

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## SMALL BUSINESS ADMINISTRATION

### 13 CFR Part 121

RIN 3245-AE80

#### Small Business Size Standards; Information Technology Value Added Resellers

**AGENCY:** Small Business Administration (SBA).

**ACTION:** Proposed rule.

**SUMMARY:** The Small Business Administration (SBA) proposes to establish a new industry category and size standard of 500 employees for Information Technology Value Added Resellers under Other Computer Related Services, North American Industry Classification System (NAICS) 541519. This industry category and size standard is being established to better apply small business eligibility requirements under Federal contracts that combine substantial services with the acquisition of computer hardware and software. SBA is requesting public comments on establishing this industry category and size standard.

**DATES:** Comments must be received on or before August 23, 2002.

**ADDRESSES:** Send comments to Linda G. Williams, Associate Administrator for Policy, Planning, and Liaison, Office of Government Contracting and Business Development, U.S. Small Business Administration, 409 Third St., SW, Mail Code 6510, Washington, DC 20416; or, via e-mail to

[SIZESTANDARDS@sba.gov](mailto:SIZESTANDARDS@sba.gov). Upon request, SBA will make all public comments available.

**FOR FURTHER INFORMATION CONTACT:** Gary Jackson, Assistant Administrator for Size Standards, at (202) 205-6464.

**SUPPLEMENTARY INFORMATION:** Information technology (IT) is one of the largest areas of Federal contracting today. The Federal government spent approximately \$19 billion in contracting for computer hardware, software, programming, and other related services during fiscal year 2000. Within this area

of contracting, many Federal agencies, as well as private sector organizations, look for contractors that provide solutions to their IT needs. In this regard, they seek a contractor, such as a Value Added Reseller or Solution Provider, who can provide a range of services that assist and support the acquisition of computer hardware and software. These contractors provide services such as advising an organization on what types of computer equipment, systems, and technologies will fit its needs; designing and integrating systems; purchasing and installing IT equipment; customizing hardware and software configurations; and providing technical services, maintenance, warranty service, and user support. The customer benefits from these types of contracts by having a single contractor coordinate their IT acquisition needs. These value added services are vitally important in a rapidly changing environment where new products and technologies are continually being introduced.

SBA's size standards and program eligibility requirements do not specifically address the classification of Federal contracts that combine services with the acquisition of supplies. As a result, Federal agencies have had difficulty using small business preference programs for these types of contracts, especially for IT. Under SBA's current policies, such contracts are almost always viewed as a manufacturing or supply contract since the dollar value of the largest component of the contract will be associated with the acquisition of supplies. For supply contracts that are set aside for small business or for SBA's 8(a) and HUBZone programs, an eligible small business must be a small manufacturer of the end item being procured or, if not the actual manufacturer of the end item, must supply the product of a small business manufacturer (referred to as the "nonmanufacturer rule") unless SBA grants a waiver of the nonmanufacturer rule for that specific item (13 CFR 121.406). For most supply contracts, this distinction is workable: either a company has made the product or is supplying it along with distribution related value added services. SBA, however, has found that the manufacturer/nonmanufacturer distinction does not adequately address

Federal IT contracting that combine supplies and services into a single contract.

The acquisition of IT equipment has several aspects that lead SBA to believe that it should establish special small business eligibility requirements for IT Value Added Resellers that are similar to those for a service contractor. First, as discussed above, many Federal agencies prefer to go to a single source to obtain IT equipment and supporting services. In doing so, a contractor often provides advisory and other support services. Second, most acquisitions are for numerous IT products that make it unrealistic to expect one manufacturer to produce all of the required items. In many cases, the agency and contractor agree in advance to equipment prices and delivery timeframes. Third, IT contracts often require the contractor to customize computer hardware or install specialized software to meet an individual user's needs. Although these activities usually do not constitute manufacturing, they are beyond the traditional wholesale-distribution function.

To address these types of IT contracts, SBA proposes establishing a category of IT Value Added Resellers under NAICS code 541519, Other Computer Related Services. An IT Value Added Resellers industry category will allow Federal IT contracts that combine supply and services activities to be classified in an industry that reflects the purpose and scope of the contract and for SBA to apply a reasonable size standard and other eligibility requirements to IT Value Added Resellers that generally perform these combined functions. This new industry category will enable Federal agencies to better utilize small business preference programs for their IT acquisitions.

SBA recognizes that establishing a category of IT Value Added Resellers as a service activity is a departure from the North American Industry Classification System (NAICS). Under NAICS, Value Added Resellers are classified in the Wholesale Trade sector along with merchant wholesalers, distributors, drop shippers, brokers, and agents. These latter types of establishments arrange the delivery of manufactured products to their customers and provide value added services associated with distribution, such as billing or inventory management. While providing

manufactured products, IT Value Added Resellers also offer services beyond those associated with the distribution function. SBA believes that for Federal small business procurement preference programs in particular, IT Value Added Resellers need to be treated in a different manner than wholesale trade firms (or nonmanufacturers) on supply contracts. Specifically, the service activities performed by IT Value Added Resellers warrants greater consideration than NAICS affords other Value Added Resellers.

#### **Definition of Information Technology Value Added Resellers**

An IT Value Added Reseller provides a total solution to IT acquisitions by providing multi-vendor hardware and software along with significant pre-sale and post-sale services. Significant value added services consist of, but are not limited to, configuration consulting and design, systems integration, installation of multi-vendor computer equipment, customization of hardware or software, training, product technical support, maintenance, and end user support.

This proposed rule requires that a Federal IT procurement be classified under this industry category if it consists of at least 15 percent but not more than 50 percent of value added services as measured by the total price less the cost of IT hardware, computer software, and profit. This requirement ensures that the contractor provides a meaningful amount of substantive computer-related services. For example, if a procurement consists of \$750,000 for personal computers, printers, and application software; \$250,000 for installation of hardware, maintenance, and technical support; and \$50,000 profit, then it satisfies the criteria to be classified as an IT Value Added Resellers procurement. In this example, 23.8 percent of the value of the procurement is for value added computer services. (Percent of value added services = value of computer services / total price.  $23.8\% = \$250,000 / \$1,050,000$ .)

However, an IT procurement consisting of value added services less than 15 percent or greater than 50 percent must be classified under a different NAICS industry. If a Federal procurement is comprised of less than 15 percent of value added services, then it must be classified under a manufacturing industry and incorporate the applicable manufacturer size standard and nonmanufacturer size standard. For example, on a procurement to provide 100 personal computers without any additional services or with only incidental services

is classified under NAICS 334111, Electronic Computer Manufacturing. For this type of procurement reserved for small businesses or under the 8(a) and HUBZone Programs, the nonmanufacturer rule requires that a small business nonmanufacturer supply personal computers manufactured by a small manufacturer. In limited cases, SBA may waive this nonmanufacturer rule for a specific procurement or class of products allowing the nonmanufacturer to supply the product of any domestic manufacturer. (See 13 CFR 121.406.)

Conversely, if the IT procurement consists of more than 50 percent of value added computer-related services, it must be classified under the computer services industry that best describes the predominate service of the procurement. For example, a procurement to write a custom computer program that includes providing several personal computers and printers accounting for 25 percent of the value of the procurement is classified under NAICS 541511, Custom Computer Programming Services, since 75 percent of the work is for computer programming services. The size standard applicable to this procurement is \$21 million in average annual receipts.

#### **Size Standard and Eligibility Requirement for IT Value Added Resellers**

SBA proposes to adopt the nonmanufacturer size standard of 500-employees, but is also seeking comments on alternatives to this size standard. A large proportion of the value of a contract will be for hardware and software with 20 percent to 30 percent generally for value added services. In addition, IT Value Added Resellers have obtained Federal supply contracts as nonmanufacturers under a 500-employee size standard. Applying that size standard to IT Value Added Resellers would maintain the same size standard under which many of these businesses currently qualify as small. In recognition that a substantial amount of the dollar value of the contract will be for hardware and software sales, an employee size standard is considered an appropriate size standard to measure the magnitude of operations of IT Value Added Resellers. To ensure consistent size eligibility requirements for other SBA programs outside of Federal procurement, the 500-employee size standard would be applicable to businesses whose primary activities match the IT Value Added Resellers description.

SBA considered three other size standards for IT Valued Added

Resellers. These alternative size standards relate to existing size standards for computer services and wholesale trade.

First, SBA considered proposing the same \$21 million size standard that applies to the computer services industries (NAICS codes 541510-541519). If IT Value Added Resellers are viewed as part of computer services, then the same size standard may be appropriate. As mentioned above, SBA believes an employee size standard is a better measure of the operations of an IT Value Added Reseller and decided not to propose this or another receipts size standard.

Second, SBA considered a 150-employee size standard that represents the employee-equivalent of the \$21 million computer services size standard. On average, computer services businesses generate \$142,500 sales per employee. Sales in the amount of \$21 million translate to approximately 150-employees ( $\$21,000,000 \div \$142,500 = 147.4$ ). This 150-employee size standard results in a size standard consistent with that of the computer services receipts size standard without being skewed by the value of hardware and software products provided by an IT Value Added Reseller. SBA did not propose this size standard since it is lower than the size standard that now applies to nonmanufacturers. Without specific industry data by which to assess the impact of a 150-employee size standard on small businesses, SBA is reluctant to adopt that size standard without first seeking comments.

Third, SBA also considered applying the 100-employee size standard for wholesale trade industries to IT Value Added Resellers. SBA adopted a 500-employee size standard for nonmanufacturers in part because of the competition among both distributors and manufacturers on Federal supply contracts. Federal customers seeking IT value added services will almost always find computer services firms and distributors with services capabilities competing for those contracts. With a limited presence of manufacturer competitors, the need for a 500-employee size standard for IT Value Added Services may not exist. For the same reasons as not proposing a 150 employee size standard, SBA has decided to seek comment on this alternative before considering it for adoption.

SBA invites comments on these three alternative size standards, or other alternatives that may more appropriately define a small IT Value Added Reseller. The comments should explain why the alternative is a more

appropriate size standard than 500 employees. These comments should also discuss the impact of the 500 employee size standard and alternative size standard on small businesses and how they effectively assists small businesses. In addition, commenters are requested to identify data sources on IT Value Added Resellers that SBA may be able to use to more definitely evaluate the size standard.

The classification of Federal contracts under the proposed IT Value Added Resellers industry would alter how two other SBA regulations are applied when such contracts are set aside for small businesses or under the 8(a) and HUBZone Programs. First, an IT Value Added Reseller would be required to meet performance requirements (or limitations on subcontracting) as required on other service contracts. Under 13 CFR 125.6, a service contractor is required to perform at least 50 percent of the cost of the contract incurred for personnel with its own employees. Second, IT Value Added Resellers would not be subject to the nonmanufacturer rule (13 CFR 121.406). As discussed above, SBA views an IT Value Added Resellers contract as a service rather than a supply contract since its purpose is to assist and provide supporting services to an agency in the acquisition of information technology equipment.

SBA seeks the public's comment on this proposed rule. In addition to comments on alternative size standards, SBA specifically desires comments on the following issues:

- (1) To what extent do Federal agencies expect contractors providing information technology equipment to also provide value added services?
- (2) Are the activities included in the definition of IT Value Added Reseller appropriate?
- (3) Should SBA require a different minimum and maximum percentage of total contract value for services? If so, state what percentages and describe the basis for those percentages?
- (4) Should SBA calculate the percent of services on IT Value Added Reseller contracts based on total price or some other baseline?

**Compliance With Executive Orders 12866, 12988, and 13132, the Paperwork Reduction Act (44 U.S.C. Ch. 35), and the Regulatory Flexibility Act (5 U.S.C. 601-612)**

The Office of Management and Budget (OMB) has determined that the proposed rule is a "significant" regulatory action for purposes of Executive Order 12866. Size standards determine which businesses are eligible

for Federal small business programs. This is not a major rule under the Congressional Review Act, 5 U.S.C. 800.

**Regulatory Impact Analysis**

*i. Is There a Need for the Regulatory Action?*

SBA is chartered to aid and assist small businesses through a variety of financial, procurement, business development, and advocacy programs. To effectively assist intended beneficiaries of these programs, SBA must establish distinct definitions of which businesses are deemed small. The Small Business Act (15 U.S.C. 632(a)) delegates to the SBA Administrator the responsibility for establishing small business definitions. It also requires that small business definitions vary to reflect industry differences. The preamble of this rule explains the reasons for establishing an industry category and size standard for IT Value Added Resellers.

*ii. What Are the Potential Benefits and Costs of This Regulatory Action?*

The most significant benefit to businesses obtaining small business status as a result of this rule is eligibility for Federal small business assistance programs. These include SBA's financial assistance programs and Federal procurement preference programs for small businesses, 8(a) firms, small disadvantaged businesses, and small businesses located in Historically Underutilized Business Zones (HUBZone), as well as those awarded through full and open competition after application of the HUBZone or small disadvantaged business price evaluation preference or adjustment.

Through the assistance of these programs, small businesses may benefit by becoming more knowledgeable, stable, and competitive businesses. The benefits of a new industry category and size standard would accrue to three groups. First, businesses that benefit by gaining small business status from the proposed size standards and use small business assistance programs. Second, growing small businesses that may exceed the current size standards in the near future and who will retain small business status from the proposed size standards. Third, Federal agencies that award contracts under procurement programs that require small business status.

Newly defined small businesses would benefit from the SBA's financial programs, in particular its 7(a) Guaranteed Loan Program. IT Value Added Resellers qualify for these loans

if they have 100 or fewer employees. Since over the last two years only one loan was guaranteed to a firm with more than 50 employees, it is unlikely that this rule would expand the use of the 7(a) Program.

Newly defined small businesses would also benefit from SBA's economic injury disaster loan program. Since this program is contingent upon the occurrence and severity of a disaster, no meaningful estimate of benefits can be projected.

In the absence of specific data on IT Value Added Resellers, there is no definitive estimate of the number of additional businesses that would become qualified as small businesses for Federal small business procurement preference programs. The benefits of the rule in Federal contracting will be more in terms of clarifying requirements on Federal contracts combining IT supplies and services than increasing the actual number of new small businesses. This rule is likely to increase opportunities for small businesses, but it is uncertain how many Federal contracts may be affected.

Federal agencies may benefit from the new industry category and size standard if more small businesses compete for set-aside procurements. The larger base of small businesses would likely increase competition and lower the prices on set-aside procurements. A large base of active small businesses may create an incentive for Federal agencies to set aside more procurements, thus creating greater opportunities for all small businesses. No estimate of cost savings from these contracting decisions can be made since data are not available to directly measure price or competitive trends on Federal contracts.

This rule is not expected to increase administrative costs to the Federal government associated with additional bidders for Federal small business procurement programs, additional firms seeking SBA guaranteed lending programs, and additional firms eligible for enrollment in SBA's PRO-Net data base program. If the number of businesses seeking SBA assistance increases, there will be some additional costs associated with compliance and verification of small business status and protests of small business status. These costs are likely to generate minimal incremental costs since mechanisms are currently in place to handle these administrative requirements.

The costs to the Federal government may be higher on some Federal contracts as a result of this rule. With a more appropriate contract requirement for IT value added service, Federal

agencies may choose to set aside more contracts for competition among small businesses rather than using full and open competition. The movement from unrestricted to set aside is likely to result in competition among fewer bidders for a contract. Also, higher costs may result if additional full and open contracts are awarded to HUBZone and SDB businesses as a result of a price evaluation preference. The additional costs associated with fewer bidders, however, are likely to be minor since, as a matter of policy, procurements may be set aside for small businesses or under the 8(a), and HUBZone Programs only if awards are expected to be made at fair and reasonable prices.

The proposed size standard may have distributional effects among large and small businesses. Although the actual outcome of the gains and losses among small and large businesses cannot be estimated with certainty, several trends are likely to emerge. First, a transfer of some Federal contracts to small businesses from large businesses. Large businesses may have fewer Federal contract opportunities as Federal agencies decide to set aside more Federal procurements for small businesses. Also, some Federal contracts may be awarded to HUBZone or small disadvantaged businesses instead of large businesses since those two categories of small businesses are eligible for price evaluation preferences for contracts competed on a full and open basis. Similarly, currently defined small businesses may obtain fewer Federal contracts due to the increased competition from more businesses defined as small. This transfer may be offset by a greater number of Federal procurements set aside for all small businesses. The potential distributional impacts of these transfers cannot be estimated with any degree of precision since the data on the size of businesses receiving a Federal contract are limited to identifying small or other-than-small businesses.

The creation of an IT Value Added Resellers industry category and size standard 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. Immediately below, SBA sets forth an initial regulatory flexibility analysis (IRFA) of this proposed rule addressing the reasons and objectives of the rule; SBA's description and estimate of the number of small entities to which the rule will apply; the projected reporting, record keeping, and other compliance requirements of the rule; the relevant Federal rules which may duplicate overlap or conflict with the proposed rule; and alternatives considered by SBA.

##### *(1) What Is Reason for This Action?*

As discussed in the supplemental information, the purpose of this proposal is to establish more reasonable size standard and eligibility requirements for Federal information technology contracts that combine the acquisition of computer equipment and services. The proposed changes will better assist small IT Value Added Resellers in obtaining Federal contracts.

##### *(2) What Is the Objective and Legal Basis for the Rule?*

Section 3(a) of the Small Business Act (15 U.S.C. 632(a)) gives SBA the authority to establish and change size standards. Size standards are developed on an industry basis and vary by industry to reflect differing characteristics of firms in an industry or other appropriate factors regarding an industry. This rule proposes to establish an industry category of IT Value Added Resellers that SBA believes is necessary to appropriately apply its small business assistance program to small businesses in this category.

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

SBA estimates that approximately 1,100 small businesses could receive assistance as a result of this proposed rule. In SBA's PRO-Net data base, 1,100 small businesses indicated that they are wholesalers of IT equipment and are capable of providing some other services. It cannot be determined how many could actually meet the

requirements of the proposed IT Value Added Resellers definition. Thus, the actual number of affected businesses is likely to be smaller. A few small computer manufacturers could be adversely affected by this rule since small business set-aside, 8(a), or HUBZone contracts classified under the IT Value Added Resellers industry would not apply the nonmanufacturer rule. However, SBA believes the impact would be minimal since the IT Value Added Reseller contracts are most likely not currently being awarded to small manufacturers under these programs.

*Description of Potential Benefits of the Rule:* The most significant benefit to businesses obtaining small business status as a result of this rule is their eligibility for Federal small business assistance programs. These include SBA's financial assistance programs and Federal procurement preference programs for small businesses, 8(a) firms, small disadvantaged businesses, and small businesses located in Historically Underutilized Business Zones (HUBZones).

SBA estimates that approximately \$118 million of additional Federal contracts could be awarded to small firms under the proposed IT Value Added Resellers size standard. In FY 2000, \$2 billion were awarded for ADPE systems configuration supply contracts. Only 3.3 percent of computer supply contracts were awarded as small business set aside and 8(a) contracts. SBA assumes that Federal agencies will be able to increase their small business set-aside and 8(a) awards for ADPE systems configuration to the same level as for computer services contracts. In FY 2000, 9.2 percent of the computer services contracts were awarded as a small business set-aside or 8(a) contract. If SBA's assumption is correct, an additional 5.9 percent, or \$118 million, in small business contract awards for ADPE systems configuration could result. Most of these contracts would consist of a potential transfer from large businesses to small IT Value Added Resellers. This does not represent the creation of new contracting activity by the Federal government, merely a possible reallocation or transfer to different sized firms.

SBA does not believe any additional loans would be made under its 7(a) Guaranteed Loan Program and Certified Development Company (504) Program as a result of changes the SBA is proposing in this rulemaking. IT Value Added Resellers are currently eligible for these programs if they have 100 or fewer employees. In the last two years, only one 7(a) loan was made to a small business with more than 50 employees.

In the 504 Program, the alternative size standards of \$2 million net income and \$6 million net worth most likely already qualify IT Value Added Resellers with 100 to 500 employees.

*Description of 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 Federal Government. As a matter of policy, procurements may be set aside for small businesses or under the 8(a) and HUBZone Programs only if awards are expected to be made at reasonable prices. Similarly, the rule should 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 other regulations which typically burden smaller firms to a greater degree than larger firms in areas such as prices, costs, profits, growth, innovation and mergers. A change to a size standard is not anticipated to have any appreciable effect on any of these factors, although small businesses, 8(a) firms, or small disadvantaged businesses much smaller than the size standard for their industry 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 larger small businesses competing for small business set-aside and 8(a) procurements, Federal agencies are likely to increase the overall number of contracting opportunities available under these programs, and this could result in greater opportunities for businesses much smaller than the size standard.

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

This proposed rule does not impose any new information collection requirements which require OMB approval under the Paperwork Reduction Act of 1980, 44 U.S.C. 3501–3520. 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.

*(5) What Are the Relevant Federal Rules Which May Duplicate, Overlap or Conflict With the Proposed Rule?*

This proposed rule overlaps rules of other Federal agencies that use SBA's size standards to define a small business. Under § 3(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.

SBA cannot estimate the impact of a size standard change on each and every Federal program that uses its size standards. In cases where an SBA 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.

*(6) What Alternatives Did SBA Consider?*

SBA considered revising its definition of a manufacturer. On April 1, 1999, SBA published in the **Federal Register** a "Request for Comments" asking for comments on a modern definition of the term manufacturer and a new definition for "Remanufacturer" (64 FR 15708, dated April 1, 1999). SBA received only six comments on this issue, none of which provided sufficient information to support a revision to SBA's current manufacturer definition. After further review, SBA now believes that establishing an IT Value Added Resellers industry category is a more effective approach to addressing the size

eligibility requirements of nonmanufacturers providing substantial services along with IT products on Federal contracts.

For purposes of Executive Order 12988, SBA has determined that this proposed rule is drafted, to the extent practicable, in accordance with the standards set forth in section 3 of that Order.

This regulation will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibility among the various levels of government. Therefore, under Executive Order 13132, SBA determines that this proposed rule does not have sufficient federalism implications warranting the preparation of a Federalism Assessment.

This proposed rule does not impose any new information collection requirements from SBA which require the approval by OMB under the Paperwork Reduction Act of 1980, 44 U.S.C. 3501–3520.

**List of Subjects in 13 CFR Part 121**

Administrative practice and procedure, Government procurement, Government property, Grant programs—business. Loan programs—business, Small businesses.

Accordingly, for the reasons stated in the preamble, part 121 of 13 CFR is proposed to be amended as follows:

**PART 121—[AMENDED]**

**Subpart A—Size Eligibility Provisions and Standards**

1. The authority citation of part 121 continues to read as follows:

**Authority:** 15 U.S.C. 632(a), 634(b)(6), 637(a), 644(c) and 662(5) and Sec. 304, Pub. L. 103–403, 108 Stat. 4175, 4188.

**§ 121.201 [Amended]**

2. In § 121.201, in the table "Small Business Size Standards by NAICS Industry," under the heading Subsector 541–Professional, Scientific, and Technical Services, revise the entry for 541519 to read as follows:

**§ 121.201 What size standards has SBA identified by North American Industry Classification System codes?**

\* \* \* \* \*

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY

NAICS codes	NAICS industry descriptions	Size standards in number of employees or millions of dollars
<b>Subsector 54—Professional, Scientific and Technical Services</b>		
541519	Other Computer Related Services	\$18.0
EXCEPT	Information Technology Value Added Resellers	16 500

3. In § 121.201, add footnote 16 at the end of the footnote section, under the table to read as follows:

**Footnotes**

\* \* \* \* \*

16. NAICS code 541519—An Information Technology Value Added Reseller provides a total solution to information technology acquisitions by providing multi-vendor hardware and software along with significant services. Significant value added services consist of, but are not limited to, configuration consulting and design, systems integration, installation of multi-vendor computer equipment, customization of hardware or software, training, product technical support, maintenance, and end user support. For purposes of Government procurement, an information technology procurement classified under this industry category must consist of at least 15 percent and not more than 50 percent of value added services as measured by the total price less the cost of information technology hardware, computer software, and profit. If less than 15 percent of value added services, then it must be classified under a NAICS manufacturing industry. If the contract consists of more than 50 percent of value added services, it must be classified under the NAICS industry that best describes the predominate service of the procurement. For SBA assistance as a small business concern as an Information Technology Value Added Reseller, other than for Government procurement, a concern must be primarily engaged in providing information technology equipment and computer software and provides value added services which account for at least 15 percent of its receipts but not more than 50 percent of its receipts.

Dated: May 7, 2002.

**Hector V. Barreto,**

Administrator.

[FR Doc. 02-18766 Filed 7-23-02; 8:45 am]

BILLING CODE 8025-01-P

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 71**

**Planned Modification of the Houston Class B Airspace Area; TX**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of public meetings.

**SUMMARY:** This document announces three fact-finding informal airspace meetings to solicit information from airspace users, and others, concerning a plan to modify the Class B airspace area at the George Bush Intercontinental Airport/Houston, TX. The purpose of these meetings is to provide interested parties an opportunity to present views, recommendations, and comments on the plan to modify the Houston, TX, Class B airspace area. All comments received during these meetings will be considered prior to any revision or issuance of a notice of proposed rulemaking.

**DATES:** *Meetings.* These informal airspace meetings will be held on Tuesday, August 27, 2002, at 6:00 pm—9:00 pm; Thursday, August 29, 2002, at 6:00 pm—9:00 pm; and Wednesday, September 4, 2002, at 6:00 pm—9:00 p.m.

*Comments.* Comments must be received on or before October 4, 2002.

**ADDRESSES:** *Meetings.* On August 27, 2002, the meeting will be held at Fletcher Aviation, at the William P. Hobby Airport, 9000 Randolph, Houston, TX. The August 29, 2002, meeting will be held at the Terminal Building at the West Houston Airport, 18000 Groschke, Houston, TX. The September 4, 2002, meeting will be held in the Academic room 126 at the North Harris College, 2700 W. Thorne Drive, Houston, TX.

*Comments.* Send comments on the proposal in triplicate to: Manager, Air Traffic Division, ASW-500, Federal Aviation Administration, Southwest Region Headquarters, 2601 Meacham Blvd., Fort Worth, TX 76137-4298.

**FOR FURTHER INFORMATION CONTACT:** Caroline Carey, Houston ATCT, George Bush Intercontinental Airport/Houston, 2700 West Terminal Rd., Houston, TX 77032; telephone (281) 209-8603.

**SUPPLEMENTARY INFORMATION:**

**Meeting Procedures**

(a) These meetings will be informal in nature and will be conducted by one or more representatives of the FAA Southwest Region. A representative from the FAA will present a formal briefing on the planned Class B airspace area modification. Each participant will be given an opportunity to deliver comments or make a presentation at the meetings. Only comments concerning the proposal to modify the Class B airspace area will be accepted.

(b) These meetings will be open to all persons on a space-available basis. There will be no admission fee or other charge to attend and participate.

(c) Any person wishing to make a presentation to the FAA panel will be asked to sign in and estimate the amount of time needed for such presentation. This will permit the panel to allocate an appropriate amount of time for each presenter.

(d) These meetings will not be adjourned until everyone on the list has had an opportunity to address the panel.

(e) Position papers or other handout material relating to the substance of these meetings will be accepted. Participants wishing to submit handout material should present three copies to the presiding officer. There should be additional copies of each handout available for other attendees.

(f) These meetings will not be formally recorded.