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Herman J. Lyons, Jr.,

Acting Manager, Air Traffic Division Central Region.

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DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

15 CFR Part 292

[Docket No. 950330085-5085-01]

Manufacturing Extension Partnership; Infrastructure Development Projects

AGENCY: National Institute of Standards and Technology, Commerce.

ACTION: Notice of proposed rulemaking.

SUMMARY: The purpose of the proposed rule would be to provide for the introduction of effective training, tools, practices, techniques and analyses, and information systems into the national manufacturing extension system and to codify the process by which NIST will solicit and select applications for cooperative agreements and financial assistance on projects for providing improved training, tools, practices, techniques and analyses, and information systems to the national manufacturing extension system. The intended effect is to increase the effectiveness of the extension system by providing improved infrastructure capability to promote the competitiveness of smaller U.S. manufacturers.

DATES: Comments on the proposed program must be received no later than June 14, 1995.

ADDRESSES: Comments on the proposed program must be submitted in writing to: MEP Infrastructure Development Projects Rule Comments, Attention Kathryn Leedy, National Institute of Standards and Technology, Building 301 Room C121, Gaithersburg, MD 20899-0001.

FOR FURTHER INFORMATION CONTACT: Kathryn Leedy, The Manufacturing Extension Partnership Infrastructure Development Projects Manager, 301-975-5020.

SUPPLEMENTARY INFORMATION: The purpose of the National Institute of Standards and Technology Manufacturing Extension Partnership is to promote the competitiveness of smaller U.S. manufacturers. This is done primarily through technical assistance provided by a network of

nonprofit manufacturing extension centers. The purpose of this rule is to provide for the development of infrastructure capability to effectively support the national manufacturing extension system and to codify the process by which NIST will solicit and select applications for financial assistance, typically for cooperative agreements, on projects which have the benefit of enhancing the ability of the extension system to promote the competitiveness of smaller U.S. manufacturers. Proposals from qualified organizations will periodically be solicited for projects which accomplish any one of the following objectives:

Development and Deployment of Training: To support the delivery of effective technical assistance to smaller manufacturers by trained service delivery personnel at the manufacturing extension centers. Specific categories of training and mechanisms of deployment may be specified in solicitations.

Development of Technical Assistance Tools, Practices, Techniques, and Analyses: To support the initial development, implementation, and analysis of tools, techniques, practices, or types of analysis which will aid manufacturing extension organizations in providing effective services to smaller manufacturers. Specific categories of tools, techniques, practices, or types of analysis may be specified in solicitations.

Information Infrastructure: To support and act as a catalyst for the development and implementation of information infrastructure services and pilots which will aid manufacturing extension organizations and smaller manufacturers in accessing the technical information they need or will accelerate the rate of adoption of electronic commerce. Specific industry sectors or subcategories of information infrastructure projects may be specified in solicitations.

In general, eligible applicants for these projects include all for profit and nonprofit organizations including private companies, universities, community colleges, state governments, state technology programs, and independent nonprofit organizations. However, specific limitations on eligibility may be specified in solicitations.

Announcements of solicitations will be made in the Commerce Business Daily.

In accordance with the provisions of the National Institute of Standards and Technology Act (15 U.S.C. 272(b)(1) and (c)(3) and 2781), as amended, NIST will provide assistance to the national manufacturing extension system. Under the NIST Manufacturing Extension Partnership (MEP), NIST will periodically make merit-based awards to develop and deploy infrastructure improvements into extension centers and to other organizations for the development and deployment of

training, tools and techniques, and information infrastructure. MEP assumes a broad definition of manufacturing, and recognizes a wide range of technology and concepts, including durable goods production; chemical, biotechnology, and other materials processing; electronic component and system fabrication; and engineering services associated with manufacturing, as lying within the definition of manufacturing.

Classification

This notice relating to public property, loans, grants, benefits, or contracts is exempt from all requirements of section 553 of the Administrative Procedure Act (5 U.S.C. 553(a)(2)) including notice and opportunity for comment. Therefore, a Regulatory Flexibility Analysis is not required and was not prepared for this notice for purposes of the Regulatory Flexibility Act (5 U.S.C. 603 and 604). The program is not a major Federal action requiring an environmental assessment under the National Environmental Policy Act. This notice does not contain policies with Federalism implications sufficient to warrant preparation of a Federalism assessment under Executive Order 12612. This notice contains collection of information requirements subject to the Paperwork Reduction Act which have been approved by the Office of Management and Budget (OMB Control Numbers 0693-0010, 0348-0043 and 0348-0044). Public reporting burden for this collection of information is estimated to average 40 hours per response, including the time for reviewing instructions, searching existing data sources, gathering the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the address shown above; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

It has been determined that this rule is not significant for purposes of EO 12866.

List of Subjects in 15 CFR Part 292

Grant programs—science and technology, Reporting and recordkeeping requirements, Science and technology, Technical assistance.

Dated: May 5, 1995.

Samuel Kramer,
Associate Director.

For the reasons set out in the preamble, it is proposed that 15 CFR part 292 be added to read as follows:

**PART 292—MANUFACTURING
EXTENSION PARTNERSHIP;
INFRASTRUCTURE DEVELOPMENT
PROJECTS**

Sec.

- 292.1 Program description.
- 292.2 Training development and deployment projects.
- 292.3 Technical tools, techniques, practices, and analyses projects.
- 292.4 Information infrastructure projects.
- 292.5 Proposal selection process.
- 292.6 Additional requirements.

Authority: 15 U.S.C. 272 (b)(1) and (c)(3) and 2781.

§ 292.1 Program description.

(a) *Purpose.* In accordance with the provisions of the National Institute of Standards and Technology Act (15 U.S.C. 272 (b)(1) and (c)(3) and 2781), as amended, NIST will provide financial assistance to develop the infrastructure of the national manufacturing extension system. Under the NIST Manufacturing Extension Partnership (MEP), NIST will periodically make merit-based awards to develop and deploy training capability and technical tools, techniques, practices, and analyses. In addition, NIST will develop and implement information infrastructure services and pilots. MEP assumes a broad definition of manufacturing, and recognizes a wide range of technology and concepts, including durable goods production; chemical, biotechnology, and other materials processing; electronic component and system fabrication; and engineering services associated with manufacturing, as lying within the definition of manufacturing.

(b) *Announcements of solicitations.* Announcements of solicitations will be made in the Commerce Business Daily. Specific information on the level of funding available and the deadline for proposals will be contained in that announcement. In addition, any specific industry sectors or types of tools and techniques to be focused on will be specified in the announcement.

(c) *Proposal workshops.* Prior to an announcement of solicitation, NIST may announce opportunities for potential applicants to learn about these projects through workshops. The time and place of the workshop(s) will be contained in a Commerce Business Daily announcement.

(d) *Indirect costs.* The total dollar amount of the indirect costs proposed in

an application under this program must not exceed the indirect cost rate negotiated and approved by a cognizant Federal agency prior to the proposed effective date of the award or 100 percent of the total proposed direct costs dollar amount in the application, whichever is less.

(e) *Proposal format.* The proposal must contain both technical and cost information. The proposal page count shall include every page, including pages that contain words, table of contents, executive summary, management information and qualifications, resumes, figures, tables, and pictures. All proposals shall be printed such that pages are single-sided, with no more than fifty-five (55) lines per page. Use 21.6 x 27.9 cm (8½" x 11") paper or A4 metric paper. Use an easy-to-read font of not more than about 5 characters per cm (fixed pitch font of 12 or fewer characters per inch or proportional font of point size 10 or larger). Smaller type may be used in figures and tables, but must be clearly legible. Margins on all sides (top, bottom, left and right) must be at least 2.5 cm. (1"). Length limitations for proposals will be specified in solicitations. The applicant may submit a separately bound document of appendices, containing letters of support for the proposal. The proposal should be self-contained and not rely on the appendices for meeting criteria. Excess pages in the proposal will not be considered in the evaluation. Applicants must submit one signed original plus six copies of the proposal and Standard Form 424, 424A, and 424B (Rev 4/92), Standard Form LLL, and Form CD-511. Applicants for whom the submission of six copies presents financial hardship may submit one original and two copies of the application.

(f) *Content of proposal.* (1) The proposal must, at a minimum, include the following:

(i) An executive summary summarizing the planned project consistent with the Evaluation Criteria stated in this part.

(ii) A description of the planned project sufficient to permit evaluation of the proposal in accordance with the proposal Evaluation Criteria stated in this part.

(iii) A budget for the project which identifies all sources of funds and which breaks out planned expenditures by both activity and object class (e.g., personnel, travel, etc.).

(iv) A description of the qualifications of key personnel who will be assigned to work on the proposed project.

(v) A statement of worth that discusses the specific tasks to be carried out, including a schedule of measurable events and milestones.

(vi) A completed Standard Form 424, 424A, and 424B (Rev 4-92) prescribed by the applicable OMB circular, Standard Form LLL, and Form CD-511, Certification Regarding Debarment, Suspension and Other Responsibility Matters; Drug-Free Workplace Requirements and Lobbying. SF-424, 424A, 424B (Rev 4-92), SF LLL, and Form CD-511 will not be considered part of the page count of the proposal.

(2) The application requirements and the standard form requirements have been approved by OMB (OMB Control Number 0693-0010, 0348-0043 and 0348-0044).

(g) *Applicable federal and departmental guidance.* The Administrative Requirements, Cost Principles, and Audits are dependent upon type of Recipient organization as follows:

(1) *Nonprofit organizations.* (i) OMB Circular A-110—Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.

(ii) OMB Circular A-122—Cost Principles for Nonprofit Organizations.

(iii) 15 CFR Part 29b—Audit Requirements for Institutions of Higher Education and Other Nonprofit Organizations (implements OMB Circular A-133—Audits for Institutions of Higher Education and Other Nonprofit Organizations).

(2) *State/local governments.* (i) 15 CFR Part 24—Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

(ii) OMB Circular A-87—Cost Principles for State and Local Governments.

(iii) 15 CFR Part 29a—Audit Requirements for State and Local Governments (implements OMB Circular A-128—Audit of State and Local Governments).

(3) *Educational institutions.* (i) OMB Circular A-110—Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.

(ii) OMB Circular A-21—Cost Principles for Educational Institutions.

(iii) 15 CFR Part 29b—Audit Requirements for Institutions of Higher Education and Other Nonprofit Organizations (implements OMB Circular A-133—Audits for Institutions of Higher Education and Other Nonprofit Organizations).

(4) *For profit organizations.* (i) OMB Circular A-110—Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.

(ii) 48 CFR Part 31—Federal Acquisition Regulation, Contract Cost Principles and Procedures.

(iii) 15 CFR Part 29b—Audit Requirements for Institutions of Higher Education and Other Nonprofit Organizations (implements OMB Circular A-133).

(h) *Availability of forms and circulars.*

(1) Copies of forms referenced in this part may be obtained from the Manufacturing Extension Partnership, National Institute of Standards and Technology, Room C121, Building 301, Gaithersburg, MD 20899.

(2) Copies of OMB Circulars may be obtained from the Office of Administration, Publications Office, 725 17th ST., NW., Room 2200, New Executive Office Building, Washington, DC 20503.

§ 292.2 Training development and deployment projects.

(a) *Eligibility criteria.* In general, eligible applicants for these projects include all for profit and nonprofit organizations including universities, community colleges, state governments, state technology programs and independent nonprofit organizations. However, specific limitations on eligibility may be specified in solicitations. Organizations may submit multiple proposals under this category in each solicitation for unique projects.

(b) *Project objective.* The purpose of these projects is to support the development and deployment of training programs which will aid manufacturing extension organizations in providing services to smaller manufacturers. While primarily directed toward the field agents/engineers of the extension organizations, the training may also be of direct use by the smaller manufacturers themselves. Specific industry sectors to be addressed and sub-categories of training may be specified in solicitations. Examples of training topic areas include, but are not limited to, manufacturing assessment functions, business systems management, quality assurance assistance, and financial management activities. Examples of training program deployment include, but are not limited to, organization and conduct of training courses, development and conduct of train-the-trainer courses, preparation and delivery of distance learning activities, and preparation of self-learning and technical-guideline

materials. Projects must be completed within the scope of the effort proposed and should not require on-going federal support.

(c) *Award period.* Projects initiated under this category may be carried out over a period of up to three years. If an application is selected for funding, DOC has no obligation to provide any additional future funding in connection with that award. Renewal of an award to increase funding or extend the period of performance is at the total discretion of DOC.

(d) *Matching requirements.* Matching fund requirements for these proposals will be specified in solicitations including the breakdown of cash and in-kind requirements. For those projects not requiring matching funds, the presence of match will be considered in the evaluation under the Financial Plan criteria.

(e) *Training development and deployment projects evaluation criteria.* Proposals will be evaluated and rated on the basis of the following criteria listed in descending order of importance:

(1) *Demonstration that the proposed project will meet the training needs of technical assistance providers and manufacturers in the target population.* The target population must be clearly defined and the proposal must demonstrate that it understands the population's training needs within the proposed project area. The proposal should show that the efforts being proposed meet the needs identified. Factors that may be considered include: A clear definition of the target population, size and demographic distribution; demonstrated understanding of the target population's training needs; and appropriateness of the size of the target population and the anticipated impact for the proposed expenditure.

(2) *Development/deployment methodology and use of appropriate technology and information sources.* The proposal must describe the technical plan for the development or deployment of the training, including the project activities to be used in the training development/deployment and the sources of technology and/or information which will be used to create or deploy the training activity. Sources may include those internal to the proposer or from other organizations. Factors that may be considered include: Adequacy of the proposed technical plan; strength of core competency in the proposed area of activity; and demonstrated access to relevant technical or information sources external to the organization.

(3) *Delivery and implementation mechanisms.* The proposal must set forth clearly defined, effective mechanisms for delivery and/or implementation of proposed services to the target population. The proposal also must demonstrate that training activities will be integrated into and will be of service to the NIST Manufacturing Extension Centers. Factors that may be considered include: Ease of access to the training activity especially for MEP extension centers; methodology for disseminating or promoting involvement in the training especially within the MEP system; and demonstrated interest in the training activity especially by MEP extension centers.

(4) *Coordination with other relevant organizations.* Wherever possible the project should be coordinated with and leverage other organizations which are developing or have expertise with similar training. If no such organizations exist, the proposal should show that this is the case. Applicants will need to describe how they will coordinate to allow for increased economies of scale and to avoid duplication. Factors that may be considered include: Demonstrated understanding of existing organizations and resources relevant to the proposed project; adequate linkages and partnerships with existing organizations and clear definition of those organizations' roles in the proposed activities; and that the proposed activity does not duplicate existing services or resources.

(5) *Program evaluation.* The applicant should specify plans for evaluation of the effectiveness of the proposed training activity and for ensuring continuous improvement of the training. Factors that may be considered include: Thoroughness of evaluation plans, including internal evaluation for management control, external evaluation for assessing outcomes of the activity, and "customer satisfaction" measures of performance.

(6) *Management and organizational experience and plans.* Applicants should specify plans for proper organization, staffing, and management of the implementation process. Factors that may be considered include: Appropriateness and authority of the governing or managing organization to conduct the proposed activities; qualifications of the project team and its leadership to conduct the proposed activity; soundness of any staffing plans, including recruitment, selection, training, and continuing professional development; and appropriateness of the organizational approach for carrying out the proposed activity.

(7) *Financial plan.* Applicants should show the relevance and cost effectiveness of the financial plan for meeting the objectives of the project; the firmness and level of the applicant's total financial support for the project; and a plan to maintain the program after the cooperative agreement has expired. Factors that may be considered include: Reasonableness of the budget, both in income and expenses; strength of commitment and amount of the proposer's cost share, if any; effectiveness of management plans for control of budget; appropriateness of matching contributions; and plan for maintaining the program after the cooperative agreement has expired.

§ 292.3 Technical tools, techniques, practices, and analyses projects.

(a) *Eligibility criteria.* In general, eligible applicants for these projects include all for profit and nonprofit organizations including universities, community colleges, state governments, state technology programs and independent nonprofit organizations. However, specific limitations on eligibility may be specified in solicitations. Organizations may submit multiple proposals under this category in each solicitation for unique projects.

(b) *Project objective.* The purpose of these projects is to support the initial development, implementation, and analysis of tools, techniques, and practices which will aid manufacturing extension organizations in providing services to smaller manufacturers and which may also be of direct use by the smaller manufacturers themselves. Specific industry sectors to be addressed and sub-categories of tools, techniques, practices, and analyses may be specified in solicitations. Examples of tools, techniques, and practices include, but are not limited to, manufacturing assessment tools, benchmarking tools, business systems management tools, quality assurance assistance tools, financial management tools, software tools, practices for partnering, techniques for urban or rural firms, and comparative analysis of assessment methods. Projects must be completed within the scope of the effort proposed and should not require on-going federal support.

(c) *Award period.* Projects initiated under this category may be carried out over a period of up to three years. If an application is selected for funding, DOC has no obligation to provide any additional future funding in connection with that award. Renewal of an award to increase funding or extend the period of performance is at the total discretion of DOC.

(d) *Matching requirements.* Matching fund requirements for these proposals will be specified in solicitations including the breakdown of cash and in-kind requirements. For those projects not requiring matching funds, the presence of match will be considered in the evaluation under the Financial Plan criteria.

(e) *Tools, techniques, practices, and analyses projects evaluation criteria.* Proposals from applicants will be evaluated and rated on the basis of the following criteria listed in descending order of importance:

(1) *Demonstration that the proposed project will meet the technical assistance needs of technical assistance providers and manufacturers in the target population.* Target population must be clearly defined. The proposal must demonstrate that it understands the population's tool or technique needs within the proposed project area. The proposal should show that the efforts being proposed meet the needs identified. Factors that may be considered include: A clear definition of the target population, size and demographic distribution; demonstrated understanding of the target population's tools or technique needs; and appropriateness of the size of the target population and the anticipated impact for the proposed expenditure.

(2) *Development methodology and use of appropriate technology and information sources.* The proposal must describe the technical plan for the development of the tool or resource, including the project activities to be used in the tool/resource development and the sources of technology and/or information which will be used to create the tool or resource. Sources may include those internal to the proposer or from other organizations. Factors that may be considered include: Adequacy of the proposed technical plan; strength of core competency in the proposed area of activity; and demonstrated access to relevant technical or information sources external to the organization.

(3) *Degree of integration with the manufacturing extension partnership.* The proposal must demonstrate that the tool or resource will be integrated into and will be of service to the NIST Manufacturing Extension Centers. Factors that may be considered include: Ability to access the tool or resource especially for MEP extension centers; methodology for disseminating or promoting use of the tool or technique especially within the MEP system; and demonstrated interest in using the tool or technique especially by MEP extension centers.

(4) *Coordination with other relevant organizations.* Wherever possible the project should be coordinated with and leverage other organizations which are developing or have expertise on similar tools, techniques, practices, or analyses. If no such organizations exist, the proposal should show that this is the case. Applicants will need to describe how they will coordinate to allow for increased economies of scale and to avoid duplication. Factors that may be considered include: Demonstrated understanding of existing organizations and resources relevant to the proposed project; adequate linkages and partnerships with existing organizations and clear definition of those organizations' roles in the proposed activities; and that the proposed activity does not duplicate existing services or resources.

(5) *Program evaluation.* The applicant should specific plans for evaluation of the effectiveness of the proposed tool or technique and for ensuring continuous improvement of the tool. Factors that may be considered include: Thoroughness of evaluation plans, including internal evaluation for management control, external evaluation for assessing outcomes of the activity, and "customer satisfaction" measures of performance.

(6) *Management experience and plans.* Applicants should specify plans for proper organization, staffing, and management of the implementation process. Factors that may be considered include: Appropriateness and authority of the governing or managing organization to conduct the proposed activities; qualifications of the project team and its leadership to conduct the proposed activity; soundness of any staffing plans, including recruitment, selection, training, and continuing professional development; and appropriateness of the organizational approach for carrying out the proposed activity.

(7) *Financial plan.* Applicants should show the relevance and cost effectiveness of the financial plan for meeting the objectives of the project; the firmness and level of the applicant's total financial support for the project; and a plan to maintain the program after the cooperative agreement has expired. Factors that may be considered include: Reasonableness of the budget, both in income and expenses; strength of commitment and amount of the proposer's cost share, if any; effectiveness of management plans for control of budget; appropriateness of matching contributions; and plan for maintaining the program after the cooperative agreement has expired.

§ 292.4 Information infrastructure projects.

(a) *Eligibility criteria.* In general, eligible applicants for these projects include all for profit and nonprofit organizations including universities, community colleges, state governments, state technology programs and independent nonprofit organizations.

However, specific limitations on eligibility may be specified in solicitations. Organizations may submit multiple proposals under this category in each solicitation for unique projects.

(b) *Project objective.* The purpose of these projects is to support and act as a catalyst for the development and implementation of information infrastructure services and pilots. These projects will aid manufacturing extension organizations and smaller manufacturers in accessing the technical information they need or will accelerate the rate of adoption of electronic commerce. Specific industry sectors to be addressed or subcategories of information infrastructure projects include, but are not limited to, pilot demonstration of electronic data interchange in a supplier chain, implementation of an electronic information service for field engineers at MEP extension centers, and industry specific electronic information services for MEP centers and smaller manufacturers.

(c) *Award period.* Projects initiated under this category may be carried out over a period of up to three years. If an application is selected for funding, DOC has no obligation to provide any additional future funding in connection with that award. Renewal of an award to increase funding or extend the period of performance is at the total discretion of DOC.

(d) *Matching requirements.* Matching fund requirements for these proposals will be specified in solicitations including the breakdown of cash and in-kind requirements. For those projects not requiring matching funds, the presence of match will be considered in the evaluation under the Financial Plan criteria.

(e) *Information infrastructure projects evaluation criteria.* Proposals from applicants will be evaluated and rated on the basis of the following criteria listed in descending order of importance:

(1) *Demonstration that the proposed project will meet the needs of the target customer base.* The target customer base must be clearly defined and, in general, will be technical assistance providers and/or smaller manufacturers. The proposal should demonstrate a clear understanding of the customer base's needs within the proposed project area.

The proposal should also show that the efforts being proposed meet the needs identified. Factors that may be considered include: A clear definition of the customer base, size and demographic distribution; demonstrated understanding of the customer base's needs within the project area; and appropriateness of the size of the customer base and the anticipated impact for the proposed expenditure.

(2) *Development plans and delivery/implementation mechanisms.* The proposal must set forth clearly defined, effective plans for the development, delivery and/or implementation of proposed services to the customer base. The proposal must delineate the sources of information which will be used to implement the project. Sources may include those internal to the center (including staff expertise) or from other organizations. Factors that may be considered include: Adequacy of plans; potential effectiveness and efficiency of proposed delivery and implementation systems; demonstrated capacity to form effective linkages; partnerships necessary for success of the proposed activity; strength of core competency in the proposed area of activity; and demonstrated access to relevant technical or information sources external to the organization.

(3) *Coordination with other relevant organizations.* Wherever possible the project should be coordinated with and leverage other organizations which are developing or have expertise within the project area. In addition, the project should demonstrate that it does not duplicate efforts which already are being performed by the private sector without government support.

Applicants will need to describe how they will coordinate to allow for increased economies of scale and to avoid duplication. If the proposer will not be partnering with any other organizations, then the proposal should clearly explain why the project will be more successful if implemented as proposed. A proposal which makes a credible case for why there are no, or very limited, partnerships will not be penalized in evaluation. Factors that may be considered include:

Demonstrated understanding of existing organizations and resources relevant to the proposed project; Adequate linkages and partnerships with relevant existing organizations; clear definition of the roles of partnering organizations in the proposed activities; and that the proposed activity does not duplicate existing services or resources.

(4) *Management and organizational experience and plans.* Applicants should specify plans for proper

organization, staffing, and management of the project. Factors that may be considered include: Appropriateness and authority of the governing or managing organization to conduct the proposed activities; qualifications of the project team and its leadership to conduct the proposed activity; soundness of any staffing plans, including recruitment, selection, training, and continuing professional development; and appropriateness of the organizational approach for carrying out the proposed activity.

(5) *Financial plan.* Applicants should show the relevance and cost effectiveness of the financial plan for meeting the objectives of the project; the firmness and level of the applicant's total financial support for the project; and the ability of the project to continue after the cooperative agreement has expired without federal support. While projects that appear to require on-going public support will be considered, in general, they will be evaluated lower than those which show a strong ability to become self-sufficient. Factors that may be considered include: Reasonableness of the budget, both in income and expenses; strength of commitment and amount of the proposer's cost share, if any; effectiveness of management plans for control of budget; appropriateness of matching contributions; and plan for maintaining the program after the cooperative agreement has expired.

(6) *Evaluation.* The applicant should specify plans for evaluation of the effectiveness of the proposed project and for ensuring continuous improvement. Factors that may be considered include: Thoroughness of evaluation plans, including internal evaluation for management control, external evaluation for assessing outcomes of the activity, and "customer satisfaction" measures of performance.

§ 292.5 Proposal selection process.

The proposal evaluation and selection process will consist of three principal phases: Proposal qualifications; proposal review and selection of finalists; and award determination as follows:

(a) *Proposal qualification.* All proposals will be reviewed by NIST to assure compliance with the proposal content and other basic provisions of this part. Proposals which satisfy these requirements will be designated qualified proposals; all others will be disqualified at this phase of the evaluation and selection process.

(b) *Proposal review and selection of finalists.* NIST will appoint an evaluation panel to review and evaluate

all qualified proposals in accordance with the evaluation criteria and values set forth in this part. Evaluation panels will consist of NIST employees and in some cases other federal employees or non-federal experts who sign non-disclosure agreements. A site visit may be required to make full evaluation of a proposal. From the qualified proposals, a group of finalists will be numerically ranked and recommended for award based on this review.

(c) *Award determination.* The Director of the NIST, or her/his designee, shall select awardees based on total evaluation scores, geographic distribution, and the availability of funds. All three factors will be considered in making an award. Upon the final award decision, a notification will be made to each of the proposing organizations.

§ 292.6 Additional requirements.

Federal policies and procedures. Recipients and subrecipients are subject to all Federal laws and Federal and Department of Commerce policies, regulations, and procedures applicable to Federal financial assistance awards.

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BILLING CODE 3510-13-M

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 3

RIN 2900-AH18

Eligibility Reporting Requirements

AGENCY: Department of Veterans Affairs.

ACTION: Proposed rule.

SUMMARY: The Department of Veterans Affairs (VA) is proposing to amend its adjudication regulations regarding eligibility verification reports (EVRs) for income-based benefits. This amendment implements recent legislation which eliminated the mandatory requirement for submission of EVRs on an annual basis from recipients of pension or parents' dependency and indemnity compensation (DIC) and gives VA discretionary authority to require such reports where necessary to determine eligibility. This amendment is necessary to set forth the guidelines that the Secretary will use in exercising this discretionary authority.

DATES: Comments must be received on or before July 14, 1995.

ADDRESSES: Mail written comments to: Director, Office of Regulations Management (02D), Department of Veterans Affairs, 810 Vermont Avenue,

NW, Washington, DC 20420, or hand-deliver written comments to: Office of Regulations Management, Room 1176, 801 Eye Street, NW, Washington, DC 20001. Comments should indicate that they are in response to "RIN 2900-AH18." All written comments received will be available for public inspection in the Office of Regulations Management, Room 1176, 801 Eye Street, NW, Washington, DC 20001, between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday (except holidays).

FOR FURTHER INFORMATION CONTACT: Paul Trowbridge, Consultant, Regulations Staff, Compensation and Pension Service, Veterans Benefits Administration, 810 Vermont Avenue, NW, Washington, DC 20420, telephone (202) 273-7210.

SUPPLEMENTARY INFORMATION: The term "eligibility verification report" means a VA form which requests information needed to determine or verify eligibility for VA's income-based benefit programs (pension and parents' DIC). A series of forms, rather than one universal form, is used because specific entitlement factors vary depending on the benefit involved and the status of the beneficiary. However, all EVR forms request income and marital status information and have a similar format.

Until recently VA was required by law (38 U.S.C. 1315(e) and 38 U.S.C. 1506(2)) to secure a completed EVR at least once a year from every pension beneficiary and every parents' DIC beneficiary under the age of 72. Public Law 103-271, the Board of Veterans' Appeals Administrative Procedures Improvement Act of 1994, amended 38 U.S.C. 1315 and 1506 to give the Secretary of Veterans Affairs discretionary authority to require submission of income and resource reports by recipients of income-based benefits. These implementing regulatory amendments outline the manner in which the secretary will exercise this discretionary authority each year to determine which claimants and beneficiaries must complete an EVR.

The proposed rule would require an EVR in three instances. First, VA will require submission of an EVR by any beneficiary whose Social Security number, or whose spouse's Social Security number, has not been verified by the Social Security Administration (SSA). VA conducts periodic computer matches with SSA. These matches permit VA to verify the information upon which payment of VA benefits is based. However, these matches cannot be conducted unless VA records contain accurate Social Security numbers for the

beneficiary and, if applicable, his or her spouse. A Social Security number is considered to be verified when the identifying information associated with that number in VA records (e.g., name, date of birth, sex) matches identifying information associated with the number in SSA records. SSA verifies the Social Security numbers of VA beneficiaries and spouses twice each year.

VA is required by 38 U.S.C. 5312 to increase current pension and parents' DIC rates by the same percentage and on the same date as the Social Security COLA, and for that reason we automatically update Social Security income information in our records at the time of a Social Security COLA. VA then receives a computer extract from SSA showing the actual Social Security income which beneficiaries will receive based upon the new COLA and reconciles any differences between data in VA's records and data provided by SSA. Based on this review of Social Security data, we are confident of the timeliness and accuracy of the Social Security income match and, in our judgment, it is not necessary to require beneficiaries with verified Social Security numbers who have no income, or whose only income is Social Security, to submit an annual EVR.

VA will also require beneficiaries who receive income other than Social Security to submit an EVR. These beneficiaries must submit an EVR because VA is unable to verify the receipt and amount of other types of income with the same accuracy that it can verify Social Security income.

Even if all relevant Social Security numbers have been verified and neither the beneficiary nor the beneficiary's spouse received income other than Social Security, VA will still require completion of an EVR if it determines that submission of an EVR is necessary to preserve program integrity. The phrase "necessary to preserve program integrity" applies when it is necessary for VA, or an agency with oversight authority over VA, to verify that EVR-exempt beneficiaries are accurately reporting changes in entitlement factors.

38 U.S.C. 1315(e) establishes a statutory exemption from filing an EVR for parents who have attained the age of 72 and who have been paid Dependency and Indemnity Compensation for two consecutive years. However, when Congress removed the mandatory requirement for annual reporting by persons who have received old law or section 306 pension or parents' DIC for two consecutive years and are at least 72 years old, it indicated that removal of this reporting requirement did not affect VA's authority to require clarification or