
SUPPLEMENTARY INFORMATION: The Federal Activities Inventory Reform (FAIR) Act of 1998, Public Law 105–270 (31 U.S.C. 501 note) requires executive agencies to prepare annual inventories of activities performed by their employees that, in the judgment of the head of the agency, are not inherently governmental. Under section 3 of the FAIR Act, an interested party may submit to an executive agency a challenge of an omission of a particular activity from, or an inclusion of a particular activity on, an agency’s inventory. Consistent with section 3, the version of Circular A–76 that was in effect prior to May 29, 2003 authorized an interested party to submit a challenge to the inclusion or exclusion of an activity from the agency’s inventory. On May 29, 2003, OMB issued revisions to Circular No. A–76. See 68 FR 32134 (preamble); http://www.whitehouse.gov/omb/circulars/a076/a76 rev2003.pdf (text of Circular). Attachment A to the Circular provides guidance regarding agencies’ responsibility to prepare annual inventories that categorize all activities performed by their government personnel as either commercial or inherently governmental. Paragraph D describes the processes that agencies must make available to interested parties for challenging agency inventories of commercial or inherently governmental activities. Paragraph D.2. of the May 29th revision states, among other things, that an inventory challenge shall be limited to “(a) the reclassification of an activity as inherently governmental or commercial, or (b) the application of reason codes.”

As OMB explained in the Federal Register notice announcing the revisions to the Circular, the purpose of this change was to authorize challenges (that had not previously been permitted) to an agency’s application of reason codes to commercial activities performed by the government. 68 FR 32134, 32137–38 (May 29, 2003). OMB did not intend to restrict the availability of challenges to an agency’s classification of an activity as inherently governmental or commercial. The use of the term “reclassification” in clause (a) of paragraph D.2. has created confusion in that it suggests that an interested party may not challenge an agency’s determination that an activity is commercial or inherently governmental unless the determination has changed from prior years. Notwithstanding the wording of clause (a), OMB did not intend to impose such a limitation. Instead, OMB intended to continue to provide that interested parties may submit challenges to an activity’s classification as commercial or as inherently governmental, and such challenges would include the reasons for the interested party’s belief that an activity which the agency classified as “commercial” should be reclassified as inherently governmental or that an activity which the agency classified as “inherently governmental” should be reclassified as commercial (see 64 FR 33927, 33930 (Appendix 2, Paragraph G.3) (June 24, 1999).

By this notice, OMB is issuing a technical correction to clause (a) of Paragraph D.2. to avoid confusion and ensure the Circular’s intent is clear regarding the ability of interested parties to file challenges to any classification of an activity as inherently governmental or commercial. This technical correction is intended to make clear that interested parties may challenge the inclusion or exclusion of an activity on the inventory, regardless of whether the activity’s classification as commercial or inherently governmental has changed from the prior year or has remained the same.

OMB believes that any confusion that may have been caused by clause (a) of paragraph D.2, as published on May 29th, should have no impact on interested parties in light of this correction. The time period for interested parties to file challenges to the 2002 inventories expired prior to the issuance of the May 29th revision and the time period for filing challenges to the 2003 inventories has not yet commenced (as the draft 2003 inventories have only been recently submitted to OMB for review). This technical correction notice makes no other changes to Paragraph D.2. (or any other part of the Circular). Accordingly, interested parties may challenge the application of reason codes, as provided by the May 29th revision to the Circular, but they may not challenge the application of function codes.

Joshua B. Bolten, Director.

Memorandum for the Heads of Executive Departments and Agencies

From: Joshua B. Bolten, Director.


This memorandum is intended to advise you of a technical correction to paragraph D.2. of Attachment A of
Office of Management and Budget (OMB) Circular No. A–76. This provision addresses the submission of challenges by interested parties to inventories of the commercial and inherently governmental activities performed by agency personnel.

Paragraph D.2. of Attachment A states, among other things, that an inventory challenge shall be limited to “(a) the reclassification of an activity as inherently governmental or commercial, or (b) the application of reason codes.” With respect to clause (a), OMB intends to permit interested parties to challenge the inclusion of an activity on, or exclusion of an activity from, an agency inventory, regardless of whether the activity’s classification as commercial or inherently governmental has changed from the prior year or has remained the same. Accordingly, as was the case under the Circular in effect prior to the May 29th revisions, challenges may address classifications or reclassifications of activities as either commercial or inherently governmental.

The attached technical correction to Paragraph D.2. is meant to avoid confusion and ensure OMB’s intent is clear regarding the ability of an interested party to challenge the inclusion or exclusion of an activity. No other changes are made to Paragraph D.2 by this memorandum.

Questions regarding this technical clarification may be addressed to Mathew Blum of the Office of Federal Procurement Policy at (202) 395–4953.

Technical Correction to OMB Circular No. A–76 (Revised, May 29, 2003)

1. Paragraph D.2. of Attachment A to Circular No. A–76 is revised to read as follows:

2. Submission of an Inventory Challenge. After publication of OMB’s Federal Register notice stating that an agency’s inventories are available, an interested party shall have 30 working days to submit a written inventory challenge. The inventory challenge shall be limited to (a) the classification of an activity as inherently governmental or commercial, or (b) the application of reason codes. Function codes shall not be subject to the inventory challenge process. A written inventory challenge shall be submitted to agency inventory challenge authorities and shall specify the agency, agency component, agency organization, function(s), and location(s) for the activities being challenged.

PENSION BENEFIT GUARANTY CORPORATION

Required Interest Rate Assumption for Determining Variable-Rate Premium; Interest Assumptions for Multiemployer Plan Valuations Following Mass Withdrawal

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Pension Benefit Guaranty Corporation.

SUMMARY: Notice of interest rates and assumptions.

DATES: The required interest rate for determining the variable-rate premium under part 4006 applies to premium payment years beginning in August 2003. The interest assumptions for performing multiemployer plan valuations following mass withdrawal under part 4281 apply to valuation dates occurring in September 2003.

FOR FURTHER INFORMATION CONTACT: Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, (202) 326–4024. TTY/TDD users may call the Federal relay service toll-free at 1–800–877–8339 and ask to be connected to (202) 326–4024.

SUPPLEMENTARY INFORMATION:

Variable-Rate Premiums

Section 4006(a)(3)(E)(iii)(II) of the Employee Retirement Income Security Act of 1974 (ERISA) and § 4006.4(b)(1) of the PBGC’s regulation on Premium Rates (29 CFR part 4006) prescribe use of an assumed interest rate (the “required interest rate”) in determining a single-employer plan’s variable-rate premium. The required interest rate is the “applicable percentage” (currently 100 percent) of the annual yield on 30-year Treasury securities for the month preceding the beginning of the plan year for which premiums are being paid (the “premium payment year”). (Although the Treasury Department has ceased issuing 30-year securities, the Internal Revenue Service announces a surrogate yield figure each month—based on the 30-year Treasury bond maturing in February 2031—which the PBGC uses to determine the required interest rate.) The required interest rate to be used in determining variable-rate premiums for premium payment years beginning in August 2003 is 4.93 percent.

The following table lists the required interest rates to be used in determining variable-rate premiums for premium payment years beginning between September 2002 and August 2003.

<table>
<thead>
<tr>
<th>For premium payment years beginning in:</th>
<th>The required interest rate is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2002</td>
<td>5.08</td>
</tr>
<tr>
<td>October 2002</td>
<td>4.76</td>
</tr>
<tr>
<td>November 2002</td>
<td>4.93</td>
</tr>
<tr>
<td>December 2002</td>
<td>4.96</td>
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<tr>
<td>January 2003</td>
<td>4.92</td>
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<td>March 2003</td>
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<tr>
<td>July 2003</td>
<td>4.37</td>
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<tr>
<td>August 2003</td>
<td>4.93</td>
</tr>
</tbody>
</table>

Multiemployer Plan Valuations Following Mass Withdrawal

The PBGC’s regulation on Duties of Plan Sponsor Following Mass Withdrawal (29 CFR part 4281) prescribes the use of interest assumptions under the PBGC’s regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044). The interest assumptions applicable to valuation dates in September 2003 under part 4044 are contained in an amendment to part 4044 published September 2003 under part 4044 are contained in an amendment to part 4044 published elsewhere in today’s Federal Register. Tables showing the assumptions applicable to prior periods are codified in appendix B to 29 CFR part 4044.

Issued in Washington, DC, on this 7th day of August 2003.

Joseph H. Grant,
Deputy Executive Director and Chief Operating Officer, Pension Benefit Guaranty Corporation.

[FR Doc. 03–20861 Filed 8–14–03; 8:45 am]

BILLING CODE 7708–01–P

OFFICE OF PERSONNEL MANAGEMENT

Federal Salary Council

AGENCY: Office of Personnel Management.

ACTION: Notice of meeting.

SUMMARY: The Federal Salary Council will meet at the time and location shown below. The Council is an advisory body composed of representatives of Federal employee