

OFFICE OF MANAGEMENT AND BUDGET**Discount Rates for Cost-Effectiveness Analysis of Federal Programs**

AGENCY: Office of Management and Budget.

ACTION: Revisions to Appendix C of OMB Circular A-94.

SUMMARY: The Office of Management and Budget revised Circular A-94 in 1992. The revised Circular specified certain discount rates to be updated annually when the interest rate and inflation assumptions used to prepare the budget of the United States Government were changed. These discount rates are found in Appendix C of the revised Circular. The updated discount rates are shown below. The

discount rates in Appendix C are to be used for cost-effectiveness analysis, including lease-purchase analysis, as specified in the revised Circular. They do not apply to regulatory analysis.

DATES: The revised discount rates are effective immediately and will be in effect through January 2000.

FOR FURTHER INFORMATION CONTACT:

Robert B. Anderson, Office of Economic Policy, Office of Management and Budget, (202) 395-3381.

Joseph J. Minarik,

Associate Director for Economic Policy, Office of Management and Budget.

Appendix C—(Revised January 1999); Discount Rates for Cost-Effectiveness, Lease Purchase, and Related Analyses

Effective Dates. This appendix is updated annually around the time of the President's

budget submission to Congress. This version of the appendix is valid through the end of January, 2000. Copies of the updated appendix and the Circular can be obtained from the OMB Publications Office (202-395-7332) or in an electronic form through the OMB home page on the world-wide WEB, <http://www.whitehouse.gov/WH/EOP/omb>. Updates of this appendix are also available upon request from OMB's Office of Economic Policy (202-395-3381), as is a table of past years' rates.

Nominal Discount Rates. Nominal interest rates based on the economic assumptions from the budget are presented below. These nominal rates are to be used for discounting nominal flows, which are often encountered in lease-purchase analysis.

NOMINAL INTEREST RATES ON TREASURY NOTES AND BONDS OF SPECIFIED MATURITIES [IN PERCENT]

3-year	5-year	7-year	10-year	30-year
4.7	4.8	4.9	4.9	5.0

Real Discount Rates. Real interest rates based on the economic assumptions from the

budget are presented below. These real rates are to be used for discounting real (constant-

dollar) flows, as is often required in cost-effectiveness analysis.

REAL INTEREST RATES ON TREASURY NOTES AND BONDS OF SPECIFIED MATURITIES [IN PERCENT]

3-year	5-year	7-year	10-year	30-year
2.6	2.7	2.7	2.7	2.9

Analyses of programs with terms different from those presented above may use a linear interpolation. For example, a four-year project can be evaluated with a rate equal to the average of the three-year and five-year rates. Programs with durations longer than 30 years may use the 30-year interest rate.

[FR Doc. 99-3883 Filed 2-17-99; 8:45 am]

BILLING CODE 3110-01-P

OFFICE OF MANAGEMENT AND BUDGET**Provision of Specialized or Technical Services to State and Local Units of Government by Federal Agencies Under Title III of the Intergovernmental Cooperation Act of 1968**

AGENCY: Office of Management and Budget, Executive Office of the President.

ACTION: Notice of proposed supplemental revisions to OMB Circular A-97.

SUMMARY: The Office of Management and Budget (OMB) publishes a notice of proposed supplemental revisions to OMB Circular No. A-97, "Rules and

Regulations Permitting Federal Agencies to Provide Specialized or Technical Services to State and Local Units of Government, Under Title III of the Intergovernmental Cooperation Act of 1968." This revision supplements OMB's proposed revisions to the Circular published in the **Federal Register** on January 14, 1998 (63 FR 2288), by proposing revisions to the certification process in paragraph 7.c. of the Circular. The proposed new certification requirements are intended to further the Circular's policy of ensuring that Federal agencies do not provide commercial services to State and local governments that they can procure reasonably and expeditiously from the private sector through ordinary business channels.

DATES: Written comments on the proposed supplemental revisions must be received on or before April 19, 1999.

ADDRESSES: Comments regarding the proposed changes to OMB Circular A-97 should be addressed to Mr. David Childs, Budget Analysis and Systems Division, NEOB Room 6002, Office of Management and Budget, 725 17th

Street, N.W., Washington, D.C. 20503, FAX Number (202) 395-7230. Comments regarding the collection of information requirements should be addressed to: Mr. Edward Springer, OMB Desk Officer, Office of Information and Regulatory Affairs, OMB, Room 10236, New Executive Office Building, Washington, D.C. 20503.

FOR FURTHER INFORMATION CONTACT: Mr. David Childs, Budget Analysis and Systems Division, NEOB Room 6002, Office of Management and Budget, 725 17th Street, N.W., Washington, D.C. 20503, Telephone Number: (202) 395-6104.

SUPPLEMENTARY INFORMATION:

Availability

Copies of the current OMB Circular A-97 may be obtained by contacting the Executive Office of the President, Office of Administration, Publications Office, Washington, D.C. 20503, at (202) 395-7332, along with Circular A-76 ("Performance of Commercial Activities") and its March 1996 Supplemental Handbook. These Circulars are also accessible on the OMB Home page. The online OMB Home

page address (URL) is <http://www.whitehouse.gov/WH/EOP/omb>.

On January 14, 1998, OMB published in the **Federal Register** (63 FR 2288) proposed revisions to OMB Circular A-97, "Rules and Regulations Permitting Federal Agencies to Provide Specialized or Technical Services to State and Local Units of Government, under Title III of the Intergovernmental Cooperation Act of 1968.

In response to the notice of proposed revisions, comments were submitted to OMB by one Federal agency, two private sector organizations, and one congressional staff person. Included within the comments received were concerns regarding paragraph 7.c. of the Circular. This notice responds to those comments and proposes revision to paragraph 7.c. (As noted at the end of this notice, other comments were received regarding the proposal. OMB will respond to those comments when it takes final action on the January 1998 notice and on this supplemental notice.)

Among its requirements, paragraph 7 has provided that Federal agencies shall not provide specialized or technical commercial services to State or local governments unless the Federal agency receives a written request to provide the service from the State or local government; the requesting State or local government certifies that it cannot reasonably and expeditiously procure such services through ordinary business channels; and the Federal agency is already providing the service for its own use in accordance with OMB Circular A-76.

In the proposed January 1998 revisions, these requirements were retained. However, OMB did propose to amend paragraph 7.c. so as to clarify that, before a Federal agency can provide "commercial" services to a State or local government, the Federal agency must first have conducted a cost comparison under Circular A-76 that supports the determination by the Federal agency to provide the service for its own use (63 FR 2289). This proposed clarification would ensure that the Federal provider of a commercial service had itself competed with the private sector (with respect to providing the service for its own use) and that therefore the services to be provided to the State or local government would be by a best value offeror.

In response to the January 1998 proposed revisions, several concerns were expressed by commenters regarding the certification requirement of paragraph 7.c. One concern was that a one-time certification (as currently required by the Circular) may become outdated over the years by changes in

technology, in industry, or in Federal, State or local procurement systems. Another concern was that the Circular's certification requirement, in its current form, is not sufficient to ensure that the requested services cannot be reasonably and expeditiously procured by the State and local government through ordinary business channels. It was suggested that the Federal agency, upon receiving a State or local government request to provide a service, issue its own public announcement/solicitation in the **Commercial Business Daily** and the **Federal Register** to identify private sector interest. Finally, one commenter suggested that the entire OMB Circular A-97 certification process be included in the Federal Acquisition Regulations.

These concerns have prompted OMB to conduct a further review of the longstanding Circular A-97 certification requirement. As a result of this review, OMB is supplementing its proposed revisions to the Circular by proposing additional changes to paragraph 7.c. Under these changes, State or local governments that currently obtain services from Federal agencies would have to submit renewed certifications by September 30, 2000, in order for the Federal agencies to be able to continue to provide such services after that date. Thereafter, the certifications must be renewed every five years.

Under the supplemental proposal, the certification would also include additional information. In support of its certification, the State or local government in its submission must outline how it solicited private sector interest in performing the service and must briefly explain the basis for its determination that it cannot procure the service, reasonably and expeditiously, through ordinary business channels. Each certification, including each five-year renewal certification, must include updated information regarding the ability of the State or local government to procure the requested service through ordinary business channels. Finally, each Federal agency must maintain an inventory of the services that it is providing to State and local governments, and must retain copies of the certifications. The inventories and certifications would be publicly available upon request.

OMB believes that these proposed revisions to the certification process will ensure that the Federal government will not provide commercial services to State and local governments that they can procure, reasonably and expeditiously, through ordinary business channels.

OMB is not proposing to adopt the other suggestions that we received

concerning the certification process. In light of the existing certification process and the revisions to it that are proposed in this notice, it would be unnecessarily burdensome to require Federal agencies to issue their own public solicitations and announcements before responding to a request by a State or local government for a service. Finally, it would not be appropriate to place Circular A-97 in the Federal Acquisition Regulations (FAR). The FAR addresses the procurement of goods and services by the Federal government. Under Circular A-97, the Federal government is not procuring a service, but instead is providing one.

In response to the January 1998 **Federal Register** notice, OMB received other comments regarding Circular A-97 and the proposed revisions to it. OMB will be responding to those comments, and to the comments received in response to this notice, when it takes final action on the January 1998 notice and this supplemental notice.

Regulatory Flexibility Act, Unfunded Mandates Reform Act, and Executive Order 12866

For purposes of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), the revisions to Circular A-97 that were proposed in January 1998, together with the supplemental revisions proposed in this notice, would not, if promulgated, have a significant economic impact on a substantial number of small entities. The proposed revisions make largely procedural changes to the requirements of the Circular; the general intent and overall policy structure of the Circular would not be substantively changed by the adoption of these proposed revisions. For purposes of the Unfunded Mandates Reform Act of 1995 (Public Law. 104-4), as well as Executive Order No. 12866, this proposal would not significantly or uniquely affect small governments, and would not result in increased expenditures by State, local, and tribal governments, or by the private sector, of \$100 million or more.

Paperwork Reduction Act

This proposal contains collection of information requirements subject to the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*). In support of its request that a Federal agency provide a service, a State or local government would have to submit, on a 5-year recurring basis, a certification that is already required that it cannot procure the service, reasonably and expeditiously, through ordinary business channels. State or local governments that currently obtain services from Federal agencies would

have to submit renewed certifications by September 30, 2000, in order for the Federal agencies to be able to continue to provide such authorized services after that date. Thereafter, the certifications must be renewed every five years in order for the Federal agencies to continue to provide the authorized services. In support of its certification, the State or local government, in its submission to the Federal agency, must outline how it solicited private sector interest in performing the service and must briefly explain the basis for its determination that it cannot procure the service, reasonably and expeditiously, through ordinary business channels. Each certification (including the certifications that are due by September 30, 2000, certifications for new services, and the five-year renewal certifications) must include up-to-date information regarding the ability of the State or local government to procure the requested service through ordinary business channels.

OMB estimates that it would take approximately 5 hours for a State or local government to collect the information requested, and would take approximately 2 hours for the State or local government to prepare and submit the information. OMB estimates that there will be 1500 submissions regarding currently-provided services to be submitted by September 30, 2000, and approximately 300 submissions for new services per year. The total burden estimate for currently provided services is 10,500 hours and 2,100 hours annually thereafter.

Comments are solicited concerning the proposed collection of information requirements to: (1) Evaluate whether the proposed collection of information is necessary for the proper functions of Circular A-97 including whether the information will have practical utility; (2) Evaluate the accuracy of the estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) Enhance the quality, utility, and clarity of the information to be collected; and (4) Minimize the burden on those who are to respond, such as using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses. Comments should be sent to the persons specified above (see ADDRESSES).

Jacob J. Lew,
Director.

OMB hereby proposes to further amend OMB Circular A-97, as proposed to be revised at 63 FR 2288, January 14,

1998, by revising paragraph 7.c. to read as follows:

7. Conditions Under Which Services May Be Provided

The specialized or technical services provided under Title III of the Act and this Circular may be provided only under the following conditions:

* * * * *

c. Such services will not be provided unless—

1. The agency providing the services is providing similar services for its own use and, if commercial in nature, are being provided in accordance with a cost comparison conducted under the policies set forth in the Office of Management and Budget's Circular No. A-76, "Performance of Commercial Activities," (Revised August 3, 1983) and its March 1996 Revised Supplemental Handbook.

2. The requesting State or local government has certified that the requested service has been offered to private sector providers and cannot be procured reasonably and expeditiously through ordinary business channels. In order for a Federal agency to continue to provide a current service to a State or local government after September 30, 2000, the Federal agency must receive a renewed certification from the State or local government prior to that date. Thereafter, renewed certifications must be received every five years in order for a Federal agency to continue to provide the service. In support of its certification, the State or local government, in its submission to the Federal agency, must outline how it solicited private sector interest in performing the service and must briefly explain the basis for its determination that it cannot procure the service, reasonably and expeditiously, through ordinary business channels. Each certification (including the renewed certifications that are due by September 30, 2000, certifications in support of new requests, and the subsequent five-year renewal certifications) must include up-to-date information regarding the ability of the State or local government to procure the requested service through ordinary business channels. Each Federal agency must maintain an inventory of the services that it is providing to State and local governments, and must retain copies of the certifications. The inventories and certifications shall be publicly available upon request.

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[FR Doc. 99-3882 Filed 2-17-99; 8:45 am]

BILLING CODE 3110-01-P

POSTAL SERVICE

Sunshine Act Meeting

TIMES AND DATES: 1:00, p.m., Monday, March 1, 1999; 8:30 a.m., Tuesday, March 2, 1999.

PLACE: Washington, D.C., at U.S. Postal Service Headquarters, 475 L'Enfant Plaza, S.W., in the Benjamin Franklin Room.

STATUS; March 1 (Closed); March 2 (Open).

MATTERS TO BE CONSIDERED;

Monday, March 1,—1:00 p.m. (Closed)

1. Filing with the Postal Rate Commission for Nonletter-size Business Reply Mail.
2. Strategic Alliance.
3. REMITCO Market Test Expansion.
4. Office of the Inspector General FY 1999 Performance Plan.

Tuesday, March 2—8:30 a.m. (Open)

1. Minutes of the Previous Meeting, February 1-2, 1999.
2. Remarks of the Postmaster General/Chief Executive Officer.
3. Briefing on the Year 2000.
4. Update on the Breast Cancer Research Semipostal Stamp.
5. Briefing on Celebrate the Century Stamp and Education Program.
6. Tentative Agenda for the March 29-30, 1999, meeting in Washington, D.C.

CONTACT PERSON FOR MORE INFORMATION: Thomas J. Koerber, Secretary of the Board, U.S. Postal Service, 475 L'Enfant Plaza, S.W., Washington, D.C. 20260-1000. Telephone (202) 268-4800.

Thomas J. Koerber,
Secretary.

[FR Doc. 99-4204 Filed 2-16-99; 3:25 p.m.]

BILLING CODE 7710-12-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-23691; 812-11240]

Scudder Kemper Investments, Inc., et al.; Notice of Application

February 11, 1999.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of an application under section 12(d)(1)(J) of the Investment Company Act of 1940 (the "Act") for an exemption from section 12(d)(1) of the Act, and under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act.

Summary of Application: Applicants request an order that would permit them to implement a "fund of funds"