System in 1987 created separate industries for Engineering, Architectural, and Surveying Services from that one industry. Census Bureau data for the 1987 SIC industries were not available until 1990. By that time, the Congress had imposed a prohibition against changing the size standards for these industries (see the Small Business Competitiveness Demonstration Program Act, Title VII, Public Law 100-656, 102 Stat. 3853, 3889). As explained in the proposed rule, when SBA examined these industries they exhibited significant differences. While these differences could support a separate size standard for each industry, the comments received present persuasive reasons why the SBA should continue to retain a common size standard for those three industries even though the statutory restriction has now been removed.

Furthermore, Census Bureau data corroborate the interaction that exists among firms in these three industries. For example, a review of the Census Bureau's publication "Sources of Firm Revenues" shows that engineering firms earned revenues for surveying work equal to about half the total revenues earned by surveying firms. Engineering firms also earned revenues for architectural services equal to about nine percent of the revenues earned by architectural firms. These data, along with the comments, indicate that a common size standard for the three industries is appropriate. As indicated above, SBA believes the Mapping Services size standard should be the same as the Surveying size standard. The end result is a common size standard for all four industries.

The size standard for Landscape Architectural Services, also considered part of the Professional Design Services industry, is $5.0 million, and was not part of the February 3, 1998, proposed rule. This industry's size standard was revised from $3.5 million in 1994, as part of SBA's inflation adjustment to receipts-based size standards. Since the public was not given a fair opportunity to comment on any adjustments to that size standard, we make no change to that size standard in this final rule.

What the Appropriate Size Standard Should Be

Most of the comments addressed the question of what size standard should be adopted for the general Engineering, Architectural, Surveying, and Mapping Services industries. The comments supporting a higher size standard generally argue that an increase is long overdue since the $2.5 million size standard, established in 1986, was not adjusted for inflation in 1994, when most other revenue-based size standards were adjusted (see 59 FR 16513).

In addition, Federal contracts have in recent years grown progressively larger and commenters argued that a higher size standard is needed to recognize the size of small firms that can perform on these newer contracts. The costs of entry into these industries have also increased over time, especially technology costs. These technology costs include computer-aided design and drafting, state-of-the-art computer hardware, new engineering and architectural software, and modern surveying equipment such as Global Positioning Software.

Several architectural firms also argued that the actual operations of an architectural firm is significantly smaller than indicated by its revenue size since the value of subcontracts, which may account for 30 percent to 40 percent of revenues, is included in calculating the gross revenues of a firm. The supporters of a higher size standard also stated that firms even exceeding the current $2.5 million are usually not strong enough to compete successfully against mid-sized and large firms. Thus, a size standard higher than $2.5 million is needed to help small firms become more competitive.

Among comments opposing the proposed size standards, the most common argument was that firms below $2.5 million in size could not compete with firms in the $5.0 million to $7.5 million size range. Firms below $2.5 million contend that they do not have the resources to compete with these businesses in terms of preparing

proposals for Federal contracts. These comments claim that contracting officers will naturally favor the larger-sized firms that are within the size standard. Larger firms have more personnel to draw on. Often these larger firms can offer higher salaries, thus drawing in professionals with strong reputations attractive to contracting officers.

Since Federal contracts for general Engineering, Architectural, Surveying, and Mapping Services are awarded using qualifications-based selection criteria, larger and more experienced firms tend to have an advantage over smaller and younger firms. Some comments also argue that in some markets (e.g., New Mexico, Wyoming, and the District of Columbia), all firms would be considered small under the proposed size standards and, therefore, there would be no meaningful small business definition.

While many of the comments made general statements on the proposed new size standards, some commenters' comments specifically discussed the proposed Surveying and Mapping Services size standard. A few wanted no change to the current $2.5 million for reasons similar to those given in opposition to the general Engineering and Architectural Services size standards. A few others support the proposed $3.5 million size standard, while most recommended size standards of between $4.0 million and $10.0 million. Those comments supporting an increase to the current size standard cite high start-up costs for surveying and mapping equipment and a concern that the Surveying and Mapping Services size standard should be similar to the general Engineering Services size standard. A mapping association, representing over 120 members, recommends we establish a separate size standard for Mapping Services of $7.5 million.

Although a majority of the comments favor the proposed size standards or higher size standards than those proposed, almost an equal number of comments recommend size standards lower than those proposed. This large difference of opinion strongly suggests that the proposed size standard increases were too high, particularly the proposed size standard of $7.5 million for General Engineering Services. We agree with many of the comments that firms below $2.5 million in size will likely have difficulty competing with firms that are $5.0 million or larger in size. A $4.0 million size standard addresses both the need for a higher size standard than the current $2.5 million while ensuring that smaller businesses in the industries are not significantly harmed by a higher size standard. We also believe the adopted size standard helps address the concern that all firms in a regional market could be considered small under the proposed size standards.

Surveying and Mapping Services Size Standard

Several comments on the Surveying and Mapping Services size standards argue that the cost of entry into photogrammetric mapping activities is higher than the cost of entry into the Architectural Services and Engineering Services industries and recommend a higher size standard than proposed. Also, a mapping association argues that a separate size standard should be established for Mapping Services given the different characteristics of mapping firms as compared to surveying firms.

Although the Census Bureau data used to evaluate the Surveying Services industry clearly supports a size standard lower than that for general Engineering Services, the data do not capture the significant number of engineering firms that are engaged in Surveying Services. Consequently, the size standard adopted for general Engineering and Architectural Services is also adopted for Surveying and Mapping Services. This does result in a higher size standard being adopted than proposed.

With respect to establishing a separate size standard for Mapping Services, SBA establishes size standards at the industry level, except for a few special categories. The size standard established for an industry reflects the characteristics of all firms engaged in all activities within that industry. In every industry, some firms engage in specialized activities that are too few in number to influence the level of the size standard. To address the concerns of these comments, we would have to establish a size standard for a sub-category under Business Services, Not Elsewhere Classified. Only when a category represents a major activity within an industry and is significantly distinct from all other industry activities do we consider a size standard below the industry level. If we were to routinely establish size standards below the industry level, it could potentially complicate size standards by creating hundreds if not thousands of additional size standards. Information provided by a mapping association does indicate that Mapping Services may be a sufficiently large activity within the industry and Federal procurement for us to examine whether a separate size standard should be established. However, that decision will be made after additional study of the industry and a change will be pursued as a separate proposed rule if it is deemed necessary.

Historic and Cultural Preservation

A few commenters focused on a special subset of activities within Engineering and Architectural Services involving historic or cultural preservation. These submitters argue that raising the size standards as proposed would devastate small businesses in this category, because, in their view, most Federal contracts would be awarded to firms they consider large businesses. These comments recommend either no change or a much smaller increase to the current size standard.

These commenters expressed concerns similar to many of the commenters arguing for no change in the size standards or lower increases than proposed. As discussed above, SBA establishes size standards at the industry level, except in a few instances where a category represents a major activity within an industry that is significantly distinct from all other activities. Based on the information provided in the comments, we do not believe historic and cultural preservation activities are a sufficiently large activity within the Engineering and Architectural industries to warrant a separate size standard. However, for reasons discussed above, a lower size standard of $4.0 million is being adopted to apply to general Engineering Services and to all Architectural Services that should adequately address the concerns raised by these commenters.

Inflation Adjustment

A few comments recommend an inflationary adjustment to the size standards on a regular basis.

The evaluation of economic characteristics of an industry is the primary basis for establishing size standards. Historically, we review size standards for inflation when a lengthy period of time has passed since the last size standard revision or when a large number of industries are under review. Because inflation affects industries differently, it's not appropriate to specify in advance under what situations an inflation adjustment will be made. Nonetheless, we do monitor the rate of inflation on a continuing basis and will pursue an inflation adjustment when it is considered necessary.

Consideration of the North American Industry Classification System

Several comments recommend that we establish size standards based on the North American Industry Classification System (NAICS) rather than the Standard Industrial Classification (SIC) System.

We will convert size standards to the NAICS system in the near future. At present, size standards are established following the SIC system. Until the NAICS system is put in place, the SIC system will be used by all Federal agencies for assigning an appropriate SIC code and size standard to Federal procurements and for classifying the primary industry of a firm. Moreover, the Engineering Services and Architectural Services industries are the same under the NAICS and SIC systems. For Surveying Services and Mapping Services, the NAICS combine these two activities into either Geophysical Surveying and Mapping Services or Surveying and Mapping (except Geophysical) Services primarily from SIC code 8713. Thus, even if we establish size standards based on the NAICS, the information currently available to evaluate these industries would lead to the same size standard.

Industry Data

Several associations argue that the data used to evaluate the industries is too old to be useful, and recommend that we withdraw the proposed rule and publish a new proposal based on better data.

Although the data we used were derived from the 1992 Economic Census, they represent the latest and best data available from the Census Bureau on the distribution of firms by size. Moreover, the data continue to be useful in assessing the structural characteristics of an industry unless there have been significant changes in an industry which fundamentally affect the operations of firms in the industry (e.g., new production methods such as the use of electric furnaces to make steel from ferrous scrap by mini-mills or the deregulation of an industry).

Absent these types of major changes, the 1992 Census Bureau data provide the SBA with reliable and objective data on the relative position of small businesses within an industry and there is no apparent reason to wait for newer data. (The Census Bureau gathers data in an Economic Census every five years. Data for the 1997 Economic Census was gathered in early 1998 and will not be available for about two years.) Our review of Federal contract awards data, however, is based on more recent data from Fiscal Years 1995 and 1996. More recent contract data for Fiscal Year 1997 reveal small business awards in the Engineering and Architectural Services industries similar to the previous two fiscal years. Small business awards to surveying firms did increase significantly in Fiscal Year 1997. However, the small business share of Federal awards is significantly below the small business share of total industry revenues, as was the case for Fiscal Years 1995 and 1996.

Size Standards Methodology

Several comments oppose our industry comparisons (using four measures of industry characteristics), especially the use of payroll/receipts ratios as a proxy for high initial capital requirements.

The evaluation of industry structure has been the primary basis for establishing size standards by SBA for many years. The use of these four measures to describe industry structure is well established within SBA. In addition, we obtained new data for 1997 on average assets per firm to improve the evaluation of startup costs. Because these data are more useful and accurate than payroll/receipts data we reworked our calculations. Our analysis using these data continues to support the size standard conclusion contained in the February 3, 1998, proposed rule and our decision in this final rule.

Small Business Contracting Opportunities

Several comments suggest that SBA should focus on other issues harming small business opportunities in Federal procurement rather than increasing size standards. These comments point out that contract bundling, the use of design-build contracting, and indefinite delivery/indefinite quantity task order contracts have adversely affected small business participation. Also, many small businesses work as subcontractors. The subcontracting program, however, is not monitored rigorously by many agencies and the comments suggest that SBA should gather better data on subcontracting efforts.

We are vigorously working on these other issues. Although these are important issues affecting the opportunities of small businesses, they generally do not affect the size standards analysis.

Calculation of Receipts

A few comments recommend that SBA count revenues in these industries on a net basis in which costs for "pass-through" materials and subcontracting would be excluded from the calculation of a firm's size.

We believe the gross revenues of a firm is the most equitable way to measure the size of a firm. In a few industries, the revenues earned by a firm may not accurately reflect the magnitude of its operation, as would be the case for a travel agency. We do calculate revenues differently in those cases or use number of employees as the size standard measure. Furthermore, the economic data from the Census Bureau we use to evaluate size standards is based on gross revenues for most industries. More specifically, the Census Bureau's data collected for the Architectural Services and Engineering Services industries include all revenues received by the company (including the value of subcontracts). If we were to exclude the value of subcontracts and other "pass-through" revenues, we would also have to establish a lower size standard to properly reflect the size of small businesses in the industry.

Dominant Field of Operation

In the proposed rule, SBA stated that no firm at or below the proposed size standards business would be dominant in its field of operations. Only a few comments addressed this issue. Of those comments, most indicated that only firms of 500 to 5,000 employees could have a controlling influence on the Engineering, Architectural Surveying, or Mapping Services industries—a size well above the proposed size standards. A few commenters did express a concern that in a local area all Architectural firms could qualify as small business under the proposed size standards. In considering whether a firm is dominant in an industry, SBA assesses whether a firm may have a controlling influence on an industry on a national basis. In consideration of the comments, and the analysis in the proposed rule, SBA believes no firms at or below the adopted size standard would be dominant in the Engineering, Architectural, Surveying or Mapping Services industries.

Compliance With Executive Orders 12612, 12988, and 12866, the Regulatory Flexibility Act (5 U.S.C. § 601–612), and the Paperwork Reduction Act (44 U.S.C. § 3501 et seq.)

The Office of Management and Budget (OMB) reviewed this rule under Executive Order 12866. OMB determined that this is not a major rule under the Congressional Review Act, 5 U.S.C. 800, *et. seq.* This rule, however, will have a significant impact on a substantial number of small entities. Immediately below, SBA sets forth a

final regulatory impact analysis of this final rule.

1. Description of Entities to Which the Rule Applies

SBA estimates that 1,460 additional firms will be considered small as a result of this rule. These firms will be eligible to seek available SBA assistance provided they meet other program requirements. Many of these firms probably had small business status in 1986 when these size standards were established at $2.5 million, but have since lost eligibility because of general price increases. Of the 1,460 additional firms gaining eligibility, 1,015 operate in Engineering Services, 340 operate in Architectural Services, 60 operate in Surveying Services, and 45 operate in Mapping Services. Firms becoming eligible for SBA assistance as a result of this rule cumulatively generate $2.3 billion in annual sales, and total sales in these industries are $77.5 billion. Of the $2.3 billion for newly eligible firms, $1.7 billion are in Engineering Services, $0.6 billion are in Architectural Services, $56.0 million are in Surveying Services, and $45.0 million in Mapping Services.

2. Potential Benefits of the Rule

We have identified two areas of benefit to businesses obtaining small business status as a result of adoption of this rule. One is eligibility for the Federal Government's small business procurement preference programs and SBA's Business Loan Program. SBA estimates that firms gaining small business status could potentially obtain Federal contracts worth $45.0 million per year under the Small Business Set-aside Program, the 8(a) Program, or unrestricted contracts. Second, we estimate $2.5 million in new loans could be made to these newly defined small businesses under SBA's 7(a) Guaranteed Loan Program, and an additional $0.7 million in loans under the Certified Development Company (504) Program. These small increases occur since most firms that obtain SBA guaranteed loans tend to have less than $2.0 million in revenues. Another benefit identified is that increased competition for many of these procurements would likely result in a lower price to the government for procurements which have been set aside, but we are unable to quantify this benefit.

3. Potential Costs of the Rule

The changes in size standards as they affect Federal procurement are not expected to add any significant costs to the Government. As a matter of policy, Federal procurements may be set aside for small business or under the 8(a) Program only if awards are expected to be made at reasonable prices. Changing a size standard would not result in any added costs associated with the 7(a) and 504 loan programs. The amount of lending authority SBA can make or guarantee is established by appropriation. The competitive effects of size standard revisions differ from those normally associated with changes in regulations. The new size standards will not impose a regulatory burden because they do not regulate or control business behavior.

Other regulations in areas such as prices, costs, profits, growth, innovation and mergers typically burden smaller firms to a greater degree than larger firms. The change to a size standard is not anticipated to have any appreciable affect on any of these factors, although small businesses or 8(a) firms much smaller than the size standard for their industries may be less successful in competing for some Federal procurement opportunities due to the presence of larger, newly defined small businesses. On the other hand, with more and larger small businesses competing for small business set-aside and 8(a) procurements, contracting agencies are likely to increase the overall number of contacting opportunities available under these programs.

4. Potential Net Benefits From the Rule

Two benefits were identified for small businesses and one for Government. Because the potential costs of this rule are minimal, the potential net benefits will be approximately equal to the total potential benefits. Most of the impact of this rule will appear in the Federal procurement area.

5. Reasons Why This Action Is Being Taken and Objectives of Rule

SBA has provided in the supplementary information a statement of the reasons why these new size standards should be established and a statement of the reasons for and objectives of this rule.

For the purpose of the Paperwork Reduction Act, 44 U.S.C. 3501, *et seq.*, SBA certifies that this rule will not impose new reporting or record keeping requirements, other than those required of SBA. For purposes of Executive Order 12612, SBA certifies that this rule does not have any federalism implications warranting the preparation of a Federalism Assessment. For purposes of Executive Order 12988, SBA certifies that this rule is drafted, to the extent practicable, in accordance with the standards set forth in section 3 of the Order.

List of Subjects in 13 CFR part 121

Government procurement, Government property, Grant programs—business. Loan programs—business. Small business.

For the reasons stated in the preamble, SBA amends 13 CFR part 121 as follows:

Part 121—SMALL BUSINESS SIZE REGULATIONS

1. The authority citation for part 121 is revised to read as follows:

Authority: 15 U.S.C. 632(a), 634(b)(6), 637(a), 644(c) and 662(5);

2. In § 121.201 in the table "Size Standards by SIC Industry," under the heading DIVISION I—SERVICES, revise the entries corresponding to 7389, 8711, 8712, and 8713 to read as follows:

§ 121.201 What size standards has SBA identified by Standard Industrial Classification codes?

* * * * *

SIZE STANDARDS BY SIC INDUSTRY

SIC code and description		Size standards in number of employees or millions of dollars
* * * * * * *		
DIVISION I—SERVICES		
* * * * * * *		
7389	Business Services, N.E.C	$5.0
	Except, Map Drafting Services, Mapmaking (Including Aerial) and Photogrammetric Mapping Services.	$4.0
* * * * * * *		
8711	Engineering Services	$4.0
	Military and Aerospace Equipment and Military Weapons	$20.0
	Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992.	$20.0
	Marine Engineering and Naval Architecture	$13.5
8712	Architectural Services (Other than Naval)	$4.0
8713	Surveying Services	$4.0
* * * * * * *		

Aida Alvarez,
Administrator.
[FR Doc. 99–12267 Filed 5–13–99; 8:45 am]
BILLING CODE 8025–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 178

[Docket No. 91F–0399]

Indirect Food Additives: Adjuvants, Production Aids, and Sanitizers

AGENCY: Food and Drug Administration, HHS.

ACTION: Final rule.

SUMMARY: The Food and Drug Administration (FDA) is amending the food additive regulations to provide for the safe use of 1,3-propanediamine, N,N″-1,2-ethanediylbis-, polymer with N-butyl-2,2,6,6-tetramethyl-4-piperidinamine and 2,4,6-trichloro-1,3,5-triazine as a light stabilizer for polypropylene and polyethylene complying with 21 CFR 177.1520. This action responds to a petition filed by 3-V Chemical Corp.

DATES: The regulation is effective May 14, 1999. Submit written objections and requests for a hearing by June 14, 1999.

ADDRESSES: Submit written objections to the Dockets Management Branch (HFA–305), Food and Drug Administration, 5630 Fishers Lane, rm. 1061, Rockville, MD 20852.

FOR FURTHER INFORMATION CONTACT: Julius Smith, Center for Food Safety and Applied Nutrition (HFS–215), Food and Drug Administration, 200 C St. SW., Washington, DC 20204, 202–418–3091.

SUPPLEMENTARY INFORMATION: In a notice published in the **Federal Register** of January 3, 1992 (57 FR 291), FDA announced that a petition (FAP 1B4277) had been filed by 3–V Chemical Corp., P.O. Box Drawer Y, Georgetown, SC 29442, proposing to amend § 178.2010 *Antioxidants and/or stabilizers for polymers* (21 CFR 178.2010), to provide for the safe use of 1,3-propanediamine, N,N″-1,2-ethanediylbis-, polymer with N-butyl-2,2,6,6-tetramethyl-4-piperidinamine and 2,4,6-trichloro-1,3,5-triazine as a light stabilizer for polyethylene and polypropylene complying with 21 CFR 177.1520.

FDA has evaluated the data in the petition and other relevant material. Based on this information, the agency concludes that the proposed use of the additive is safe, that the additive will have the intended technical effect, and therefore, that the regulations should be amended as set forth below.

In accordance with § 171.1(h) (21 CFR 171.1(h)), the petition and the documents that FDA considered and relied upon in reaching its decision to approve the petition are available for inspection at the Center for Food Safety and Applied Nutrition by appointment with the information contact person listed above. As provided in § 171.1(h), the agency will delete from the documents any materials that are not available for public disclosure before making the documents available for inspection.

The agency has carefully considered the potential environmental effects of this action. FDA has concluded that the action will not have a significant impact on the human environment, and that an environmental impact statement is not required. The agency's finding of no significant impact and the evidence supporting that finding, contained in an environmental assessment, may be seen in the Dockets Management Branch (address above) between 9 a.m. and 4 p.m., Monday through Friday.

This final rule contains no collection of information. Therefore, clearance by the Office of Management and Budget under the Paperwork Reduction Act of 1995 is not required.