September 16, 1994, is amended as follows:

Paragraph 500 General

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AGL MI D Detroit, MI [Revised]

Detroit, Willow Run Airport, MI
(Lat. 42°14′16″ N., long. 83°31′50″ W.)

That airspace extending upward from the surface to but not including 3,000 feet MSL within a 4.4-mile radius of Willow Run Airport, excluding that airspace within the Detroit, MI, Class B airspace area.

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AGL IL D Alton, IL [Revised]

Alton, St. Louis Regional Airport, IL
(Lat. 38°53′25″ N., long. 90°02′45″ W.)

That airspace extending upward from the surface to and including 3,000 feet MSL within a 4.2-mile radius of the St. Louis Regional Airport, excluding that airspace within the Lambert-St. Louis International Airport, MO, Class B airspace area. The Class D airspace is effective during the specific dates and times established in advance by a Notice to Airmen. The effective dates and times will thereafter be continuously published in the Airport/Facility Directory.

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Issued in Des Plaines, Illinois on April 11, 1995.

Roger Wall,

Manager, Air Traffic Division.

[FR Doc. 95–10042 Filed 4–21–95; 8:45 am]

BILLING CODE 4910–13–M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 211

[Release No. SAB 94]

Staff Accounting Bulletin No. 94

AGENCY: Securities and Exchange Commission.

ACTION: Publication of staff accounting bulletin.

SUMMARY: The interpretations in this staff accounting bulletin express the views of the staff regarding the period in which a gain or loss is recognized on the early extinguishment of debt.

EFFECTIVE DATE: April 18, 1995.

FOR FURTHER INFORMATION CONTACT: Tracey Barber, Office of Chief Accountant (202) 942–4400, or Douglas Tanner, Division of Corporation Finance (202) 942–2960, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The statements in staff accounting bulletins are not rules or interpretations of the Commission nor are they published as bearing the Commission's official approval. They represent interpretations and practices followed by the Division of Corporation Finance and the Office of the Chief Accountant in administering the disclosure requirements of the Federal securities laws.

Margaret H. McFarland,

Deputy Secretary.

PART 211—[AMENDED]

Accordingly, Part 211 of Title 17 of the Code of Federal Regulations is amended by adding Staff Accounting Bulletin No. 94 to the table found in Subpart B.

Staff Accounting Bulletin No. 94

The staff hereby adds Section AA to Topic 5 of the Staff Accounting Bulletin Series. Topic 5–AA provides guidance regarding the period in which a gain or loss is recognized on the early extinguishment of debt.

Topic 5: Miscellaneous Accounting

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AA. Recognition of a Gain or Loss on Early Extinguishment of Debt

Facts: In the fourth quarter of its fiscal year, a registrant announces its intent to call for redemption certain of its outstanding debt obligations. By their terms, the debt obligations are not callable until the third quarter of the subsequent fiscal year. The obligations will be redeemed for an amount that exceeds the net amount at which they are carried on the registrant's balance sheet. The debt extinguishment would not be deemed a troubled debt restructuring addressed by *Statement of Financial Accounting Standards No. 15,* ''Accounting by Debtors and Creditors for Troubled Debt Restructurings.''

Question: Would the staff object if the registrant recorded the loss expected to result from redemption of the debt obligations (the excess of the reacquisition cost over the net carrying amount of the extinguished debt) in the period that it announces its intent to call the debt for redemption?

Interpretive Response: Yes. *Accounting Principles Board Opinion No. 26,* ''Early Extinguishment of Debt,'' (APB 26) and its amendments, including, among others, *Statement of Financial Accounting Standards No. 76,* ''Extinguishment of Debt,'' (SFAS 76) govern the accounting and disclosure for extinguishment of debt. Pursuant to APB 26, the gain or loss from an extinguishment of debt ''should be recognized currently in income of the period of extinguishment.'' Paragraph 3 of SFAS 76 identifies the circumstances under which a debt obligation would be considered extinguished.[1] The staff would object to recognition of a gain or loss from a debt extinguishment in a period other than the period in which the debt is considered extinguished.[2] Disclosure regarding a planned extinguishment and its likely effects would be required in footnotes to the financial statements and in Management's Discussion and Analysis to the extent material. In periods preceding extinguishment, interest expense and other carrying costs of the debt should be recognized in accordance with the terms of the instrument. Deferred debt issue costs and debt discount or premium would continue to be amortized based on the life of the debt that was assumed when the obligation initially was recorded.

Some registrants have suggested that *Statement of Financial Accounting Standards No. 5,* ''Accounting for Contingencies,'' (SFAS 5) requires recognition of an estimated loss on extinguishment when the extinguishment becomes probable, such as upon an issuer's announcement of a plan to call the debt. The staff does not believe that SFAS 5 supersedes or conflicts with other authoritative literature providing specific guidance concerning the accounting for debt extinguishment. A probable and estimable loss is recognized under SFAS 5 if, and only if, an asset has been impaired or a liability had been incurred at the balance sheet date. The staff believes that announcement of an intent to extinguish a liability in the future does not, by itself, result in a requirement to recognize a loss. Further, the staff believes that an issuer's irrevocable offer to repurchase a debt obligation is not sufficient to result in the debt's extinguishment for accounting purposes. A debt holder's acceptance of that offer at or prior to the balance sheet date by means of tendering the security and surrendering all rights under the instrument's terms, however, would be considered an extinguishment of that debt. In the case of an issuer's call of a debt obligation (including an original issue discount obligation), extinguishment is not considered to have occurred before interest ceases to accrue or accrete under the terms of the obligation as a result of the call. In any case, loss recognition is not elective under SFAS 5. The accounting consequence for an issuer that

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[1] Paragraph 3 of SFAS 76 states that ''[a] debtor shall consider debt to be extinguished for financial reporting purposes in the following circumstances:

a. The debtor pays for creditor and is relieved of all of its obligations with respect to the debt. This includes the debtor's reacquisition of its outstanding securities in the public securities markets, regardless of whether the securities are cancelled or held as so-called treasury bonds.

b. The debtor is legally released from being the primary obligor under the debt either judicially or by the creditor and its is probable that the debtor will not be required to make future payments with respect to that debt under any guarantees. (footnotes omitted)

c. The debtor irrevocably places cash or other assets in a trust to be used solely for satisfying scheduled payments of both the interest and principal of a specific obligation and the possibility that the debtor will be required to make future payments with respect to the debt is remote. In this circumstance, debt is extinguished even though the debtor is not legally released from being the primary obligor under the debt obligations.''

[2] The extinguishment of a debt obligation subsequent to the balance sheet date but prior to the issuance of financial statements reporting as of and for the period ended on the balance sheet date should not result in adjustment to those financial statements.

enters into a binding contract with a holder of the issuer's debt obligation to exchange that security at a future date for specified amount may be subject to conflicting literature. The staff intends to request that the Emerging Issues Task Force address that issue.

[FR Doc. 95–9981 Filed 4–21–95; 8:45 am]

BILLING CODE 8010–01–M

SOCIAL SECURITY ADMINISTRATION

20 CFR Parts 404 and 416

[Regulations Nos. 4 and 16]

RIN 0960–AD63

Testing Modifications to the Disability Determination Procedures

AGENCY: Social Security Administration (SSA).

ACTION: Final rules.

SUMMARY: We are adding new rules which provide authority to test procedures that modify the disability determination process we currently follow under titles II and XVI of the Social Security Act (the Act). We intend to test up to four model procedures either singly or in combination. These tests will provide us with information so we can determine the effectiveness of the models in improving the disability process. The intended result is to enable us to make recommendations for national implementation of improvements identified by the tests. These final rules only refer to the changes to the disability procedures we may test. Unless specified, all other regulations related to the disability determination process remain unchanged. Videoconferencing may be used with any of the models.

EFFECTIVE DATE: These rules are effective April 24, 1995.

FOR FURTHER INFORMATION CONTACT: Henry D. Lerner, Legal Assistant, Office of Regulations, Social Security Administration, 6401 Security Blvd., Baltimore, MD 21235, (410) 965–1762.

SUPPLEMENTARY INFORMATION:

Background

We published a notice of proposed rulemaking (NPRM) in the **Federal Register** on October 22, 1993, (58 FR 54532) proposing to establish the authority to test model projects designed to improve the disability determination process. The initial public comment period was 30 days. A 30-day extension of the public comment period was published in the **Federal Register** on December 6, 1993, (58 FR 64207) and the comment period ended on January 5, 1994. The comments we received on the NPRM and the changes we have made in the final rules are discussed below.

On April 15, 1994, the Social Security Administration (SSA) published a notice in the **Federal Register** (59 FR 18188) setting out a proposal to redesign the initial and administrative appeals system for determining an individual's entitlement to Social Security and Supplementary Security Income (SSI) disability payments. Comments on this comprehensive and far reaching proposal developed by SSA's Disability Process Reengineering Team (the Team) were requested, and during the comment period that began on April 1, 1994, and ended on June 14, 1994, SSA received over 6,000 written responses. They came from a broad spectrum of respondents including: Professional associations, claimant representatives, claimant advocacy groups, Federal and State agencies, State governments, employee unions, Federal and State employees, and other members of the public. Comments also were received by members of the Team who conducted briefings and spoke with more than 3,000 individuals about their reaction to the proposal. The commenters expressed their belief that improvements were needed to provide better service and to manage the claims process more effectively. While some concerns were expressed, the commenters praised SSA and the Team for taking on the task of redesigning the disability claim process.

The Team made revisions to the redesign proposal and submitted them to the Commissioner of Social Security on June 30, 1994. The Commissioner accepted the recommendations of the Team on September 7, 1994, with the full understanding that certain aspects of the redesign proposal recommended by the Team would require extensive research and testing to determine whether they can be implemented. The plan approved by the Commissioner was published in the **Federal Register** on September 19, 1994 (59 FR 47887). The proposed changes to the disability determination process contained in the plan approved by the Commissioner that are the same as or similar to changes we proposed to test in the NPRM include:

- Making the process more personalized by assigning a disability claim manager who is knowledgeable about the case to be the claimant's principal contact with SSA;
- Providing the claimant with an opportunity for a predecision interview with the decisionmaker(s) when the decisionmaker finds that the evidence in the claim file is insufficient to make a fully favorable determination or requires an initial determination denying the claim;
- Eliminating the reconsideration step of the administrative review process and providing a claimant who is dissatisfied with his or her initial determination with the opportunity to request a hearing before an administrative law judge (ALJ).

These final rules were developed based on the NPRM, the comments we received on it which are discussed below, and the Commissioner's acceptance on September 7, 1994, of the Team's recommendations to redesign the disability process. Under the final rules we plan to test one or more modifications to the current disability determination process to determine whether the modifications should become permanent. The modifications we plan to test pursuant to these final rules that were not contained in the NPRM, are based on, and are an outgrowth of, the NPRM.

Some modifications of procedures that were in the NPRM, such as having a single decisionmaker in the proposed claims intake and determination model, the face-to-face predenial interview model and the face-to-face Federal reconsideration models, are now found in these final rules in the single decisionmaker model. Also, a modification similar to, though less formal than, the predenial interview concept that was part of the face-to-face predenial interview model is now found in the predecision interview model.

Other modifications contained within the models described in the NPRM and the redesign proposal are now combined in models in these final rules. For example, the NPRM described a disability specialist as a claims representative who would be given special disability program training similar to the training that State agency disability examiners receive. The disability specialist would be able to review the claim before forwarding it to the State agency, request and evaluate existing medical evidence and, if appropriate, arrange for a consultative examination. With respect to applications for SSI payments based on disability, the disability specialist would, where appropriate, make presumptive disability findings. The second model in the NPRM, the claims intake and determination model, described a process whereby the applicant would be interviewed by a decisionmaker when a claim for disability benefits or SSI payments based on disability was filed.