

fires aboard airplanes required by § 121.337 of this part; and

(ii) An emergency evacuation drill with each person egressing the airplane or approved training device using at least one type of installed emergency evacuation slide. The crewmember may either observe the airplane exits being opened in the emergency mode and the associated exit slide/raft pack being deployed and inflated, or perform the tasks resulting in the accomplishment of these actions.

(2) Additional emergency drill requirements to be accomplished during initial training and once each 24 calendar months during recurrent training. Each crewmember must—

(i) Perform the following emergency drills and operate the following equipment:

(A) Each type of emergency exit in the normal and emergency modes, including the actions and forces required in the deployment of the emergency evacuation slides;

(B) Each type of installed hand fire extinguisher;

(C) Each type of emergency oxygen system to include protective breathing equipment;

(D) Donning, use, and inflation of individual flotation means, if applicable; and

(E) Ditching, if applicable, including but not limited to, as appropriate:

(1) Cockpit preparation and procedures;

(2) Crew coordination;

(3) Passenger briefing and cabin preparation;

(4) Donning and inflation of life preservers;

(5) Use of life-lines; and

(6) Boarding of passengers and crew into raft or a slide/raft pack.

(ii) Observe the following drills:

(A) Removal from the airplane (or training device) and inflation of each type of life raft, if applicable;

(B) Transfer of each type of slide/raft pack from one door to another;

(C) Deployment, inflation, and detachment from the airplane (or training device) of each type of slide/raft pack; and

(D) Emergency evacuation including the use of a slide.

(d) After July 6, 1989, no crewmember may serve in operations under this part unless that crewmember has performed the firefighting drill prescribed by paragraph (c)(1)(i) of this section.

(f) For the purposes of this section, "perform" means accomplishing a prescribed emergency drill using established procedures that stress the skill of those persons involved in the drill, and "observe" means to watch without participating actively in the drill.

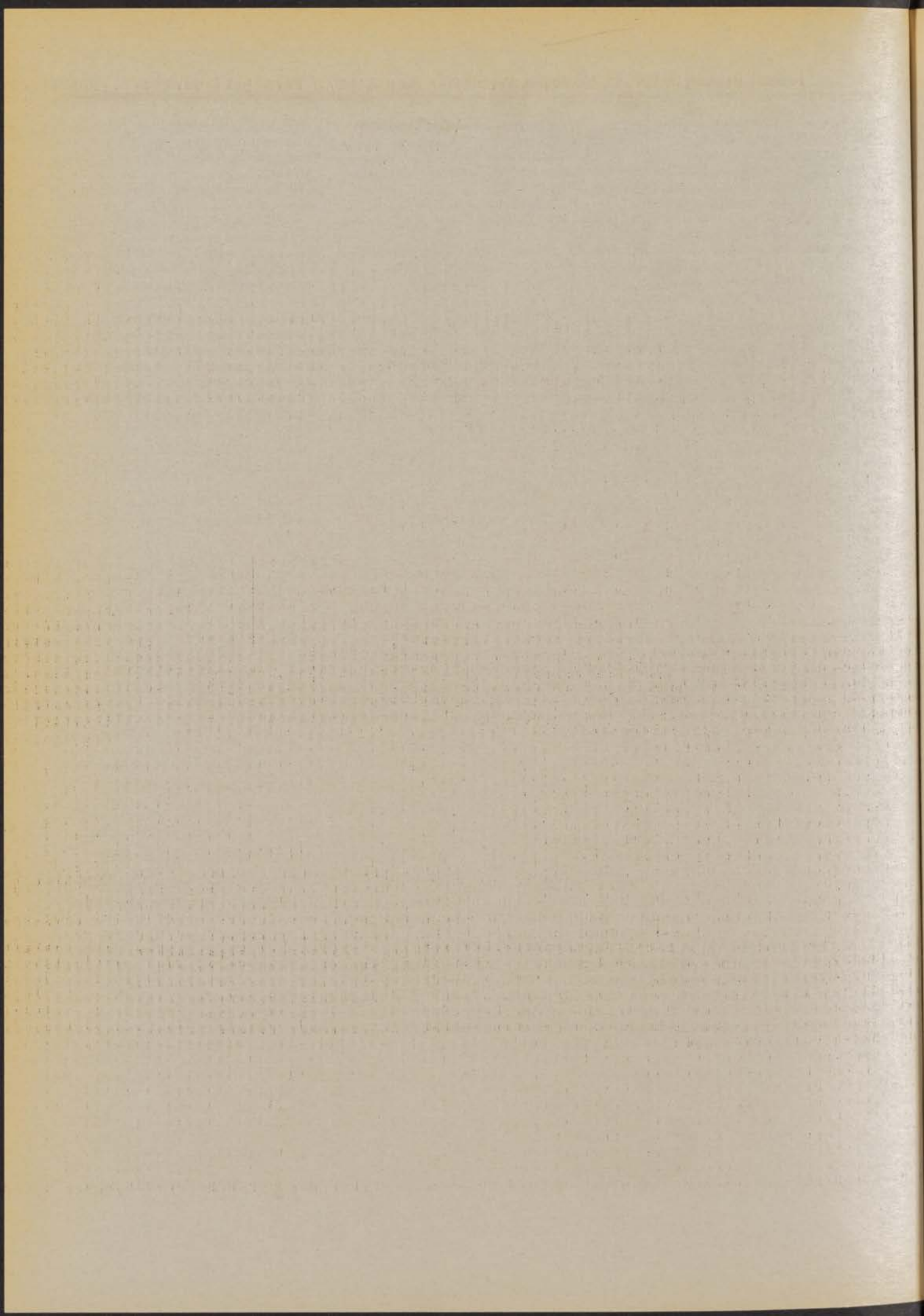
Issued in Washington, DC, on May 26, 1987.

Donald D. Engen,

Administrator.

[FR Doc. 87-12521 Filed 6-2-87; 8:45 am]

BILLING CODE 4910-13-M



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**Wednesday
June 3, 1987**

Part VII

Department of Commerce

**National Oceanic and Atmospheric
Administration**

**Financial Assistance for Research and
Development Projects to Strengthen and
Develop the U.S. Fishing Industry; Notice
of Availability**

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[Docket No. 70475-7075]

Financial Assistance for Research and Development Projects to Strengthen and Develop the U.S. Fishing Industry

AGENCY: National Marine Fisheries Service (NMFS), NOAA, Commerce.

ACTION: Notice of availability of financial assistance.

SUMMARY: For FY 87, Saltonstall-Kennedy (S-K) funds are available to assist persons in carrying out research and development projects which address aspects of U.S. fisheries involving the U.S. fishing industry (commercial or recreational) including, but not limited to, harvesting, processing, and associated infrastructures. NMFS issues this notice describing the conditions under which applications will be accepted and how NMFS will determine which applications it will fund.

DATE: August 3, 1987.

ADDRESSES: Applications should be sent to the applicable regional or Washington Office of the National Marine Fisheries Service, (For addresses, see section III. E.2.)

FOR FURTHER INFORMATION CONTACT: Phyllis S. Bentz, S-K Program Manager, National Marine Fisheries Service, Washington, DC 20235, Telephone: 202-673-5497.

SUPPLEMENTARY INFORMATION:

I. Introduction

A. Background

The Saltonstall-Kennedy (S-K) Act (15 U.S.C. 713c-2-713c-3) makes available to the Secretary of Commerce up to 30 percent of the gross receipts collected under the customs laws from duties on fishery products. The Secretary must use a portion of these funds each year to make available grants to assist persons in carrying out research and development projects which address aspects of United States fisheries, including, but not limited to, harvesting, processing, and associated infrastructures. U.S. fisheries¹ include

¹ For purposes of this notice, a fishery is defined as one or more stocks of fish, including tuna, and shellfish which are identified as a unit based on geographic, scientific, technical, recreational and economic characteristics, and any and all phases of fishing for such stocks. Examples of a fishery are Alaskan groundfish, Pacific whiting, New England whiting, Gulf of Mexico groundfish, etc.

any fishery that is or may be engaged in by U.S. citizens or nationals or citizens of the Northern Mariana Islands. The phrase "fishing industry" includes both the commercial and recreational sectors of U.S. fisheries.

B. Funding

There is no guarantee that sufficient funds will be available to make awards for all approved projects. For FY 87, \$7.4 million was appropriated for the S-K program. Approximately \$559,000 has been committed to fund the second and third years of previously approved multi-year projects and about \$750,000 has been placed in the Fisheries Promotional Fund established by the Fish and Seafood Promotion Act of 1986. Therefore, about \$6.1 million may be used to fund new fisheries research and development projects, subject to availability.

C. Public Response to Draft Priorities

On January 15, 1987, the proposed FY 87 S-K funding priorities were published in the *Federal Register* to provide interested parties an opportunity for review and comment. The views of the industry were solicited initially through meetings in the fall of 1986. The NMFS received 89 responses regarding the proposed priorities (30 from individual businesses, 17 from industry associations, eight from universities, four from state and local governments, five from fisheries development foundations, 10 from members of Congress, and 15 from others, including private individuals.

The commenters' recommendations addressed both national and regional priorities covering a broad spectrum of categories such as marketing, product development, consumer education, vessel safety and insurance, marine recreational fisheries, seafood quality and safety, user conflict resolution, impact of seafood imports, island fisheries problems, and other issues. All comments were considered. Some modifications to the priorities were made as a result of these recommendations and are reflected in this notice. Where recommendations were inconsistent with Administration policy or could be included under more general priorities they were not accepted. A number of the comments focused on a few key issues. These are summarized below with NMFS' response.

1. Marketing

Comment: Many commenters were concerned that marketing activities, e.g., promotion, research, product development, and consumer education,

were excluded from the funding priorities, and urged that they be included. Arguments presented were that exclusion of marketing: (1) ignores the needs of the fishing industry; (2) violates the basic intent of the Saltonstall-Kennedy Act of 1954, as amended, which authorizes research and development projects which address any aspect of U.S. fisheries, including but not limited to harvesting, processing, and marketing; (3) ignores the need for generic market research and development activities which are an integral part of the fisheries development process; and (4) inhibits redirection of effort to alternative fisheries.

Response: The NMFS agrees that marketing activities are essential to the fisheries development process. However, a new mechanism has been established to fund fish and seafood marketing activities. The Fish and Seafood Promotion Act of 1986 (FSPA), passed in November 1986, authorizes a National Fish and Seafood Promotional Council and product-specific Councils to conduct seafood marketing, promotion, research, and consumer education. As FSPA is implemented, financial support for the National Council will come from a Fisheries Promotional Fund which will be capitalized primarily through monies transferred from the Saltonstall-Kennedy Fund, while industry assessments will support product-specific Council activities. For FY 87, \$750,000 is being placed in the Fisheries Promotional Fund from the amount currently appropriated for the FY 1987 S-K Grants Program. Appropriation authority will be required to spend such funds. To provide for a transition from the marketing activities previously conducted under the S-K Program to those to be conducted under the FSPA, a funding priority has been included in FY 87 for one-time only feasibility studies on establishing the product-specific Councils. Although this priority is listed in the National section, it applies to all regions.

2. Vessel Safety and Insurance

Comment: Another concern expressed by commenters was the exclusion of vessel safety and insurance as national priorities, recognizing that those areas remain two of the most significant problems facing the fishing industry.

Response: Following identification of specific needs in these areas, priorities have been added in the National section dealing with identification, analysis, and resolution of fishing vessel safety problems, and investigation and

development of fishing industry insurance alternatives.

3. Recreational Fisheries

Comment: Many commenters expressed the opinion that recreational fisheries projects should not be funded with S-K funds but rather with Wallop-Breaux monies.

Response: It is the intent of Congress that the definition of U.S. fishery encompasses both commercial and recreational fisheries, and therefore, S-K funds can, and should be, used to benefit all aspects of U.S. fisheries. Congress does, however, recognize that the majority of available funds will be used for the benefit of the commercial fishing industry. (House Committee Report 96-1138, Part 1, June 26, 1980, accompanying H.R. 7039—American Fisheries Promotion Act.)

Comment: Concern was expressed that no priorities for recreational fisheries were included for the Northwest Region.

Response: The initial recommendations for recreational fisheries priorities in the Northwest Region were limited to promotional activities or other activities not appropriately within the purview of the S-K Program. Recreational fisheries priorities have been added which fall within the purview and policies of the S-K Program.

4. Economic Impact Studies

Comment: Several commenters recommended inclusion of a priority for a study of the contribution to the economy of the commercial fishing sector comparable to that being conducted on the marine recreational fishing sector. No recent data have been collected, analyzed, or published on expenditures and secondary economic contributions associated with commercial seafood production.

Response: The NMFS agrees that there should be comparable studies to define the contribution of the commercial and recreational industries. Since S-K funds have supported such work for the recreational industry, a priority for a similar study on the commercial industry is included. However, priorities for regional, state or other disaggregated analyses of economic benefit that address resource allocation issues from a particular point of view are not deemed appropriate. The approach in dealing with allocation issues is to include priorities on mechanisms to resolve user conflicts.

5. Northwest vs. Alaska Fisheries

Comment: Concern was expressed that virtually all of the Northwest

Region's priorities address Alaska species/problems and not those of Oregon and Washington.

Response: All priorities in the Northwest apply to all underutilized groundfish off Washington, Oregon, and Alaska. Some language modification has been made to clarify this. A new priority relating to whiting has been included. It should be noted that specific project examples listed in the Northwest priorities reflect specific problem areas identified by industry representatives. The Northwest constituency includes the Seattle-based industry which harvests resources in the EEZ off Alaska.

II. FY 87 Funding Priorities

Consistent with authorizing legislation, NOAA will emphasize the use of current and future S-K funds appropriated by Congress for industry grants in the following manner. Priority areas and associated research and development activities that will be designated for funding will be those that are beyond the scope of any single entity within the fishing industry to undertake without Government assistance because of one or more of the following: (1) There is a high degree of risk in achieving positive results; (2) the potential benefits are too widely dispersed; and (3) the time frame for resolution of the problem or issue is long or unknown. While multi-year approaches to address these research areas are encouraged, the funding of short term proposals is not precluded.

Fisheries research, development, and utilization proposals should relate to one or more of the priority areas in the Regional and National sections. The NMFS will also consider other proposals (note exceptions which follow); however, funding will be available only if sufficient projects adequately addressing the specific priorities are not received.

Except for the Western Pacific, Puerto Rico, and the U.S. Virgin Islands, funding will not be provided for projects primarily involving the following activities: (1) Infrastructure planning and construction; (2) port and harbor development; (3) aquaculture research and development; (4) resource enhancement; (5) research evaluating the ability or extent to which fish are attracted to fish aggregating devices; and (6) extension activities such as newsletters.

The NMFS has identified fisheries and funding priorities in consultation with a wide cross section of the U.S. fishing industry. The priorities are identified on a regional basis according to specific fisheries. Some priorities were found to

relate to several, and in a few instances, all fisheries or regions and are listed as national priorities. In these cases, the application should state the extent to which multiple fisheries resources would be addressed.

Priorities for FY 87 funding within specific fisheries are listed below, along with a summary of activities funded in FY 86. Proposals addressing the priorities should build upon or take into account any past or current work in the area. Lists of ongoing and past studies, and more detail where necessary, are available from the applicable regional or Washington office. (For addresses, see section E.2.)

A. Northeast Region

1. *Squid, mackerel and butterfish.* Projects funded in FY 86 focused on continued product development and both domestic and export market development activities for undervalued mixed species, particularly mackerel, hakes, herring, ocean pout, skates, and dogfish; seafood health and nutrition through consumer education; increasing exports of Mid-Atlantic seafood products through participation in foreign trade shows; developing and demonstrating selective fishing gear to reduce habitat destruction and provide escapement for juveniles and non-target species by-catch; and developing a regional towed gear observation system.

For FY 87, projects are solicited which will complement these activities or address other developmental impediments. Specifically, priority for funding will be given to projects that:

- Conduct technical and economic feasibility studies on harvesting and processing of non-traditional species.
- Identify chemical indicators of decomposition and conduct authentic pack studies according to an FDA standard protocol permitting objective and subjective measurements of changes in inherent textural and sensory characteristics at various intervals of storage in squid, mackerel and butterfish.

- Design, test, and/or demonstrate various types of fishing gear which will enhance conservation measures by reducing by-catch of juveniles and non-target species.

- Develop/demonstrate technical measures to reduce maintenance costs for fishing vessels and gear.

2. *Atlantic demersal finfish.* In FY 86, efforts were continued to evaluate existing techniques and potentially new methods to process and use fish waste. Also funded was a project to demonstrate a prototype shrimp separator trawl and test the

effectiveness of the trawling efficiency device (TED) both alone and in combination with the separator trawl.

In FY 87, priority will be given to projects which:

a. Evaluate the technical and economic feasibility of shifting fishing efforts to other species, such as the hakes and mackerel, and resolving associated problems.

b. Develop, modify, test, and/or evaluate harvesting methods that will enhance conservation measures by reducing the by-catch of juveniles and non-target species.

3. *Coastal, estuarine and Great Lakes fisheries.* Projects funded in FY 86 focused on developing new markets for underutilized species of freshwater fish and fish products in the Great Lakes area and other States having commercial fisheries dependent upon harvesting underutilized species of freshwater fish; feasibility and modeling of the use of New Jersey salt marshes to treat clam processing waste waters in order to reduce the amount and cost of in-plant conventional treatment necessary to achieve state effluent standards; and characterization and utilization of wastes from ocean quahog and surf clam processing plants.

Priorities for FY 87 funding will focus on projects which:

a. Examine and demonstrate the potential for developing recreational fishing as a new industry in coastal communities; and developing new recreational fisheries to reduce fishing pressure on over-harvested stocks.

b. Develop and/or demonstrate fishing gear which increases survival of fish taken in catch-and-release marine recreational fisheries; this effort may include possible educational materials.

4. *General.* The following priorities pertain to all Northeast fisheries:

a. Continue the development and/or demonstration of quality seafood maintenance programs for industry from the net to the table.

b. Analyze factors affecting quality and shelf-life of fish and fish products.

B. Southeast Region

Both commercial and recreational projects should be concentrated on shifting current harvesting activity from fully or over utilized fisheries to alternate fisheries, or should contribute to solutions for the specific problem areas identified in the following sections. Proposals should contain appropriate economic analysis where the output's applicability and priority depend upon the product, process, or concept being economically viable.

1. *Latent/underutilized southeast resources.* A major initiative funded

during FY 86 focused on foreign and domestic market investigations; exploratory fishing; handling and storage studies; and product and market concept development. Also funded in FY 86 were projects to develop voluntary seafood product quality codes based on industry recommendations and supported by existing pertinent regulatory documentation; to study the utilization of menhaden minces and surimi for direct consumption and use in further processed foods; to investigate quality control procedures for fresh yellowfin tuna; to provide an updated log of bottom obstructions in the Gulf of Mexico; to conduct a study to develop a demand for recreational fishing in Puerto Rico and the Virgin Islands; to evaluate access and infrastructure needs for recreational fishery development in Puerto Rico and the Virgin Islands; and to develop a strategy for integrating the marine recreational fishing and tourism industries.

For FY 87, the priority areas of consideration include the following. (Priorities b. and c. may include menhaden to the extent projects address the use of menhaden for human consumption.)

a. *Proposals which lead to the development, refinement and/or demonstration of harvesting methods for the coastal herrings complex.* Emphasis can be on vessel type, gear type, electronics, fishing strategy or some combination of these.

b. *On-board care of seafood.* Studies in this area can address improved handling, sorting and storage of seafood. The studies can address quality, cost-savings, overall efficiency, methods for live release of unwanted sizes or species or other worthy objectives.

c. Develop and/or adapt processing technology to improve product value or reduce processing costs.

d. *Program to identify underutilized recreational species.* This work should expand and build upon initial and ongoing research.

2. *Shrimp.* A project was funded in FY 86 to develop a video tape illustrating a model safety program for Gulf and South Atlantic shrimp trawling vessels.

In FY 87 funding priority will be given to proposals designed to provide for the testing and evaluation of alternative trawl efficiency devices (TED's) or to accelerate their rate of adoption. Proposals should complement and not duplicate current efforts in this area.

3. *Molluscan shellfish.* Funded in FY 86 were projects to study molluscan shellfish growing water quality and market standards and to study the removal (depuration) of Hepatitis A virus in shellfish.

In FY 87 priority will be given to proposals which address quality and safety issues in molluscan shellfish. All proposals in this area must demonstrate knowledge of relevant past and current research. Specifically, proposals should:

a. Provide for more uniformity in regulations and practices among States.

b. Improve sampling protocols.

c. Identify critical control points during handling and/or address problems related to the recreational harvesting of shellfish and crustaceans.

d. Improve handling of shellstock by examining current practices (e.g., depuration) and the extent of shell breakage/contamination.

e. Study application of nucleic acid probes and various immunological techniques to measure and detect pathogenic viruses.

f. Study improved microbiological standards by defining the relationship between *Escherichia coli* concentrations in shellfish and their growing waters and which would also evaluate the conditions for and rate of growth of *E. coli* in shellfish and their harvest waters.

4. *General.* The following priorities pertain to all Southeast fisheries:

a. *Gear selectivity.* Proposals will be entertained for gear development and/or fishing strategies to eliminate unwanted by-catch, including unwanted sizes or species. The proposals can be for any fishing gear including various trawls and nets as well as pelagic or bottom or longline gear.

b. *Studies to resolve user conflicts.* A current barrier to orderly development of commercial and recreational fisheries is a growing set for user conflicts, technological, biological and ecological, involving access to and use of the fishery resources of the Gulf and South Atlantic. Proposals are encouraged which provide innovative approaches to the resolution of such conflicts.

c. *Trade barrier identification.* Proposals should either identify existing tariff and non-tariff trade barriers to the export of fisheries products or provide for methodologies to discover such barriers affecting commercial and recreational fisheries. Proposals can also include an analysis of the impact of trade barriers as well as methods or strategies for private and/or public actions to eliminate or minimize such barriers.

C. Southwest Region

The Southwest Region is comprised of two distinct geographic areas—the U.S. Pacific Islands and three mainland states (California, Nevada, and Arizona). The island fisheries differ

significantly in many instances from the mainland fisheries. Accordingly, we have established a list of proposed funding priorities for each of these geographic areas.

1. *U.S. Pacific Islands.* Projects funded in FY 86 provide for continued development of infrastructure facilities in Guam and the Northern Mariana Islands, exploratory fishing for surface albacore in the South Pacific, and continued research on fishery enhancement through reseeding of island reef areas with juvenile trochus and giant clams. Exploratory fishing projects are being carried out in the Hawaii tuna handline fishery and Palau's deep sea shrimp fishery. In the Federated States of Micronesia, a recently developed poke stick detection method for ciguatera poisoning in tropical fishes is undergoing its first field test to evaluate its effectiveness.

In the U.S. Pacific Islands, priority consideration will be given in FY 87 to projects which contribute to the fishery development goals of Hawaii, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands and the Trust Territory of the Pacific Islands. High priority will be given to projects with regional benefits. All proposals should be consistent with the cultural and social values of Pacific island communities.

Projects related to fish aggregation devices (FADs) will not be funded during this cycle. The problem affecting FADs throughout the Pacific is the short life expectancy caused by basic deficiencies in mooring design. Based upon the recommendations of a 1983 mooring design study sponsored by the South Pacific Commission, the NMFS has funded FAD projects in Yap and American Samoa. Preliminary results indicate improvement in life expectancy, but data are sketchy and final results are not available. A policy on future S-K support of FADs will be announced this fiscal year.

Proposals which address problems in the following areas will be given priority for funding in FY 87.

a. *Tuna.* Investigate techniques for improving the yield of sashimi-grade tuna in Pacific Island areas. Particular attention should be given to product quality control and market requirements.

b. *Other pelagic species.* Projects related to other oceanic pelagic species (e.g., mahimahi, wahoo, billfish, shark) should focus on overseas market requirements. Particular attention should be given to maintaining product quality (e.g., avoidance of histamine in mahimahi, urea in shark) through

improved handling, processing, and storage methods.

c. *Recreational fisheries.* Projects should assess the opportunities and identify strategies for development of charter sport fishing ventures in Pacific Island areas. Such development should be integrated with local tourism development and be consistent with local economic development priorities. Services and facilities available and needed for sport fishing development should be identified.

d. *Vessel support services and facilities.* Proposals for the design, engineering and construction of needed fishing vessel support services and facilities (e.g., launch ramps) will be considered. Proposals should demonstrate a need by local fishermen.

e. *Bottomfish.* Projects to expand export channels for these species are requested. Project for bottomfish development in areas where the resources may be distressed and unable to withstand added fishing pressure will not be funded.

2. *Mainland (California, Nevada, and Arizona)—a. West Coast groundfish/California.* In FY 86 the NMFS funded projects: To investigate gear conflicts and develop alternate gears; to establish seafood advertising standards; to establish a prototype seafood retail training school; and to develop an operating model to analyze changing economic conditions (landings, prices, etc.) in the fishing industry on the West Coast.

In FY 87, innovative projects that address the priorities identified below will be considered for any groundfish species. Pacific whiting and shortbelly rockfish continue to be the highest priority groundfish species for commercial development in FY 87. Specifically, priority for funding will be given to projects that:

(1) Examine or demonstrate innovative fishing techniques that improve continued production, minimize conflict between the needs of developing fisheries and the management of developed fisheries (or vice versa), reduce marine mammal and bird mortality, and shift effort from fully utilized species.

(2) Investigate technology for using priority West Coast groundfish species commercially; identify consumption or regulatory factors inhibiting the use of underutilized groundfish species.

(3) Demonstrate product quality assurance and control technologies from the net to the table.

(4) Develop models and data acquisition systems to analyze California marine recreational and commercial fishing activity for

economic, social or ecological impact. Such research should focus on the interaction between fisheries, particularly multiple fishery fishing.

b. *Tuna.* Projects funded in FY 86 address development of albacore tuna quality control standards and marketing of products in institutional markets and in Pacific coast retail trade.

Priority for FY 87 funding will be given to tuna (albacore, bluefin, yellowfin, etc.) projects which:

(1) Identify and demonstrate cost effective technology for producing alternatives to canned tuna.

(2) Demonstrate quality control measures that improve market acceptance of fresh and frozen products.

(3) Develop effective utilization of sport-caught tuna.

c. *West Coast coastal pelagics.* Projects funded in FY 86 are to develop bone softening techniques that may result in new uses for some coastal pelagic species, and to investigate recreational species preferences and encourage fishing for underutilized species.

In FY 87, priority will be given to projects that:

(1) Investigate technologies for using coastal pelagic species commercially or upgrading existing uses; identify consumption or regulatory factors inhibiting the use of underutilized coastal pelagics.

(2) Evaluate sport catch consumption patterns and develop alternatives for greater utilization of sport-caught species that are presently discarded.

d. *Multi-species industrial development.* Some projects cross species groups. Worthy proposals that do not fit neatly within the above species groups will be considered in FY 87. Such proposals should pertain to domestically available resources and to problems specific to the Southwest Region.

D. Northwest Region

The Northwest fishing industry requires a research and development program which focuses on fully utilizing groundfish food in the Exclusive Economic Zone (EEZ) off Oregon, Washington and Alaska. The Region's industry is heavily dependent on the resources found in the EEZ off Alaska, and therefore will also invest in projects of high quality which support this segment of the industry.

1. *West Coast groundfish (Oregon, Washington and Alaska).* The NMFS funded projects in FY 86 that were to: Develop new product forms utilizing pollock; develop and test technologies to minimize crab by-catch in the

groundfish trawl fishery; examine the impact of the foreign fishing allocation of North Pacific pollock on U.S. harvesters and processors; develop educational materials detailing research findings concerning the nutritional impacts of seafood consumption; research the longterm effects of modifying the diet to include groundfish; examine and analyze the factors impacting the international competitiveness of the North Pacific seafood industry; assist the factory trawlers in developing at-sea quality standards and an inspection system for their fleet; promote the recreational angling opportunities for non-salmonoid species off the coasts of Oregon and Washington; continue to develop a safety training program for fishing vessels; and continue the study of impacts of fish oils on plasma lipids in humans.

The FY 87 priorities outlined below will focus on research and development activities which will support the continued growth of the Region's industry. Groundfish species in need of further development include the following: pollock, whiting, dogfish, shortbelly rockfish, offshore squid, and assorted flatfishes found in the EEZ.

a. Develop new or improved processing and harvesting technologies which increase efficiency, productivity, and competitiveness of the Region's industry. Specific projects may:

(1) Develop an improved technology which will more efficiently process flatfishes.

(2) Evaluate the effect of groundfish predation on crab stocks.

(3) Develop and evaluate new gear technology in an attempt to measure effectiveness in reducing by-catch of nontraditional and/or traditional species, and improving catch efficiencies.

(4) Assess the comparative value of groundfish harvested by various gear techniques and evaluate the implications for the industry.

(5) Develop and adapt harvesting and processing technology to improve the quality of fresh and frozen seafood.

(6) Continue to develop quality assurance protocols for frozen at sea products.

(7) Assess the economic and technological feasibility of at sea and shoreside processing of whiting.

b. Continue research and analysis which assists industry in overcoming trade barriers and provides useful data in formulating trade strategies. Specific trade activities may:

(1) Determine the volume and impact of foreign processed EEZ species on U.S.

competitiveness in domestic and world markets.

(2) Determine the economic impact of trade barriers and foreign subsidies on U.S. competitiveness in domestic and world markets.

c. Continue development of a safety training program for fishing vessels and processing plants. Specific projects may:

(1) Monitor and evaluate the impacts of voluntary safety initiatives.

(2) Develop a safety program specifically for processing plants, at-sea or shoreside.

d. Examine and demonstrate the potential for developing recreational fisheries as a new industry in coastal communities; and developing new recreational fisheries to reduce fishing pressure on over-harvested stocks.

2. *West Coast salmon (Oregon, Washington, and Alaska).* The FY 87 priority outlined below will support the full development of the pink salmon and chum salmon fisheries found in the EEZ off Oregon, Washington, and Alaska. Large surpluses have prevented optimum economic return. Such projects may:

a. Investigate new technologies for using West Coast salmon species commercially.

E. Alaska Region

1. *Alaska groundfish.* Projects funded in FY 86 address pollock surimi production, quality, technology development, and education; product and market development; and new processing technology. Significant imbalance currently exists in the capability of the processing and catching segments of the industry. The industry's ability to catch the raw material far exceeds its ability to process and market the groundfish products from this new fishery.

Proposals which address impediments to full use of Alaska groundfish in the following areas will be given priority for funding in FY 87.

a. Improve processing, product quality and competitiveness of the Alaska groundfish industry by:

(1) Developing and/or applying technology to increase processing efficiency and productivity. Specific needs:

(a) New flatfish processing technology.

(b) Improved utilization of by-catch species.

(2) Developing and demonstrating technology to increase utilization and improve value of by-products from groundfish processing operations.

(3) Upgrading the quality of products. Specific needs:

(a) Develop product standards for U.S. produced pollock surimi.

(b) Evaluate seasonal variation in flesh quality of major groundfish species.

b. Develop technologies and information for the harvesting segment of the Alaska groundfish industry to reduce the by-catch of non-target species and minimize conflicts between gear types.

c. Continue the development of a vessel safety program that reduces operational costs and increases efficiency of the Alaska groundfish fleet.

2. *Salmon.* Investigate new technologies for using salmon species commercially.

F. National

In FY 86, the NMFS funded national projects which address issues cross-cutting a number of fisheries and regions. Specifically, NMFS funded projects which address strategies to reduce fishing vessel insurance costs and improve vessel safety; develop and implement a standard system for seafood inclusion in the Universal Product Code; estimate and forecast economic activity associated with marine recreational fisheries at five year intervals and develop tools to estimate the economic value of fisheries to different user groups; develop video tape training programs for use by vessel and processing plant operators addressing sanitation, refrigeration, personal hygiene and sodium bisulfate applications; develop international standards and processing guidelines for frozen squid products; describe the movement of fresh and frozen seafood products from domestic harvesting through processing, identifying control points as a first step in establishing a comprehensive seafood surveillance system for the U.S. industry; conduct investigations to determine the nutritional equivalency of surimi with natural seafood products; develop a commercially feasible hyperfiltration system for recovery of proteins and other soluble materials from the surimi production process; conduct a national seafood/health nutrition communication program; and conduct regional and national conferences relating to "Matching Capital to Resources in the Fish Harvesting Industry: Limited Entry and/or Other Alternatives."

In FY 87 consideration will be given to proposals which address the following areas:

1. Identify critical control points for ensuring safe and wholesome fishery products. In conjunction with the ongoing study to identify public health

risks in processing seafood, provide detailed descriptions and flow diagrams of the harvesting, processing, and distribution conditions affecting the quality and safety of the following product/process categories of fishery products: Pickled, dried, salted/smoked, vacuum packed, cooked, breaded/batter-dipped, engineered, and irradiated, based on observations made at statistically representative vessels and facilities. (This information will subsequently be used to identify critical control points and recommend methods and tolerances to ensure the production and distribution of safe, wholesome, and properly labeled fishery products.)

2. Identify and analyze the impacts of foreign aquaculture on U.S. trade in fisheries products.

3. Develop analytical research data with emphasis on fatty acids and other nutrients of public concern, to correct deficiencies in available information on the chemical and nutritional composition of seafoods. These data will be used to provide accurate nutrient information on seafoods available for consumption by the U.S. consumer and will assist in the development of factual seafood nutrition/health educational programs to encourage seafood consumption.

4. Identify and analyze barriers to exports of sport fishing equipment.

5. Determine the feasibility of obtaining and measuring biomedically important compounds from seafood or seafood waste materials.

6. Create an economic model that accurately reflects the value of the commercial industry and measures its contribution to the nation.

7. Develop a program which would help fishing vessel fleets identify, analyze and resolve their particular safety problems. Proposals should formulate specific plans for addressing these problems.

8. Assist the fishing industry in investigating and developing its insurance alternatives. Proposals should build on work in this area conducted and/or coordinated by the National Council of Fishing Vessel Safety and Insurance.

9. Conduct studies that will analyze the feasibility of developing product-specific seafood marketing councils for one or more species of fish and fish products authorized under section 210 of the Fish and Seafood Promotion Act of 1986. These studies will be limited to research and analysis that bear directly on the decision of an industry segment to proceed with planning and implementation of a product-specific council, and will not include formation of a Council. Proposals should be sent to

the appropriate regional or Washington Office.

10. Survey the current and potential use of commercial and recreational fishing vessels for public wildlife and habitat observation.

11. Evaluate existing techniques or develop new methods to process and use fish wastes and determine technical and economic feasibility of their application. Efforts should supplement, and not duplicate on-going fish waste studies, e.g., those of the New England Fisheries Development Foundation.

III. How to Apply

A. Eligible Applicants

Applications for grants or cooperative agreements for fisheries development projects may be made, in accordance with the procedures set forth in this notice by:

1. Any individual who is a citizen or national of the United States;

2. Any individual who is a citizen of the Northern Mariana Islands (NMI), being an individual who qualifies as such under Section 8 of the Schedule on Transitional Matters attached to the Constitution of the NMI;

3. Any corporation, partnership, association, or other entity, nonprofit or otherwise, if such entity is a citizen of the United States within the meaning of section 2 of the Shipping Act, 1916 as amended (46 U.S.C. 802).²

² To qualify as a citizen of the United States within the meaning of this statute, citizens or nationals of the United States or citizens of the NMI must own not less than 75 percent of the interest in the entity or, in the case of a non-profit entity, exercise control of the entity that is determined by the Secretary to be equivalent to such ownership; and in the case of a corporation, the president or other chief executive officer and the chairman of the board of directors must be citizens of the United States, no more of its board of directors than a minority of the number necessary to constitute a quorum may be non-citizens; and the corporation itself must be organized under the laws of the United States, or of a State, including the District of Columbia, Commonwealth of Puerto Rico, American Samoa, the Virgin Islands of the United States, Guam, the NMI or any other Commonwealth, territory, or possession of the United States. Seventy-five percent of the interest in a corporation shall not be deemed to be owned by citizens or nationals of the United States or citizens of the NMI if: (i) The title of 75 percent of its stock is not vested in such citizens or nationals of the United States or citizens of the NMI free from any trust or fiduciary obligation in favor of any person not a citizen or national of the United States or citizen of the NMI; (ii) 75 percent of the voting power in such corporation is not vested in citizens or nationals of the United States or citizens of the NMI; (iii) through any contract or understanding it is arranged that more than 25 percent of the voting power in such corporation may be exercised, directly or indirectly, in behalf of any person who is not a citizen or national of the United States or a citizen of the NMI; or (iv) by any means whatsoever, control of any interest in the corporation is conferred upon or permitted to be exercised by any person who is not a citizen or national of the United States.

No individual or organization that is in arrears on any outstanding debt to the U.S. Department of Commerce will be considered for funding. Any first time applicant for Federal grant funds may be subject to a preaward accounting survey prior to execution of the award. The NMFS encourages women and minority individuals and groups to submit applications. NOAA employees including full, part-time and intermittent personnel, (or their immediate families) and NOAA offices or centers (note that this does not include Sea Grant institutional personnel) are not eligible to submit an application under this solicitation, or aid in the preparation of an application, except to provide necessary information or guidance about the fisheries development and utilization program and the priorities and procedures included in this solicitation.

B. Amount and Duration of Funding

For FY 87, the NMFS may have an estimated \$6.1 million available to fund new fishery research and development projects. Grants or cooperative agreements will be awarded for a period of one to three years.

To qualify as a multi-year award, a project must, in addition to the criteria elaborated under "Administrative Requirements" and other applicable sections, meet the following criteria: (1) The technology to be developed must require more than a single year to research, develop and demonstrate; (2) The products or services to be developed require more than a single year to research, design and demonstrate and/or market; (3) Single year funding would otherwise result in significant discontinuity in project implementation; (4) Projects must indicate complete objectives, tasks, or products for the end of each funding cycle. The burden of proof for meeting these criteria rests with the applicant. No projects will be funded beyond three consecutive years. Once approved, multi-year projects will not compete for funding in subsequent years. For multi-year projects, funding beyond the first year will be contingent on the availability of new fiscal year program funds and the extent to which project objectives were met during the prior year.

Publication of this announcement does not obligate NMFS to award any specific grant or to obligate any part of the entire amount of funds available. Funding for successful applications generally will be provided by December 31, 1987.

C. Cost-Sharing Requirements

The NMFS must provide at least 50 percent, but will provide no more than 80 percent of total project costs. Total project costs are defined as those approved by NMFS in the project award. The non-Federal share may include funds received from private sources or from State or local governments or the value of in-kind contributions. Federal funds may not be used to meet the non-Federal share of matching funds. In-kind contributions are noncash contributions provided by the applicant or non-Federal third parties. In-kind contributions may be in the form of, but are not limited to, personal services rendered in carrying out functions related to the project, and permission to use real or personal property owned by others (for which consideration is not required) in carrying out the project.

The percentage of the total project costs provided from non-Federal sources, not to exceed 50 percent of the costs of the project, will be an important factor in the selection of projects to be funded. Exemption from cost-sharing requirements may be granted in unusual circumstances only to non-profit, public interest organizations which demonstrate no financial ability to meet cost-sharing requirements, and to government institutions in American Samoa, Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, Puerto Rico and the U.S. Virgin Islands. In the case of American Samoa, Guam, the U.S. Virgin Islands, and the Northern Mariana Islands, under the provisions of 48 U.S.C. 1469a.(d), any requirement for local matching funds under \$200,000 (including in-kind contributions) shall be waived. The total project costs and the percentage of cost-sharing required will be determined as described below.

1. Determining Total Project Costs

The total costs of a project consist of all costs incurred in the performance of project tasks, including the value of the in-kind contributions, to accomplish the objectives of the project during the period the project is conducted. A project begins on the effective date of a grant, cooperative agreement, or contract award between the applicant and an authorized representative of the United States Government and ends on the date specified in the award. Accordingly, the time expended and costs incurred in either the development of a project or the financial assistance application, or in any subsequent discussions or negotiations prior to award, are neither reimbursable nor

recognizable as part of the recipient's cost share.

The NMFS will determine the appropriateness of all cost-sharing proposals, including the valuation of in-kind contributions, on the basis of guidance provided in Office of Management and Budget (OMB) Circulars. In general, the value of in-kind services or property used to fulfill the cost-sharing requirements will be the fair market value of the services or property. Thus, the value is equivalent to the costs of obtaining such services or property if they had not been donated. Appropriate documentation must exist to support in-kind services or property used to fulfill cost-sharing requirements.

2. Determining the Level of Cost Sharing Required

The percentage of the total project costs that must be provided from non-Federal sources follows.

a. *20 percent.* For projects that would benefit the general public as well as the fishing industry but offer no unique advantage to specific industry sectors, the non-Federal cost share will be no less than 20 percent of the total project cost, and no greater than 50 percent. These projects would ordinarily involve research on the safety of fishery products or other activities for which members of the fishing industry would not necessarily receive direct benefits.

b. *30 percent.* For projects that contain economic risks which prevent an individual or group within the fishing industry from undertaking them without assistance, the non-Federal cost share will be no less than 30 percent of the total project cost. Most applications will be in this category.

c. *40 percent.* For projects which involve significant fishing industry participation, entail a limited risk, and in which the prospects for immediate future gain for the project are significant, the non-Federal cost share will be no less than 40 percent of the total project cost.

C. Format

Applications for project funding must be complete. They must identify the principal participants and include copies of any agreements between the participants and the applicant describing the specific tasks to be performed. Applications must identify the specific priorities to which they are responding. If an application is not in response to a priority, it should be so stated. Applicants should not assume prior knowledge on the part of the NMFS as to the relative merits of the project described in the application. Applications must be clearly and

completely submitted in the following format:

1. *Cover sheet.* An applicant must use OMB Standard Form 424 as the cover sheet for each project within an application. Applicants may obtain copies of the form from the NMFS Regional Offices, NMFS Washington Office or Department of Commerce Regional Administrative Support Centers (RASC); addresses are listed under the "Application Submission and Deadline" section which follows.

2. *Project summary.* Each project within the application must contain a summary of not more than one page which provides the following information:

- a. Project title.
- b. Project status: (new or continuing)
- c. Project duration: (beginning and ending dates)
- d. Name, address, and telephone number of applicant.
- e. Principal Investigator(s).
- f. Specific priority(ies) to which project responds.
- g. Project objective.
- h. Summary of work to be performed. For continuing projects the applicant will briefly describe progress to date in addition to work proposed with the additional funds.
- i. Total Federal funds requested (initial and total amount and percentage of total project costs).
- j. Project costs to be provided from non-Federal Government sources (initial and total amount and percentage of total project costs).
- k. Total project costs.

3. *Project description.* Each project within the application must be completely and accurately described. Each project description may be up to fifteen pages in length. The NMFS will make all portions of the project description available to the public and members of the fishing industry for review and comment; therefore, NMFS will not guarantee the confidentiality of any information submitted as part of any project nor will NMFS accept for consideration any project requesting confidentiality of any part of the project. Each project must be described as follows:

- a. *Identification of problem(s).* For new projects, identify and completely describe the problem(s) the project addresses. In this description, include: (1) The fisheries involved, (2) the specific problem(s) that the fishing industry has encountered, (3) the sectors of the fishing industry that are affected, (4) the specific priorities to which the proposal responds, and, (5) how the problem(s) prevent the fishing industry

from developing a fishery or using existing fishery resources. If the application is for the continuation of an existing S-K funded project, describe progress to date and explain why continued funding is necessary.

b. Project goals and objectives. State what the proposed project will accomplish and describe how this will eliminate or reduce the problem(s) described above. For multi-year projects, describe the ultimate objective of the project and how the individual tasks contribute to reaching the objective. Describe the time frame in which tasks would be conducted.

c. Need for Government financial assistance. Explain why members of the fishing industry cannot fund all the proposed work. List all other sources of funding which are or have been sought for the project.

d. Participation of persons or groups other than the applicant. Describe: (1) The level of participation by NMFS, Sea Grant, or other Government and non-Government entities, particularly members of the fishing industry, required in the project(s); and (2) the nature of such participation. In addition, list names and addresses of the members of the fishing industry consulted during the preparation of the project description.

e. Federal, State, and Local Government activities. List any existing Federal, State, or local Government programs or activities, including State Coastal Zone Management Plans, this project would affect and describe the relationship between the project and these plans or activities. List names and addresses of persons providing this information.

f. Project outline. This section requires the applicant to prepare a general narrative fully describing the work to be performed which will achieve the previously articulated goals and objectives. A chart which outlines major goals, supporting work activities, timeframe, and individuals responsible for various work activities must be included.

The narrative should include information which responds to the following questions:

- (1) How will the project be structured?
- (2) What major products, (e.g., research, services, or activities) will be produced and what is the specific nature of these products?
- (3) What supporting work activities (be as specific as possible) will be undertaken to produce major products, services?
- (4) Who will be responsible for carrying out various work activities? (Highlight work which will be

subcontracted and provisions for competitive subcontracting).

(5) What methodology will be used to evaluate final products or services, and how will it be integrated into the project?

The milestone chart should:

(1) Graphically illustrate the major products, research, services and/or activities,

(2) Supporting work activities and associated timeline; and

(3) The individual responsible for various work activities.

Because this information is critical to understanding and reviewing the application, NMFS encourages applicants to provide as much detail as possible. Applications lacking sufficient detail may be eliminated from further consideration.

g. Project management. Describe how the project will be organized and managed. List all persons, directly employed by the applicant, who will be involved in the project, their qualifications, experience, and level of involvement in the project. If any tasks will be conducted through subcontracts, applicants must follow procurement standards contained as Attachment O to OMB Circular A-102 for State and Local Governments, Indian Tribes and Attachment O to OMB Circular A-110 for Institutions of Higher Education, Hospitals, and other Non-profit Organizations. If a subcontractor is chosen prior to application submission, the process used must be documented.

h. Project impacts. Describe the impact of the project in terms of anticipated increased landings, production, sales, exports, product quality, safety, or any other measurable factors. Describe the specific products or services that will be produced by this project. Describe how these products or services will be made available to the fishing industry.

i. Evaluation of project impacts. The procedures for evaluating the relative success or failure of a project in achieving its goals should be clearly delineated within each proposal. It is the responsibility of applicants to identify the best methodology for evaluating project effectiveness.

Evaluation procedures in each proposal should at a minimum contain the following:

- (1) The project objectives should be stated in a substantive, measurable way.
- (2) Specific methods should be defined that will be used to (a) monitor the progress of the project according to dated milestones, and (b) evaluate the accomplishments of the project in terms of its original goals and objectives.

(3) The benefits of the project should be clearly defined. Depending on the nature of the benefits, the evaluation methodology should be able to accurately assess the benefits. For example, if statistical procedures are to be used, their specific application and use in the project evaluation should be described.

(4) Where benefits might be termed "intangible," methods should be defined to measure results. For example, in the case of consumer education or market promotion programs, will post awareness surveys be conducted?

j. Project costs. Costs must be provided in a detailed budget. No cost sharing can come from another Federal source. Costs must be allocated to the Federal share and matching share provided by the applicant. Applicant's matching costs are to be divided into cash and in-kind contributions. A standard budget form (ED-357 NG; Rev. 3-80) is available from the offices listed in section E. A separate budget must be submitted for each project within an application. For multi-year projects, funds will be provided as specified tasks are completed. Therefore, an applicant submitting a multi-year project must submit two budgets—one covering total project costs (including individual outyear costs) and one covering the initial funding request for the project. The initial funding request should cover funds required during the first 12-month period. NMFS will not consider fees or profits as allowable costs for grantees. To support its budget the applicant must describe briefly the basis for estimating the value of the matching funds derived from in-kind contributions. Costs for the following categories must be detailed in the budget.

(1) **Personnel.** (a) Identify salaries by position and percentage of time of each individual dedicated to the project.

(b) **Fringe benefits.** Indicate benefits associated with personnel working on the project.

(2) **Consultants and contract services.** Identify all consultant and/or contractual service costs by specific task in relation to the project.

(3) **Travel and transportation.** (a) Identify major travel and transportation costs, number of people traveling and purpose of travel.

(b) Itemize costs, including approximate air fare, per diem rates, and/or any additional fees associated with the trip, such as conference fees, registration fees, etc.

(4) **Equipment, space or rental costs.** (a) Identify equipment purchases or rental costs with the intended use.

(b) Identify space rental costs with specific uses.

(5) *Other costs.* (a) *Consumable office supplies.* Include cost for pens, paper, typewriter ribbons, etc.

(b) *Postage and shipping.* Include postage for correspondence, material produced under grant as well as air freight, truck or rail shipping of bulk materials to be used in conferences and workshops.

(c) *Printing costs.* Include costs associated with producing materials in conjunction with the project.

(d) *Final audit.* Include costs of having a special audit of the project performed. This cost should not be included if an organizational audit will be used in place of a special audit for the project.

(e) *Telephone and telegraph.* Identify estimated calls and monthly bills.

(f) *Utilities.* Identify costs of utilities and percentage of use in conjunction with performance of project.

(g) *Additional costs.* Indicate any additional costs associated with the project which are allowable under OMB circulars A-122, A-87 and A-21.

4. *Project consolidation.* Applicants may submit two or more projects under one proposal but must identify project costs, including administrative costs, separately for each individual project. As a result, the amount of administrative funds provided will be based on the actual number of projects funded.

5. *Supporting documentation.* This section should include any required documents and any additional information necessary or useful to the description of the project. The amount of information given in this section will depend on the type of project proposed. The applicant should present any information which would emphasize the value of the project in terms of the significance of the problems addressed. Without such information, the merits of the project may not be fully understood, or the value of the project to fisheries development may be underestimated. The absence of adequate supporting documentation may cause reviewers to question assertions made in describing the project and may result in a lower ranking of the project. Reviewers will not necessarily examine all material provided as supporting documentation except where sufficient detail is lacking in the project description to properly evaluate the project. Therefore, information presented in this section should be clearly referenced in the project description, where appropriate.

E. Application Submission and Deadline

1. *Deadline.* The NMFS will accept applications for funding under this

program between [insert date of publication] and [insert date 60 days from date of publication]. An application will be accepted if the application is received by any of the offices listed below on or before August 3, 1987.

2. *Submission of applications to NMFS reviewing officers.* Applicants must submit one signed original and two (2) copies of the complete application. *Applications are not to be bound in any manner.*

a. Applications relating to a specific fishery or a particular region should be submitted to the appropriate NMFS Regional Office as specified below:
Northeast Region (Maine, Massachusetts, Rhode Island, Connecticut, Vermont, New Hampshire, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, Ohio, Indiana, Illinois, Wisconsin, Michigan, Minnesota): Regional Director, National Marine Fisheries Service, P.O. Box 1109, Gloucester, MA 01930, Telephone No: (617) 281-3600.

Southeast Region (North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, New Mexico, Oklahoma, Arkansas, Tennessee, Kentucky, Missouri, Kansas, Nebraska, Iowa, Puerto Rico, Virgin Islands): Regional Director, National Marine Fisheries Service, Duval Bldg., 9450 Koger Blvd., St. Petersburg, Florida 33702, Telephone No: (813) 893-3142.

Southwest Region (California, Hawaii, Nevada, Arizona, American Samoa, Guam, Trust Territory of Pacific Islands, Northern Mariana Islands): Regional Director, National Marine Fisheries Service, 300 South Ferry Street, Terminal Island, CA 90731, Telephone No: (213) 548-2575.

Northwest Region (Washington, Oregon, Idaho, Montana, Wyoming, Utah, Colorado, North Dakota, South Dakota): Regional Director, National Marine Fisheries Service, Bin C15700, 7600 Sand Point Way, NE., Seattle, Washington 98115, Telephone No: (206) 527-6150.

Alaska Region (Alaska): Regional Director, National Marine Fisheries Service, P.O. Box 1668, 709 West Ninth Street, Juneau, AK 99802, Telephone No: (907) 586-7221.

b. Applications addressing national priorities should be sent to: Director, Office of Utilization Research, National Marine Fisheries Service, 1825 Connecticut Avenue, NW., Washington, DC 20235, Telephone: (202) 673-5497.

c. Questions of an administrative nature should be referred to the offices listed below:

Northeast: NOAA RAS/EC32, Eastern Administrative Support Center, 253 Monticello Avenue, Norfolk, Virginia 23510 Telephone: (804) 441-6646

Southeast: NOAA/RAS/CC31, Central Administrative Support Center, Federal Bldg. Room 1758, 601 East 12th Street, Kansas City, Missouri 64106, Telephone: (816) 374-7267

Northwest/Southwest/Alaska: NOAA RAS/WC33, Western Administrative Support Center, BIN C15700, 7600 Sandpoint Way, NE, Seattle, Washington 98115, Telephone: (206) 526-6036

Washington: NOAA RAS/DC33, National Capital Administrative Support Center, NBOC1 Room 106, 11420 Rockville Pike, Rockville, Maryland 20852, Telephone: (301) 443-8574

IV. Review Process and Criteria

A. Evaluation and Ranking of Proposed Projects

For applications meeting the requirements of this solicitation, NMFS will determine which office should evaluate the proposed work. This will normally be the office where the application is filed.

1. *Consultation with interested parties.* The NMFS will evaluate the project(s) contained in the application in consultation with representatives from other Federal Government agencies with programs affecting the U.S. fishing industry, members of the fishing industry, and other fisheries interests, as necessary. The regional and Washington Offices of NMFS will make project descriptions available in the following manner:

a. *Public review and comment.* Regional applications may be inspected at the office to which they are submitted. All applications will be available for inspection at the NMFS Office of Industry Services, 1825 Connecticut Avenue NW., Room 1025, Washington, DC from August 10, 1987, to August 19, 1987. Written comments will be accepted at a regional or the Washington office until August 19, 1987.

b. *Consultation with members of the fishing industry.* The NMFS shall, at its discretion, request comments from members of the fishing industry who have knowledge in the subject matter of a project or who would be affected by a project.

c. *Consultation with Government agencies.* Applications will be reviewed in consultation with NMFS Research Centers and Utilization Laboratories, RASC Grants/Contracts Offices and, as appropriate, Department of Commerce

and other Federal agencies. The Regional Fishery Management Councils may be asked to review projects and advise of any real or potential conflicts with Council activities.

2. *Technical evaluation.* The NMFS, in consultation with appropriate private and public sector authorities, will conduct a technical evaluation of each project. If an application contains two or more projects, the NMFS will evaluate the projects separately. All comments submitted to the NMFS will be taken into consideration in the technical evaluation of projects. The NMFS will give projects point scores based on the following evaluation criteria:

a. *Problem description and project conceptual approach toward resolution.* Evaluated will be both the applicant's comprehension of the problem(s) and the overall concept proposed to resolve the problem(s). (20 points).

b. *Soundness of project design/technical approach.* Evaluated will be whether or not the applicant provided sufficient information to technically evaluate the project and, if so, the strengths and/or weaknesses of the technical design proposed for problem resolution. (25 points).

c. *Project management and experience and qualifications of personnel.* Evaluated will be the organization and management of the project, the project's personnel in terms of related experience, qualifications, and extent of cooperation with the fishing industry and government throughout the various phases of the project. (15 points).

d. *Project monitoring and evaluation.* Evaluated will be the effectiveness of the applicant's proposed methods to track project progress and evaluate the final accomplishments of the project in terms of its original goals and objectives and contribution to fisheries development. (20 points).

e. *Project costs.* Evaluated will be the justification and allocation of the budget in terms of the work to be performed. Taken into account will be unreasonably high or low project costs, as well as funds requested from S-K which should more appropriately be provided by the applicant. (20 points).

3. *Formal industry review.* After the technical evaluation, each reviewing office will solicit comments from the fishing industry, consumer representatives, and others, as appropriate, to rank the projects filed with the office. This review may be carried out by correspondence or involve formal meetings of industry representatives. Considered in the review, along with the technical evaluation, will be the significance of

the problem addressed in the project. The reviewers will rank each project in terms of importance or need for funding, and provide recommendations on the level of funding NMFS should award to each project and the merits and benefits of funding each project.

B. Funding Awards

After projects have been evaluated, the reviewing offices will develop recommendations for project funding. They will submit the recommendations to the Assistant Administrator for Fisheries, who will determine the number of projects to be funded based on the recommendations provided, consistency of projects with the identified fisheries objectives, and the amount of funds available for the program.

The exact amount of funds awarded to a project will be determined in pre-award negotiations between the applicant and NOAA/NMFS program and grants management representatives. The Department of Commerce (DOC) will review all recommended projects and funding before final authority is given to proceed on the project. The funding instrument will be determined by RASC Grants Officers. Projects may not be initiated in expectation of Federal funding until a notice of award document is received.

V. Administrative Requirements

A. Obligations of the Applicant.

An Applicant must:

1. Meet all application requirements and provide all information necessary for the evaluation of the project.
2. Be available, upon request, in person or by designated representative, to respond to questions during the review and evaluation of the project(s).
3. If a project is awarded, manage the day-to-day operations of the project, be responsible for the performance of all activities for which funds are granted, and be responsible for the satisfaction of all administrative and managerial conditions imposed by the award.
4. If a project is awarded, keep records sufficient to document any costs incurred under the award, and allow access to records for audit and examination by the Secretary, the Comptroller of the United States, or their authorized representatives. The NMFS may provide a proportionate share of funds as part of the financial award to pay for an audit.
5. If a project is awarded, submit quarterly project status reports on the use of funds and progress of the project to NMFS within 30 days after the end of each calendar quarter. These reports

will be submitted to the individual specified as the Program Officer in the funding agreement. The content of these reports will include, at a minimum, a summary of progress and expenditures to date, including:

- a. Description of tasks scheduled and accomplished;
- b. Description of actual and scheduled expenditures;
- c. Explanation of any differences between actual and scheduled work or expenditures; and
- d. Any proposed changes in plans or redirection of resources or activities and the reason therefor.

6. If a project is awarded, submit an original and two copies of a final report within 90 days after completion of each project to the NMFS Program Officer. The final report must describe the project and include an evaluation of the work performed and the results and benefits in sufficient detail to enable NMFS to assess the success of the completed project. The content of the evaluation should include, at a minimum:

a. Description of the original project goals and objectives, and the context in which the project was to benefit the fishing industry. This description should address the following questions:

- (1) What were the original project goals and objectives?
- (2) To what extent were goals measurable or quantifiable?
- (3) Were modifications made to project goals and objectives and, if so, what was the cause for the modifications?
- (4) Where the goals and objectives attained? How? If not, why?

b. Description of the specific accomplishments (information, products, or services) of the project and the relationship of these to the project's goals and objectives.

(1) List the specific information, products, or services produced by the project.

(2) Describe the relationship of the products and services to the original project goals and objectives.

(3) Describe the extent to which the products or services meet the need of the fishing industry.

(4) Describe the value of the products or services by themselves or in concert with other activities.

c. Description of how the project benefited the fishing industry. This description should address the following questions:

- (1) To what extent did the industry have access to the products or services produced by the project?

(2) To what extent have the fishing industry and associated infrastructure (universities, financial institutions, etc.) used the project's products or services to satisfy a need or lessen business or other risks?

(3) To what extent are the project's results likely to be used by the industry in the future?

(4) To what extent are project results likely to be used by others in the future to provide benefits to the fishing industry?

d. Description of the specific economic or other benefits the fishing industry received as a result of its use of the products or services of the project or as a result of others using the products or services. This description should address the following questions:

(1) Are clear economic benefits demonstrable?

(a) If economic benefits are demonstrable, how? (e.g. increased landings, production, sale and/or value of fishery products, increased exports, greater vessel or gear efficiency, etc.)

(b) If not, why? (Were the results too intangible? A function of greater elapsed time interval? Other?)

2. Nature of benefits:

(a) What were the benefits of the projects?

(b) Are benefits one-time or continuing?

(c) To what extent are benefits measurable vs. intangible?

(d) Are benefits direct or indirect?

(e) Are the benefits the result of a "negative" finding?

e. Description of the actual need for Federal assistance in the project.

7. If a project is funded by grant or cooperative agreement, an applicant must comply with applicable Office of Management and Budget (OMB) Circulars, and Treasury Circulars. Copies are available from the RASC Offices listed above.

8. In order for NMFS to assist the grantee in disseminating information,

the grantee is requested to submit three copies of all publications (in addition to the Final Report in 6. above) printed with grant funds to the Office of Industry Services, NMFS, Washington, DC 20235.

9. Any state agency submitting an application for funding is required to complete item 22 of Standard Form 424 regarding clearance by the State Point Of Contact (SPOC) established as a result of Executive Order 12372.

B. Obligations of the National Marine Fisheries Service

The NMFS will:

1. Provide all forms and explanatory information necessary for the proper submission of applications for fisheries development and utilization projects.

2. Provide advice, through the NMFS Office servicing the applicant's area, to inform applicants of NMFS fisheries development policies and goals. Interested applicants are encouraged to contact the NMFS Washington or Regional Offices for clarification or explanation of any information appearing in this notice.

3. Monitor all projects after award to ascertain their effectiveness in achieving project objectives and in producing measurable results. Actual accomplishments of a project will be compared with stated objectives.

4. Maintain a mailing list for the annual S-K solicitations. Upon request, interested persons will be placed on the mailing list to receive the FY 88 solicitation at the time it is published in the **Federal Register**.

C. RASC Grants Officer Responsibility

The RASC Grants Officer is responsible for the administrative processing of NOAA Federal assistance awards. Questions from the recipient of an administrative nature will be referred to the Grants Officer. The official grant file will be maintained by the Grants Officer who will ensure that OMB, DOC, and NOAA policies are met.

D. Legal Requirements

The applicant will be required to satisfy the requirements of applicable Federal, State and local laws.

VI. Classification

NOAA reviewed this notice in accordance with Executive Order 12291. This notice is not "major" because it is not likely to result in: (1) An annual effect on the economy of \$100 million or more; (2) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or (3) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets. Prior notice and an opportunity for public comment are not required by the Administrative Procedure Act or any other law for this notice concerning grants, benefits and contracts. Therefore, a regulatory flexibility analysis is not required for purposes of the Regulatory Flexibility Act.

Information collection requirements contained in this notice have been approved by the Office of Management and Budget under the provisions of the Paperwork Reduction Act and have been assigned OMB #0648-0135.

This notice of availability of financial assistance for fisheries research and development projects will also appear in the *Commerce Business Daily*.

(Federal Domestic Assistance Catalogue No. 11.427 Fisheries Development and Utilization Research and Demonstration Grants and Cooperative Agreements)

Dated: May 29, 1987.

Carmen J. Blondin,

Acting Director, Office of Trade and Industry Services.

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Federal Register

Wednesday
June 3, 1987

Part VIII

Department of Justice

Office of Juvenile Justice and
Delinquency Prevention

Program Announcement; Families of
Missing Children; Psychological
Consequences and Promising
Intervention; Notice

DEPARTMENT OF JUSTICE

Office of Juvenile Justice and Delinquency Prevention

Program Announcement, Families of Missing Children, Psychological Consequences and Promising Interventions

AGENCY: Office of Juvenile Justice and Delinquency Prevention, Justice.

ACTION: Notice of re-issuance of the solicitation for applications to conduct a research program on the psychological consequences of missing and sexually exploited children.

SUMMARY: The Office of Juvenile Justice and Delinquency Prevention (OJJDP), pursuant to section 406(a)(4) (A) and (B) of the Missing Children's Assistance Act, Title IV of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, announces a new OJJDP initiative entitled, "Families of Missing Children: Psychological Consequences and Promising Interventions." The primary goal of this research is to increase our knowledge of and develop effective treatment alternatives for the psychological consequences of families with missing and sexually exploited children.

OJJDP's National Institute for Juvenile Justice and Delinquency Prevention (NIJDP) invites public agencies and nonprofit private organizations, or combinations thereof, to submit competitive grant applications to design and conduct a study of the psychological consequences of families with missing and sexually exploited children. One research agency will be selected to conduct the study at three to five sites. Each site must have an established and fully operational missing children's program.

It is anticipated that this initiative will entail three years of funding and program activity at a total cost of \$1,250,000. Up to \$250,000 has been allocated for the first year of the initiative. Only one project will be funded.

The deadline for receipt of applications is June 30, 1987.

This solicitation is being re-issued because none of the proposals received in response to the announcement issued August 8, 1986 met the requirements of the solicitation.

FOR FURTHER INFORMATION CONTACT:

Catherine P. Sanders, Research and Program Development Division, NIJDP, 633 Indiana Avenue, NW., Room 782, Washington, DC, 20531, Telephone (202) 724-5929.

SUPPLEMENTARY INFORMATION:

Request for Proposals—Families of Missing Children: Psychological Consequences and Promising Interventions

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I. Introduction and Background

This solicitation to conduct research on families with missing children is issued by the Research and Program Development Division (R&PDD) of the Office of Juvenile Justice and Delinquency Prevention (OJJDP). The solicitation addresses the Missing Children's Assistance Act which authorizes the OJJDP to "make grants to and enter into contracts with public agencies or nonprofit private organizations, or combinations thereof, for research, demonstration projects, or service programs designed to increase knowledge of and develop effective treatment pertaining to the psychological consequences of: (1) The abduction of a child, both during the period of disappearance and after the child is recovered, and (2) the sexual exploitation of a missing child." (Title IV, Section 406(a)(4)(A) and (B)).

Pursuant to section 403(1)(A) and (B) of the Missing Children's Assistance Act, the term "missing child" means any individual less than 18 years of age whose whereabouts are unknown to such individuals' legal custodian if: (1) The circumstances surrounding such individual's disappearances indicate that such individual may possibly have been removed by another from control of such individual's legal custodian without such custodian's consent; or (2) the circumstances of the case strongly indicate that such individual is likely to be abused or sexually exploited.

The Office of Juvenile Justice and Delinquency Prevention hereby invites applicants for a program of research on Families of Missing Children: Psychological Consequences and Promising Interventions. To understand the program's goal, objectives, and strategy, it is necessary to examine the scope of the problem.

Concern for the number of reported cases of missing children, (e.g., family abductions, nonfamily abductions, runaways and throwaways), has raised the public's demand for increased knowledge and development of effective treatment for the adverse psychological consequences of abduction and sexual exploitation. The subject is a complex one to address because very little empirical research has been conducted in the area. Even where data are available, the task of interpretation is difficult given the multiple levels of victimization and differences according to age and sex of the missing and sexually exploited child. Reviews of the literature on this topic suggest that missing, sexually exploited children and their families can be psychologically scarred and suffer emotional distress for life.

A variety of issues needs to be studied to determine how the experience of missing children affects, over time, the lives of victimized children and their families. These issues range from the time of first report of missing and to whom reported; to the types and amount of support/treatment services that are available to families of missing children; to the kinds of long-term follow-up services available; to the kinds of psychological and physical care available to families of recovered and non-recovered children. Limited documentation is currently available regarding the actual operations of local missing children's programs and their delivery of promising interventions.

A significant percentage of missing children are missing as a result of family or parental abductions, commonly called "snatchings."¹ The motivation behind child snatching may range from a genuine concern for the child, to revenge directed against the legal guardian. However, the child is almost always the victim. These children may be used as psychological weapons against the custodial parent or relative.

Little is known about the specific psychological effects of sexual abuse in conjunction with a parental kidnapping. Data are available on the effects of parental kidnapping itself, but the data make no special reference to the situation of sexually abused, kidnapped children. It is believed that not many of these children are sexually abused. If sexual abuse did occur, we would expect these children to experience many of the same effects as other sexual abuse victims with the added burden of coping with the impact of parental abduction.² Agopian, in a 1984 study, provided data on the effects of parental kidnapping by itself.³ Common

reactions among all victims were fear, worrying and agony. Reactions among the children depended on the age of the child, the length of abduction, and the treatment experienced while suppressed. Short-term abductees experienced nightmares, fear of strangers and fear of a second abduction. Long-term abductees tended to develop an affection for and identification with the abducting parent. Other symptom included secrecy, frequent lying, and difficulty interacting with other children. Younger children experience a particular difficulty after their abductions because many do not remember the custodial parent upon return.⁴ More research is needed with larger samples to reveal other similarities and dissimilarities in reactions to this form of abduction, and to identify responses that can alleviate these symptoms.

The group of missing children who are the object of the most public concern are those abducted by nonfamily persons or strangers. Virtually nothing is known about the impact of sexual exploitation among stranger abducted children. It is assumed by the public and by many authorities that stranger abductions occur primarily for purposes of sexual abuse;⁵ or are committed by emotionally disturbed individuals, pedophiles, serial murderers, or those who want to sell abducted children on the black market.⁶ However, these assumptions have not been empirically substantiated.

In a series of research products, Terr⁷ chronicled the short- and long-term effects of stranger abductions on a group of school aged kidnapped victims. Terr's research, which was conducted over a four-year period, uncovered symptoms characteristic of a post traumatic stress syndrome. The trauma experienced by these children was purely psychological with no concomitant serious physical injury to the children. All children showed some post traumatic stress with many symptoms still present four years after the kidnapping. From this research, it would seem that stranger abduction alone produces long-lasting effects on its victims. Children sexually abused during such abductions undoubtedly suffer these kinds of effects as well.

Perhaps the kind of situation experienced by sexually exploited, stranger abducted children is best approximated by the experience of children involved in extrafamilial sex rings. Few investigations have focused on the impact of involvement in sex rings and pornography on children. Burgess et al., (1948)⁸ in a study of 62 child and adolescent victims involved in

sex rings and pornography, reported the children displayed the same symptoms of post traumatic stress response. These responses included reexperiencing the event through intrusive thoughts and flashbacks; diminished responsiveness to others and the environment; lack of trust in people; withdrawal, acting out, periods of autonomic arousal, especially hyperalertness; and internal tension such as somatic complaints, bed-wetting and general malaise.

Research needs to be done to determine whether sexual abuse was part of the motivation for the abduction, whether any sexual acts were carried out in the course of the abduction, and the psychological effects of different abduction experiences.

The bulk of research attention in the area of sexual exploitation and missing children has been on the runaway youth. Throwaway/push-out children have typically been seen as a sub-type of runaway children and will be treated as such for the purpose of this study. Findings from previous research indicate that runaways suffer numerous harms while away from home including prostitution, involvement in pornography, coercive sexual abuse, robbery, burglary, drug use and general victimization such as assault. Of these, prostitution is the main type of sexual exploitation involving runaways.⁹

Browne and Finkelhor,¹⁰ in a 1985 review article chronicled the short and long-term effects of female child sexual victimization. According to these authors, initial effects included fear, anxiety, depression, anger, hostility, aggression and sexually inappropriate behavior. Long-term effects included depression and self-destructive behavior, anxiety, feelings of isolation and stigma, poor self esteem, difficulty in trusting others, a tendency toward revictimization, substance abuse and sexual maladjustment. The Brown and Finkelhor profile of the more seriously victimized female is almost synonymous with the profile of the juvenile female prostitute. Without much specific knowledge, we can only speculate on how these traumatic events impact, over time, the subsequent lives of runaway children.

The U.S. Congress took important steps to address this problem by passing the Missing Children Act in 1982 (Pub. L. 97-292, 96 Stat. 1259, 28 U.S.C. 1 note, 534) and, in 1984, the Missing Children's Assistance Act, Title IV of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended. In June 1984, the National Center for Missing and Exploited Children (NCMEC) was established as part of the Federal

government's commitment to the issue of missing children. The NCMEC serves as a clearinghouse of information and assistance concerning missing children and the criminal and sexual exploitation of children.

To further support the Federal government's role in addressing the Missing Children issue, the Attorney General appointed nine members to a statutory Advisory Board on missing children. One of the purposes of the Board is to clarify the issue of missing and exploited children and recommend concrete action to alleviate the associated problems. This research program is specifically designed to inform and implement the Advisory Board's recommendations.

II. Program Goal and Objectives

A. Program Goal

To increase our knowledge of and develop effective treatment alternatives pertaining to the psychological consequences for the parents, the missing child, and for other siblings during the period of disappearance and after the child is recovered; including the consequences of any abuse or sexual exploitation a missing child may have experienced.

B. Major Objectives

1. To describe the dynamics and psychological consequences of abduction of a child for both the family and the child.
2. To determine high risk factors for sexual exploitation among missing children.
3. To determine what factors in the missing experience seem to make a difference in terms of ameliorating short- and long-term consequences.
4. To identify and document promising treatment alternatives for families of missing children.

III. Research Strategy

The target population for this research includes all categories of missing children, which encompass parental abductions, stranger abductions, runaways, and throwaways/pushouts. The research program is designed to identify effective treatment strategies for ameliorating the adverse psychological consequences of abduction and sexual exploitation.

One award will be made to a research agency to conduct the study at three to five sites. Applicant organizations will apply directly for the grant award and may choose to provide limited support through contracts to the sites to cover on-site costs critical for conducting the research. This would include costs for

the research psychologist, training and travel for key field staff and volunteers, and other costs associated with data collection. No funds are to be used to supplement existing services.

Each participating site must be an operational missing children's program (List of Missing Children's Programs available upon request) which has instituted a sufficient case flow, a referral mechanism, and intervention services. Sufficient caseload should be defined in terms of the proposed research questions, and should determine, in part, the analysis plan. The program will require a collaborative effort at each site between the researcher and the missing children's program. The researcher, in conjunction with the sites, must document that the program has established continuing contact with clients so that the psychological consequences can be assessed throughout the missing child experience.

The applicant must secure cooperation and provide written verification from the program sites that each is willing and ready to participate in the study. There are no restrictions on missing children's programs agreeing to collaborate with more than one research organization during this application process, as only one applicant will be selected to conduct this study. Because a principal focus of this research initiative is to provide for intensive assessment of parental and nonfamily abductions it is necessary to carefully select study sites which operate in jurisdictions with sufficient prevalence of this phenomenon to answer the research questions.

Each site must employ a full time research psychologist with psychometric, counseling, and crisis intervention skills to assess the psychological characteristics of the families at various stages. The psychologist must assist the research organization in developing and refining the research design and data collection instruments, sensitizing the design to individual sites, and documenting the services provided to the study sample. The research psychologists would also train and supervise those program staff/volunteers involved in data collection. These planning activities should take place during the first six to nine months of the study.

Data collection should begin with the first contact made by the parents/guardians to the center. At this point, the police may have already been contacted, and the initial search for the child may have begun. The missing children's program immediately begins to assist the parents with whatever

services are needed at this time. These might include: notification of proper authorities and the national, state and local missing children's networks; assistance with media/public service announcements; assistance with law enforcement interviews; and development of a strategy for reducing stress to the family. Retrospective data from the pre-missing period should also be collected during this period. This inquiry should focus on both positive and negative family experiences prior to the child becoming missing.

During the period of nonrecovery, the study should document the level and nature of psychological services provided to both parents and siblings and the manner in which the services were provided. During the period when the child is recovered, data should be gathered on the mental health and medical services provided to the family. For those recovered children who must enter the judicial system, data should be gathered on the program's services to lessen the continued stress to the child and family.

Throughout the course of program contacts, the research psychologists and trained staff/volunteers will document the various interventions and assess psychological consequences for the child and family. The researcher should attempt to adopt a core set of measures across sites to allow for comparisons and the development of a larger aggregate data base. Issues that might be examined include:

1. What did the child experience while missing? In the case of abduction, how did the abductor successfully manipulate the child's continued separation from his/her family? Was the child abused or sexually exploited?

2. What are the psychological consequences for the abducted child, and how do they affect the child's ability to return home to his/her family?

3. How does the recovered child and family cope with judicial system involvement, and reintegration into the school, church and community?

4. What capabilities does a family need to cope with a long-term missing child, the recovery of a missing child, the determination of death, nonrecovery of the child, or the disclosure of the sexual exploitation?

5. Are there specific support services needed by the family at critical stages during the time the child is missing and after recovery?

6. What are the psychological consequences of those children and families who receive varying levels and types of intervention?

7. Were family life stress indicators (e.g., alcohol or drug abuse,

unemployment, separation or divorce) present, and did these increase the child's vulnerability for becoming missing?

Given the sensitive and traumatic nature of the problem being investigated, the study population should have access to appropriate services. Therefore, the primary sample should be exclusively comprised of those families who make contact with or are referred to the missing children's program. (It is recognized that families of known pushouts and throwaways are less likely to contact a center for help). Applicants are encouraged to explore the possibility of establishing appropriate comparison or control groups to define more clearly the psychological consequences and treatment needs of the missing children and their families.

IV. Major Responsibilities of the Successful Applicant

The research organization in conjunction with the targeted sites selected to conduct this research project will be responsible for all aspects of the project design, implementation, and product development.

A. Activities and Functions—Year I

The initial award will support the first year of project activities. There will include the following:

1. Conduct of planning activities.
2. Completion of a refined and detailed research design.
3. Development of a comprehensive workplan for the implementation of refined design.
4. Selection of or development and pretesting of data collection instruments.
5. Ensuring full access to all study data sources.
6. Development of a detailed plan for confidentiality of data.
7. Initiation of study sample and production of baseline data on client characteristics and services provided.
8. Documentation of each center's services for the purpose of constructing client-based instruments.
9. Provision of technical assistance and training for data collection.

B. Activities and Functions—Year II

1. Continue implementation of the research design.
2. Preliminary analysis of data and provision of feedback to program sites.
3. Ongoing assessment of the validity and reliability of measurement techniques and instruments.

4. Communication of findings through the production of interim reports and issue papers.

5. Coordination and data sharing among sites involved in the program.

C. Activities and Functions—Year III

1. Follow-up data collection on psychological impact of the total experience.

2. Conduct of data analysis and interpretation of results.

3. Continued coordination and data sharing among sites involved in this program.

4. Communication of findings through the production of issues papers (e.g., policies and practices necessary for future research and program development), final reports, technical assistance and training manuals. Emphasis should be placed on developing products suitable for widespread publication and dissemination.

The researcher should plan to produce documents which clearly convey significant findings and practical applications for policymakers, practitioners, and other researchers throughout the study period.

V. Eligibility Requirements

Eligible applicants include public or private nonprofit research organizations or combinations thereof. The applicant must have prior experience in the design, conduct and implementation of research, and in the development, maintenance and analysis of data bases involving assessment of psychological functioning.

Applicants may choose to submit joint proposals with other eligible organizations as long as one organization is designated in the application as the primary applicant and any co-applicants are designated as such. The applicant and any co-applicants must have the management and financial capability to effectively implement a project of this size and scope. Applicants who fail to demonstrate that they have the capability to manage this program will be ineligible for funding consideration.

VI. Dollar Amount and Duration

Up to \$250,000 has been allocated for the initial 12-month award to one organization competitively selected under this initiative. It is anticipated that this initiative will entail three years of research activities (i.e., a three year project period). The initial award will provide support for year 1 activities. Up to \$500,000 will be allocated for each of the second and third 12-month budget periods.

Funding of each noncompeting continuation grant, i.e., each of the two additional 12 month budget periods, within the approved three year project period may be withheld for justifiable reasons. They include: (1) There is no continued need for further research; (2) the grantee is delinquent in submitting required reports; (3) adequate grantor agency funds are not available to support the project; (4) the grantee has failed to show satisfactory progress in achieving the objectives of the project or otherwise failed to meet the terms and conditions of the award; (5) a grantee's management practices have failed to provide adequate stewardship of grantor agency funds; (6) outstanding audit exceptions have not been cleared; and (7) any other reason which would indicate that continued funding would not be in the best interests of the Government.

VII. Minimum Program Application Requirements

All applicants must submit a completed Application for Federal Assistance (Standard Form 424), including a program narrative, a detailed budget and a budget narrative. The program narrative shall not exceed 75 doubled-spaced pages in length.

In submitting joint applications, the relationships among the parties must be set forth in the application. As a general rule, research organizations which describe their working relationship in the development of products and the delivery of services as primarily cooperative or collaborative in nature will be considered as co-applicants. Those research organizations which are primarily procuring services or products from another organization would not be considered as co-applicants. In the event of a co-applicant submission, one co-applicant must be designated as the payee to receive and disburse project funds and be responsible for the supervision and coordination of the activities of the other co-applicant. Under this arrangement each organization would agree to be jointly and severally responsible for all project funds and services. Each co-applicant must sign the SF-424 and indicate their acceptance of the conditions of joint and several responsibility with the other co-applicant.

In addition to the requirements specified in the instructions for preparation of Standard Form 424, the following information must be included in the application:

A. A review of the literature relevant to the psychological consequences of missing and sexually exploited children. Discuss promising approaches for

improvement of national policies and practices.

B. A problem statement which clearly documents the nature and extent of the problems of families with missing and exploited children in the selected jurisdictions. Provide a brief description of the services and treatment alternatives provided by each program.

1. Identify the criteria utilized in the selection of study sites and provide data to justify those selections. Discuss each program's readiness and willingness to participate in the study.

2. Discuss the current process for providing services and treatment for the adverse psychological consequences of abduction and sexual exploitation in each of the targeted sites.

3. Provide statistics regarding actual number of cases handled annually by each missing children's program. Specify the number of cases utilizing the following categories: family abductions, nonfamily abductions, runaways, and sexually abused.

C. A succinct statement of your understanding of the goal and objectives of the program of research on Families of Missing Children: Psychological Consequences and Promising Interventions.

D. A complete discussion of the proposed research design and methodology including:

1. Delineation of the theoretical framework developed to specifically guide the identification and assessment of problems among the programs' client populations.

2. Presentation of your specific study's goals and objectives.

3. Description of the key research questions to be investigated.

4. Description of the proposed sample. Include a discussion of the expected refusal and attrition rates, and justification that the proposed sample size is adequate for the research questions to be addressed. Provide a discussion of plans to establish and maintain contact with the subjects so that the psychological consequences can be assessed throughout the missing child experience. Consider the feasibility of establishing appropriate comparison/control groups.

5. Description of key variables to be assessed, and the plans for development and pretesting of instruments.

6. Discussion of plans for data collection and statistical analysis.

7. Specification of data sources and inclusion of letters from cognizant agencies verifying data access.

8. A Privacy Certificate describing procedures to be followed to assure confidentiality of data in accordance

with funding agency regulations, copies of which are available upon request.

9. Written verification from authorized officials, of all parties involved in this program (e.g., missing children's program, protective service, law enforcement), of their commitment to collaborate in the research program planning, and implementation. The missing children's program should verify that they understand the type of data they will be asked to provide.

E. A detailed workplan for Year I activities which includes identification of major milestones, designation of organizational responsibilities, and a schedule for completion of tasks and products. The nature and utility of products should be discussed. Also include a preliminary workplan for completion of Year II and Year III activities.

F. A description of the project management structure which includes proposed staffing plans, brief position descriptions which delineate roles and responsibilities, description of relevant staff experience and expertise, and resumes of key project staff (include as an appendix to the application). The project director must devote a minimum of fifty percent (50%) of his/her time to this effort.

G. An organizational capability statement which describes relevant organizational experience and demonstrates that the applicant has the substantive and financial capability to effectively administer the research project.

H. A detailed budget for Year I program activities. The budget should also include funds for a three person advisory board to meet twice for two days during the first year.

I. An estimated budget of annual costs for conducting Year II and III activities through the conclusion of the project period.

J. If it is determined to be necessary for the research organization to provide financial support from the grant award to another organization to cover costs critical for research program implementation, the application must include: A statement of work for the proposed contract; and the procedures to be followed for competitive selection or a justification for noncompetitive award for these support services where a single contractor has the capability to provide specified services.

K. The applicant and collaborating missing children's centers must indicate a willingness to host an on-site visit by OJJDP staff and/or Peer Review Panel members to verify information provided in this application.

VIII. Selection Procedures and Criteria

All applications received in response to this solicitation will be reviewed in terms of their potential contribution to the state-of-the-art, the rigor and feasibility of the research design, and their innovativeness in responding to key issues in the implementation of the study. Applications will be evaluated by an external peer review panel according to the OJJDP Competition and Peer Review Policy, 28 CFR Part 34, Subpart B. Site visits may be conducted by peer review panelists and/or OJJDP staff to verify information provided by the applicant ranked as best qualified for further consideration.

Specifically, applications will be rated according to the following criteria and weights:

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| A. The problem to be addressed is clearly stated including evidence of knowledge of related literature and justification for site selection (refer to section VII A, B)..... | 15 |
| B. An understanding of the goal and objectives of this research program is clearly articulated, including an assessment of the degree to which the proposed project would further these objectives (refer to section VII C, D, 2)..... | 10 |
| C. The research design and methodology is sound and contains program elements directly linked to the achievement of project objectives (refer to section VII D)..... | 35 |
| D. The workplan is adequate, clear and feasible and will support the development of useful products (refer to section VII E)..... | 10 |
| E. The project management structure is adequate to successfully conduct the project (refer to section VII F)..... | 15 |
| F. Organizational capability is demonstrated at a level sufficient to successfully support the project (refer to section VII G)..... | 5 |
| G. Budget costs are reasonable, complete and appropriate in comparison to the activities proposed to be undertaken (refer to section VII, H, I, J)..... | 10 |

The application receiving the highest total score on the above criteria will be recommended for funding consideration to the Administrator, OJJDP. In addition to the scores based upon the above weighted criteria, the final selection process will also include consideration of diversity of the study population and sensitivity to measurement issues to be studied. Peer review recommendations, in conjunction with the results of internal review and any necessary supplementary reviews, will assist the Administrator's consideration of competing applications and selection of the application for funding. The final

award decision will be made by the OJJDP Administrator. Pursuant to section 406(b) and (c), in considering grant applications under this title, the Administrator shall give priority to applicants who have demonstrated or demonstrate ability in: Locating missing children or locating and reuniting missing children with their legal custodians; providing other services to missing children or their families; or conducting research relating to missing children; and which utilize volunteer assistance in providing services to missing children and their families. The Administrator shall give first priority to applicants qualifying with demonstrated ability in locating and reuniting children with their legal custodians and providing other services to missing children or their families.

Furthermore, in order to receive assistance under this title for a fiscal year, applicants shall give assurance that they will expend, to the greatest extent practicable, for such fiscal year an amount of funds (without regard to any funds received under any Federal law) that is not less than the amount of funds they received in the preceding fiscal year from State, local, and private sources.

IX. Procedures and Deadlines for Submission of Applications

A. Applicants must submit the original signed application and three copies to NIJJDP/OJJDP. The necessary forms for applications (Standard Form 424) will be provided upon request.

B. The deadline for receipt of applications is June 30, 1987. All applications must be postmarked by the U.S. Postal Service or hand delivered on or before June 30, 1987. Hand delivered applications must be taken to the NIJJDP/OJJDP between the hours of 8:00 a.m. and 5:00 p.m. except Saturdays, Sundays or Federal holidays.

C. The mailing address for all correspondence (e.g., applications, requests for forms) related to this program announcement is as follows: Catherine P. Sanders, NIJJDP/OJJDP, U.S. Department of Justice, 633 Indiana Avenue, NW., Room 782, Washington, DC 20531.

X. Civil Rights Compliance

A. All recipients of OJJDP assistance must comply with the non-discrimination requirements of the Juvenile Justice and Delinquency Prevention Act of 1974 as amended; Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973 as amended; Title IX of the Education Amendments of 1972; the Age

Discrimination Act of 1975; and the Department of Justice Non-Discrimination Regulations (28 CFR Part 32, Subparts, C, D, E, and G).

B. In the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin or sex against a recipient of funds, the recipient will forward a copy of the finding to the Office of Civil Rights Compliance (CRC) of the Office of Justice Programs.

C. Applicants shall maintain such records and submit to the OJJDP upon request, timely, complete and accurate data establishing the fact that no person or persons will be or have been denied or prohibited from participation in, benefits of, denied or prohibited from obtaining employment in connection with any program activity funded in whole or in part with funds made available under this program because of their race, national origin, sex, religion, handicap or age. In the case of any program under which a primary recipient of Federal funds extends financial assistance to any other recipient or contracts with any other person(s) or group(s) such other

recipient, person(s) or group(s) shall also submit such compliance reports to the primary recipient as may be necessary to enable the primary recipient to assure its civil rights compliance obligations under any grant award.

XI. Footnotes

1. "Child Sexual Abuse and Exploitation and the Particular Vulnerability of Runaway and Abducted Children—Kentucky's Response to a Growing National Tragedy," *Final Report of the Kentucky Task Force on Exploited and Missing Children*, (September, 1983).

2. G.T. Hotelling and D. Finkelhor, *The Sexual Exploitation of Missing Children: A Research Review*, U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, (Washington, DC, October, 1985).

3. M. Agopian, "The Impact on Children of Abduction by Parents," *Child Welfare*, 63(6): 511-519, (1984).

4. G.T. Hotelling and D. Finkelhor, *The Sexual Exploitation of Missing Children: A Research Review*, U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, (Washington, DC, October, 1985).

5. *Ibid.*

6. U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, *America's Missing and Exploited Children: Their Safety and Their Future*, report prepared by the Attorney General's Advisory

Board on Missing Children, (Washington, DC, March, 1986).

7. L. Terr, "Children of Chowchilla: A Study of Psychic Trauma," (1979); "Psychic Trauma in Children: Observations Following the Chowchilla School-bus Kidnapping," *American Journal of Psychiatry*, 138(1), pp. 144-149, (1981); "Chowchilla Revisited: The Effects of Psychic Trauma Four Years After a School-bus Kidnapping," *American Journal of Psychiatry*, 140(12), pp. 1543-1550, (1983); and "Time Sense Following Psychic Trauma: A Clinical Study of Ten Audits and Twenty Children," *American Journal of Orthopsychiatry* 53(2), pp. 244-260, (1983).

8. A.W. Burgess, C.R. Hartman, et al., "The Impact of Child Pornography and Sex Rings on Child Victims and Their Families," In A.W. Burgess, (Ed.) *Child Pornography and Sex Rings*, Lexington, MA: Lexington Books, (1984).

9. G.T. Hotelling and D. Finkelhor, *The Sexual Exploitation of Missing Children: A Research Review*, U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, (Washington, DC, October, 1985).

10. A. Browne and D. Finkelhor, *The Impact of Child Sexual Abuse: A Review of the Research*, Psychological Bulletin (in press), 1986.

Verne L. Speirs,

Acting Administrator, Office of Juvenile Justice and Delinquency Prevention.

[FR Doc. 87-12592 Filed 6-2-87; 8:45 am]

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Test Report Federal Register

Wednesday
June 3, 1987

Part IX

Department of Transportation

Federal Aviation Administration

14 CFR Part 121

Mandatory Reporting for Emergency
Evacuation and Components; Notice of
Proposed Rulemaking

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 121

[Docket No. 25289; NPRM 87-5]

Mandatory Reporting for Emergency Evacuation Systems and Components

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of Proposed Rulemaking (NPRM).

SUMMARY: This notice proposes to amend the mechanical reliability reporting requirement contained in Part 121 of the Federal Aviation Regulations to require certificate holders to report each failure, malfunction, or defect of emergency evacuation systems and components. This action is necessary to collect, record, analyze, and disseminate data concerning those failures, malfunctions, or defects that occur during training, testing, or actual emergency conditions to improve the levels of emergency evacuation system reliability and safety.

DATE: Comments must be received on or before August 3, 1987.

ADDRESS: Comments on the proposal are to be marked "Docket No. 25289" and mailed in duplicate to: Federal Aviation Administration, Office of the Chief Counsel, Attn: Rules Docket (AGC-204), Docket No. 25289, 800 Independence Avenue, SW., Washington, DC 20591. Comments may be inspected at Room 916 on weekdays, except Federal holidays, between 8:30 a.m. and 5 p.m.

FOR FURTHER INFORMATION CONTACT: George R. Johnson, Project Development Branch (AFS-360), Office of Flight Standards, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591. Telephone (202) 267-3798.

SUPPLEMENTARY INFORMATION:**Comments Invited**

Interested persons are invited to participate in this rulemaking by submitting written data, views, or arguments and by commenting on the possible environmental, energy, or economic impact of this proposal. The comments should carry the regulatory docket or notice number and be submitted in duplicate to the address above. All comments received as well as a report summarizing any substantive public contact with Federal Aviation Administration (FAA) personnel on this rulemaking will be filed in the docket. The docket is available for public

inspection both before and after the closing date for making comments.

Before taking any final action on the proposal, the Administrator will consider any comments made on or before the closing date for comments. The proposal may be changed in light of comments received. The FAA will acknowledge receipt of a comment if the commenter submits with the comment a self-addressed, stamped postcard on which the following statement is made "Comment to Docket No. 25289." When the comment is received, the postcard will be dated, time stamped, and returned to the commenter.

Availability of NPRM

Any person may obtain a copy of this notice of proposed rulemaking (NPRM) by submitting a request to the Federal Aviation Administration, Office of Public Affairs, Attn: Public Inquiry Center, APA-230, 800 Independence Avenue, SW., Washington, DC 20591, or by calling (202) 267-3484. Requests should be identified by the docket number of this proposed rule. Persons interested in being placed on a mailing list for future proposed rules should also request a copy of Advisory Circular No. 11-2A, Notice of Proposed Rulemaking Distribution System, which describes the application procedure.

Background

Section 121.703(a) of the Federal Aviation Regulations (FAR) requires each certificate holder to report the occurrence or detection of failures, malfunctions, or defects in 16 specified categories. Section 121.703(c) requires the certificate holder to report any other failure, malfunction or defect in an aircraft that occurs, or is detected at any time if, in its opinion, that failure, malfunction or defect has endangered or may endanger the safe operation of an aircraft used by the certificate holder.

The ability to evacuate an airplane safely and quickly during an emergency is a major concern to the FAA, the aviation industry, and the public. As part of an effort to collect information about and address these concerns, the FAA sponsored a technical conference in Seattle, Washington, from September 3-6, 1985, related to emergency evacuation of transport category airplanes. Discussions covered the number, capacity, distribution, and marking of emergency exits, full-scale evacuation demonstrations, the validity of the data derived from full-scale evacuation tests versus that data obtained from analysis, and the criteria to be used to decide when the analysis method would be acceptable in lieu of a full-scale demonstration. The

discussions also covered escape slides and the design standards and certification testing requirements for these slides, slide maintenance failure reporting and other related topics. Working groups were established to review and discuss existing regulations in Parts 25 and 121 of the FAR and recommend regulatory and nonregulatory changes.

During the conference, a representative from a leading manufacturer stated that its testing of transport category airplane cabin evacuation slides resulted in a 90 percent success rate. Airline pilots, cabin crewmembers, and maintenance personnel presented a different view, referring to the general unreliability of evacuation slides.

Several comments were made about the lack of, or inadequate, reporting of failures, malfunctions, and defects of emergency evacuation systems and components (such as evacuation slides, gas bottles, cables, doors indicators, motors, clips, girth bar attachments, etc.). Discussion focused on the present Service Difficulty Report System, the collection and disposition of those reports, the malfunctions and defects that are not presently reported, and potential solutions to the problems discussed.

Members of groups representing flight attendants, the National Transportation Safety Board, and the National Transportation Safety Association stated their concerns that failures, malfunctions, or defects of evacuation systems or components are not being reported to the FAA, thus creating a vacuum of knowledge.

The process by which failures, malfunctions, or defects are presently reported was criticized for excluding a large number of events such as the inadvertent deployment of evacuation slides during cabin safety demonstrations or maintenance checks and overhauls. Representatives from the FAA and other organizations expressed concern that regulatory authorities were unaware of emergency evacuation system incidents taking place in the field and that some of this information may be significant to safety.

There has also been legislative concern regarding the safe evacuation of aircraft. A congressional hearing on this matter was held by the Subcommittee on Investigations and Oversight of the House Committee on Public Works and Transportation on June 24 to 26, 1985.

The Mechanical Reliability Reports (MRR's) and Service Difficulty Reports (SDR's) are utilized by the FAA primarily as a maintenance and

continued airworthiness surveillance tool and published in the Aviation Standards Service Difficulty Report Summary by FAA's Aviation Standards National Field Office at Oklahoma City, Oklahoma. This summary consists of air carrier MMR's and is available to FAA personnel, industry affiliates, and others with a need for access to the information. This information provides the FAA with reliability and airworthiness statistical data necessary for planning, directing, controlling, and evaluating certain aircraft products such as emergency evacuation systems and components. This system also provides a means for measuring the effectiveness of the self-evaluation techniques being employed by certain segments of the civil aviation industry.

Discussion of the Proposal

Current § 121.703(a) would be amended to require each certificate holder to report all failures, malfunctions, or defects of emergency evacuation systems or components that are found defective or which fail to perform their intended function during demonstrations, testing, or actual emergency situations.

A review of service difficulty records for evacuation slides revealed only 106 reports submitted by air carriers between January 1, 1980 and November 8, 1985. Based on this relatively low number of reports, it appears that certificate holders have not consistently reported failures, malfunctions or defects in their emergency evacuation systems. In addition, review of those reports filed reveals that there is no standardization of what is reported.

This proposal would amend § 121.703(a) by adding a new paragraph (17) to specifically require certificate holders to report the occurrence or detection of each failure, malfunction or defect of its aircraft's emergency evacuation systems and components. This proposal would clarify what to report so that a data base can be established that will provide trend information. Corrective action in the form of redesign, maintenance/operational/procedural changes, adjusted inspection intervals and training programs would be the results of the analysis of this data base. The FAA intends to enlarge the data base for reporting and make it available to airlines and manufacturers.

Regulatory Evaluation

This regulatory evaluation examines the benefit and cost elements of a Notice of Proposed Rulemaking to establish mandatory reporting for emergency evacuation systems and

components. The notice proposes to amend Part 121 of the FAR, to require each certificate holder to report all failures, malfunctions or defects of emergency evacuation systems and components. This action is necessary to collect, record, analyze, and disseminate data concerning those failures, malfunctions, or defects that occur during training, testing, or actual emergency conditions, to improve the levels of reliability and safety. At present, air carriers and airmen report these malfunctions on a voluntary basis. There have been 106 voluntary reports between 1980 and 1985.

The proposed amendment was prompted largely as a result of concerns expressed by members of groups representing flight attendants, the National Transportation Safety Board, and the National Transportation Safety Association. Members of these groups stated that failures, malfunctions, or defects of evacuation systems and components are not being adequately reported to the FAA.

The FAA estimates that potential benefits expected to accrue from implementation of the proposed rule would range between \$2,600 and \$131,000 annually as a result of enhanced safety. Such safety enhancements would take the form of reduced likelihood of injuries (minor and serious) and fatalities during emergency evacuations on air carriers, primarily as a result of survivable post-crash ground fires due to malfunctions or defects in emergency evacuation equipment.

The FAA estimated that the total incremental cost of compliance expected to accrue from implementation of the proposed rule would range between \$25 and \$90 annually (in 1985 dollars) per operator. This cost assessment is based on information received from personnel at the FAA's Aviation Standards National Field Offices in Oklahoma City, Oklahoma, and is the estimated expense for additional form preparation and record keeping.

On balance, the FAA estimates that this notice would be cost-beneficial.

The regulatory evaluation that has been placed in the docket contains additional details relating to costs and benefits.

International Trade Impact Statement

The proposed rule is not expected to have an adverse impact on the trade opportunities for U.S. firms doing business abroad or on foreign firms doing business in the United States. The rule would only impact scheduled operators of U.S.-registered aircraft such as turbojet and turboprop aircraft who report deficiencies in their emergency

evacuation systems and components to the FAA.

Regulatory Flexibility Determination

The FAA has determined that under the criteria of the Regulatory Flexibility Act of 1980, the proposed rule would not have a significant economic impact on a substantial number of small entities. All of the small entities potentially impacted by the rule would represent operators of scheduled aircraft for hire, with nine or less aircraft owned, but not necessarily operated.

Based upon a comparison of the upper range of the total annual incremental cost of compliance (\$90) and the annualized threshold of significant impact (\$51,000), the FAA concludes that a substantial number of small entities would not be significantly impacted by the proposed rule.

Conclusion

This proposal, if adopted, would enable the FAA to achieve prompt and appropriate correction of conditions adversely affecting continued airworthiness of emergency evacuation systems and components, through the collection of service difficulty reports, their consolidation and collation in a common data bank, analysis of that data, and the rapid dissemination of trends, problems, and alert information to the appropriate segments of the aviation community and the FAA.

It proposes only one substantive change which would provide benefits with negligible costs to the aviation public. The proposed amendment will provide benefits by establishing mandatory reporting requirements that will enhance the reliability of the data base for emergency evacuation systems and components.

Because this proposal, if adopted, is not likely to result in an annual effect on the economy of \$100 million or more, or a major increase in costs for consumers, industry, or Federal, State, or local government agencies, it has been determined that it is not a major proposal under Executive Order 12291. In addition, the proposal, if adopted, would have little or no impact on trade opportunities for U.S. firms doing business overseas or for foreign firms doing business in the United States. The FAA has determined that this action is not significant under Department of Transportation Regulatory Policies and Procedures (44 FR 11034; February 26, 1979). In addition, as noted above, the FAA certifies that under the criteria of the Regulatory Flexibility Act, this proposed regulation, if promulgated, will not have a significant economic impact

on a substantial number of small entities.

A draft regulatory evaluation of the proposal, including a Regulatory Flexibility determination and Trade Impact assessment, has been placed in the regulatory docket. A copy may be obtained by contacting the person identified under "FOR FURTHER INFORMATION CONTACT."

Paperwork Reduction Act

Information collection requirements in § 121.703(a) have been approved previously by the Office of Management and Budget under the provisions of the Paperwork Reduction Act of 1980 (Pub. L. 96-511) and have been assigned OMB control number 2120-0008.

List of Subjects in 14 CFR Part 121

Aviation safety, Safety, Air carrier, Air transportation, Airplanes, Transportation, Common carriers.

The Proposed Rule

Accordingly, the Federal Aviation Administration proposes to amend Part 121 of the Federal Aviation Regulations (14 CFR Part 121) as follows:

PART 121—CERTIFICATION AND OPERATIONS: DOMESTIC, FLAG, AND SUPPLEMENTAL AIR CARRIERS AND COMMERCIAL OPERATORS OF LARGE AIRCRAFT

1. The authority citation for Part 121 is revised to read as follows:

Authority: 49 U.S.C. 1354(a), 1355, 1356, 1357, 1401, 1421-1430, 1472, 1485, and 1502; 49 U.S.C. 106(g) (Revised, Pub. L. 97-449, January 12, 1983).

2. By amending § 121.703 by removing the word "and" at the end of paragraph (a)(15); by removing the period at the end of paragraph (a)(16) and inserting ";

and" in its place; and by adding a new paragraph (a)(17) to read as follows:

§ 121.703 Mechanical reliability reports.

(a) * * *

(17) Emergency evacuation systems or components including all exit doors, passenger emergency evacuation lighting systems, or evacuation equipment that are found defective, or that fail to perform the intended functions during an actual emergency or during training, testing, maintenance, demonstrations, or inadvertent deployments.

* * * * *

Issued in Washington, DC, on May 22, 1987.

William T. Brennan,

Acting Director of Flight Standards.

[FR Doc. 87-12520 Filed 6-2-87; 8:45 am]

BILLING CODE 4910-13-M

Best Great Federal Register

Wednesday
June 3, 1987

Part X

Department of Health and Human Services

Public Health Service

42 CFR Part 57

Health Professions Student Loan Program; Final Rule and Notice of Proposed Rulemaking

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Health Service

42 CFR Part 57

Health Professions Student Loan Program

AGENCY: Public Health Service, HHS.

ACTION: Final regulations.

SUMMARY: This rule revises existing regulations governing the Health Professions Student Loan (HPSL) program to conform those regulations with amendments made to the Public Health Service Act by Pub. L. 99-129, the Health Professions Training Assistance Act of 1985, and Pub. L. 99-92, the Nurse Education Amendments of 1985.

EFFECTIVE DATE: These regulations are effective June 3, 1987.

FOR FURTHER INFORMATION CONTACT: Ms. Peggy Washburn, Chief, Program Development Branch, Division of Student Assistance, Bureau of Health Professions, Parklawn Building, Room 8-48, 5600 Fishers Lane, Rockville, Maryland 20857; telephone number: 301 443-4540.

SUPPLEMENTARY INFORMATION: Public Law 99-129, the Health Professions Training Assistance Act of 1985, made numerous amendments to the HPSL statute, sections 740-747 of the Public Health Service Act (the Act). These final regulations incorporate into the existing HPSL regulations those changes necessary to conform the regulations with amendments made by Pub. L. 99-129, and therefore do not require public comment before implementation. These regulatory amendments also provide that a school may, upon request, obtain a defaulted borrower's address as obtained from the Internal Revenue Service, and include the longstanding requirement that schools must comply with Truth in Lending Regulation Z (12 CFR Part 226). The amendments are described below according to the section of the HPSL regulations which they affect.

Section 57.202 Definitions.

The Secretary has added to this section of the regulations definitions for "default" and "grace period," and has amended the definition of "health professions school" to include doctoral pharmacy programs. These definitions are consistent with amendments to the Act made by Pub. L. 99-129.

Section 57.206 Eligibility and selection of health professions student loan applicants.

Section 57.206(a)(1)(v): The Secretary is amending this section to include a new paragraph (v) which implements the statutory requirement (section 741(b)(3) of the Act) that an HPSL applicant who is required under section 3 of the Military Selective Service Act to register for the draft must have complied with this requirement to be eligible to receive HPSL funds.

Section 57.208 Health professions student loan promissory note and disclosure requirements.

The Secretary is revising the title of this section and adding new paragraphs (c)(1) and (c)(2) to incorporate the disclosure requirements in Pub. L. 99-129, which apply to any HPSL loan made after June 30, 1986 (section 745 of the Act). Paragraph (c)(1) sets forth information that the school must provide to the borrower at the time the loan is made. This information may be provided in the promissory note, the disclosure statement required by Truth in Lending Regulation Z, or a separate written statement. Paragraph (c)(2) sets forth information that the school must provide to the borrower prior to the completion or termination of the borrower's studies at the school.

The Secretary has also included a new paragraph (c)(3) which states the requirement that a school must comply with Truth in Lending Regulation Z. Although not previously referenced in the HPSL regulations, these requirements have been applicable to the HPSL program since their inception. The Secretary is including this paragraph to clarify that the disclosure requirements of Pub. L. 99-129 are in addition to, rather than in place of, the requirements of Truth in Lending Regulation Z.

Section 57.210 Repayment and collection of health professions student loans.

The Secretary is amending paragraph (b)(2) to include the revised late charge provision in Pub. L. 99-129 (section 741(j) of the Act), which provides that, for loans made on or after October 22, 1985, the school must charge a penalty not to exceed 6 percent of the installment payment on any loan that is more than 60 days past due, but is prohibited from charging a penalty on any loan that is 60 days or less past due. In response to some confusion regarding the calculation of the late charge under this provision, the regulations clarify that the charge cannot exceed 6 percent

of the amount due at the time the charge is calculated. The regulatory provision gives the school discretion, in accordance with the statute, in determining the amount of the charge within the 6 percent maximum, and thus allows the school to decide: (1) Whether to assess the charge on a percentage basis, as a flat dollar amount, or as a combination of the two; and (2) whether to calculate the charge on the total amount due at the time the charge is calculated or on a portion of the amount due.

As authorized in Pub. L. 99-92 (section 6103(m)(5) of the Internal Revenue Code of 1954), the Secretary is adding a new paragraph (b)(5) which states that the Secretary may request from the Internal Revenue Service (IRS) the address of a defaulted HPSL borrower. This information may be disclosed by the Secretary to the school from which the borrower received the HPSL loan for the purpose of locating the defaulted borrower to collect the loan. This provision also requires that any school which requests address information from IRS records must comply with the requirements of the Secretary and the IRS regarding the safeguarding and proper handling of this information.

Section 57.216a Performance standard.

In accordance with Pub. L. 99-129 (section 740(c) of the Act), the Secretary is amending this section to include the statutory default formula.

Since these regulations include only necessary revisions to conform the HPSL regulations with statutory amendments, the Secretary has determined pursuant to 5 U.S.C. 553 and departmental policy that it is unnecessary and impractical to follow proposed rulemaking procedures.

Regulatory Flexibility Act and Executive Order 12291

The Department believes that the resources required to implement the requirements in these regulations are minimal in comparison to the overall resources of health professions schools. Therefore, in accordance with the requirements of the Regulatory Flexibility Act of 1980, the Secretary certifies that these regulations will not have a significant impact on a substantial number of health professions schools.

The Department has also determined that this rule is not a major rule under Executive Order 12291; therefore, a regulatory impact analysis is not required. In addition, the rule will not exceed the threshold level of \$100

million established in section (b) of Executive Order 12291.

Paperwork Reduction Act

These regulations contain an information collection in § 57.208(c) which has been submitted to the Office of Management and Budget (OMB) for approval under section 3507 of the Paperwork Reduction Act of 1980. This regulatory information collection requirement will not be effective until the Department obtains OMB approval, at which time a notice will be published in the *Federal Register* to notify the public of such action.

List of Subjects in 42 CFR Part 57

Dental health, Education of disadvantaged, Educational facilities, Educational study programs, Emergency medical services, Grant programs—education, Grant programs—health, Health facilities, Health professions, Loan programs—health, Medical and dental schools, Scholarships and fellowships, Student aid.

Accordingly, Subpart C of 42 CFR Part 57 is amended as follows:

Dated: November 6, 1986.

Robert E. Windom,

Assistant Secretary for Health.

Approved: January 14, 1987.

Otis R. Bowen,

Secretary.

(Catalog of Federal Domestic Assistance, No. 13.342, Health Professions Student Loan Program)

PART 57—[AMENDED]

Subpart C—Health Professions Student Loans

1. The authority for Subpart C is revised to read as follows:

Authority. Sec. 215, Public Health Service Act, 58 Stat. 690, as amended, 63 Stat. 35 (42 U.S.C. 216); secs. 740–747, Public Health Service Act, 77 Stat. 170–173, 90 Stat. 2266–2268, 91 Stat. 390–391, 95 Stat. 920, 99 Stat. 532–536 (42 U.S.C. 294m–q).

2. Section 57.202 is amended by revising the definition of "health professions school" and adding definitions for "default" and "grace period" as follows:

§ 57.202 Definitions.

"Default" means the failure of a borrower of a loan made under this subpart to make an installment payment when due, or comply with any other term of the promissory note for such loan, except that a loan made under this subpart shall not be considered to be in default if the loan is discharged in

bankruptcy or if the school reasonably concludes from written contacts with the borrower that the borrower intends to repay the loan.

"Grace period" means the period of 1 year beginning on the date upon which a student ceases to be a full-time student at a school of medicine, osteopathic medicine, dentistry, pharmacy, podiatry, optometry, or veterinary medicine.

"Health professions school" or "school" means a public or private nonprofit school of medicine, school of dentistry, school of osteopathic medicine, school of podiatry, school of optometry, or school of veterinary medicine as defined in section 701(4) of the Act, or a school of pharmacy as defined in section 747 of the Act.

3. Section 57.206 is amended by revising paragraphs (a)(1) (iii) and (iv) and adding a new paragraph (a)(1)(v) as follows:

§ 57.206 Eligibility and selection of health professions student loan applicants.

(a) * * *

(1) * * *

(iii) In need of the amount of the loan to pursue a full-time course of study at the school;

(iv) Of exceptional financial need in the case of students of medicine or osteopathic medicine. A student will be considered to demonstrate exceptional financial need if the school determines that his or her resources, as described in paragraph (b)(1) of this section, do not exceed the lesser of \$5,000 or one-half of the costs of attendance at the school. Summer earnings, educational loans, veterans (G.I.) benefits and earnings during the school year will not be considered as resources in determining whether an applicant meets the eligibility criteria for exceptional financial need; and

(v) In compliance with the requirement to register for the draft, if required to do so under section 3 of the Military Selective Service Act.

4. Section 57.208 is amended by revising the heading of this section and adding new paragraph (c) as follows:

§ 57.208 Health professions student loan promissory note and disclosure requirements.

(c) *Disclosure requirements.* (1) For any loan made after June 30, 1986, the school shall, at the time the loan is made, provide the following loan information to the student:

(i) The yearly and cumulative maximum amounts that may be borrowed by the student;

(ii) The terms which repayment of the loan will begin;

(iii) The maximum number of years in which the loan must be repaid;

(iv) The interest rate that will be paid by the borrower and the minimum amount of the required monthly payment;

(v) The amount of any other fees charged to the borrower by the lender;

(vi) Any options the borrower may have for deferral, cancellation, prepayment, consolidation, or other refinancing of the loan;

(vii) A definition of default on the loan and a specification of the consequences which will result to the borrower if the borrower defaults, including a description of any arrangements which may be made with credit bureau organizations;

(viii) To the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

(ix) A description of the actions that may be taken by the Federal Government to collect the loan, including a description of the type of information concerning the borrower that the Federal Government may disclose to:

(A) Officers, employees, or agents of the Department of Health and Human Services,

(B) Officers, employees, or agents of schools with which the Secretary has an agreement under this subpart, or

(C) Any other person involved in the collection of a loan under this subpart.

(2) For any loan made after June 30, 1986, the school shall, prior to the borrower's completion or termination of studies at the school, provide the following loan information to the student:

(i) Each amount borrowed by the student under this subpart;

(ii) The total amount borrowed by the student under this subpart; and

(iii) A schedule for the repayment of the amounts borrowed under this subpart, including the number, amount, and frequency of payments to be made.

(3) In addition to the requirements set forth in paragraphs (c)(1) and (c)(2) of this section, the school must comply with the applicable requirements of Truth in Lending Regulation Z (12 CFR Part 226).

5. Section 57.210 is amended by revising paragraph (b)(2) and adding paragraph (b)(5) to read as follows:

§ 57.210 Repayment and collection of health professions student loans.

(b) * * *

(2) *Late charge.* (i) For any health professions student loan made after June 30, 1969, but prior to October 22, 1985, the school may fix a charge for failure of the borrower to pay all or any part of an installment when it is due and, in the case of a borrower who is entitled to deferment under section 741(c) of the Act, or cancellation or repayment under section 741(f) of the Act, for any failure to file timely and satisfactory evidence of the entitlement. The amount of the charge may not exceed \$1 for the first month or part of a month by which the installment or evidence is late and \$2 for each succeeding month or part of a month. The school may elect to add the amount of this charge to the principal amount of the loan as of the day after the day on which the installment or evidence was due, or to make the amount of the charge payable to the school no later than the due date of the next installment following receipt of the notice of the charge by the borrower.

(ii) For any health professions student loan made on or after October 22, 1985, the school shall assess a charge for failure of the borrower to pay all or any part of an installment when the loan is more than 60 days past due and, in the case of a borrower who is entitled to deferment under section 741(c) of the Act, for any failure to file satisfactory evidence of the entitlement within 60 days of the date payment would otherwise be due. No charge may be made if the loan is less than 61 days past due. The amount of this charge may not exceed an amount equal to 6 percent of the amount due at the time the charge is calculated. The school may elect to add the amount of this charge to the

principal amount of the loan as of the day on which the charge is calculated, or to make the amount of the charge payable to the school no later than the due date of the next installment following receipt of the notice of the charge by the borrower.

(5) *Disclosure of taxpayer identity information.* Upon written request by the Secretary, the Secretary of the Internal Revenue Service (IRS) may disclose the address of any taxpayer who has defaulted on a health professions student loan, for use only by officers, employees, or agents of the Department, to locate the defaulted borrower to collect the loan. Any such mailing address may be disclosed by the Secretary to any school from which the defaulted borrower received a health professions student loan, for use only by officers, employees, or agents of the school whose duties relate to the collection of health professions student loan funds, to locate the defaulted borrower to collect the loan. Any school which requests and obtains this address information must comply with the requirements of the Secretary and the IRS regarding the safeguarding and proper handling of this information.

6. Section 57.216a is amended by revising the introductory text and paragraphs (a), (b), and (c)(3) as follows:

§ 57.216a Performance standard.

On June 30, 1984, and on each June 30 thereafter, except as provided in paragraph (b) of this section, each school must have a default rate (as calculated under paragraph (a) of this section) of not more than 5 percent.

(a) The default rate for each school shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of the school bears

to the matured loans of the school. For this purpose:

(1) The term "defaulted principal amount outstanding" means the total amount borrowed from the loan fund of a school that has reached the repayment stage (minus any principal amount repaid or canceled) on loans in default for more than 120 days; and

(2) The term "matured loans" means the total principal amount of all loans made by a school under this subpart minus the total principal amount of loans made by the school to students who are:

(i) Enrolled in a full-time course of study at the school; or

(ii) In their grace period.

(b) Any school that has a default rate greater than 5 percent on June 30 of any year will be required to:

(1) Reduce its default rate by 50 percent (or a school with a default rate below 10 percent must reduce its rate to 5 percent) by the close of the following 6-month period; and

(2) By the end of each succeeding 6-month period, reduce its default rate to 50 percent of the required rate for the previous 6-month period, until it reaches 5 percent.

(c) * * *

(3) By the end of the succeeding 6-month period, reduce its default rate to 50 percent of the rate it failed to achieve under paragraph (b) of this section, or 5 percent. A school that meets this requirement will be permitted to resume the use of its health professions student loan funds, but must continue to comply with the requirements of paragraph (b)(2) of this section if its default rate is still greater than 5 percent.

[FR Doc. 87-12604 Filed 6-2-87; 8:45 am]

BILLING CODE 4160-15-M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Health Service

42 CFR Part 57

Health Professions Student Loan Program

AGENCY: Public Health Service, HHS.

ACTION: Notice of proposed rulemaking.

SUMMARY: This proposed rule would amend existing regulations governing the Health Professions Student Loan (HPSL) program to implement amendments made to the Public Health Service Act by Pub. L. 99-129, the Health Professions Training Assistance Act of 1985, to update the definition of exceptional financial need used for determining eligibility for students of medicine and osteopathic medicine, and to require schools to verify, to the best of their ability, the information provided by the student on the loan application.

DATE: Comments on this proposed rule are invited. To be considered, comments must be received by July 20, 1987.

ADDRESSES: Respondents should address written comments to Mr. Thomas D. Hatch, Director, Bureau of Health Professions (BHP), Room 8-05, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland 20857. All comments received will be available for public inspection and copying at the Office of Program Support, BHP, Room 7-74, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland weekdays (Federal holidays excepted) between the hours of 8:30 a.m. and 5:00 p.m.

FOR FURTHER INFORMATION CONTACT: Ms. Peggy Washburn, Chief, Program Development Branch, Division of Student Assistance, BHP, Parklawn Building, Room 8-48, 5600 Fishers Lane, Rockville, Maryland 20857; telephone number: 301 443-4540.

SUPPLEMENTARY INFORMATION: Public Law 99-129, the Health Professions Training Assistance Act of 1985, made numerous amendments to the HPSL statute, sections 740-747 of the Public Health Service Act (the Act). This notice of proposed rulemaking (NPRM) proposes to revise the HPSL regulations to implement certain provisions of Pub. L. 99-129. (The Secretary is publishing concurrently final amendments to the HPSL regulations which implement other provisions of Pub. L. 99-129.) In addition, this NPRM proposes to update the definition of exceptional financial need to reflect increases in educational costs that have occurred since the definition was originally established in 1979, and to require schools to verify, to

the best of their ability, the information provided by the student on the loan application. The proposed amendments are described below according to the section of the regulations which they affect.

Section 57.202 Definitions.

The Secretary is proposing to add to this section a definition of default which is consistent with an amendment to the Act made by Pub. L. 99-129. The definition of default set forth in section 740(c) of the Act excludes from the default category any loan for which the school reasonably concludes from written contacts with the borrower that the borrower intends to repay the loan. The proposed regulatory definition would clarify that if a borrower has failed to make an installment payment when due, the school may exclude the borrower's loan from the default category, based on the borrower's intent to repay, only if: (1) The loan is in forbearance; or (2) the borrower's repayment schedule has been renegotiated and the borrower is complying with the renegotiated schedule.

Section 57.204 Payment of Federal capital contributions.

Section 742(a)(5) of the Act, as amended by Pub. L. 99-129, authorizes the Secretary to reallocate HPSL funds remitted to the Department in any fiscal year to schools which established an HPSL fund during the period between July 1, 1972, and September 30, 1985, provided that the reallocation occurs in the same or the succeeding fiscal year. The Secretary is proposing to amend § 57.204 of the regulations to: (1) Provide for a separate application cycle for these funds, limited to those schools which established an HPSL fund between July 1, 1972, and September 30, 1985; and (2) provide that, when a reallocation occurs, the Secretary will allocate the funds to eligible schools using the same procedure that would be used to allocate new Federal capital contributions, as set forth in § 57.204(a).

Section 57.206 Eligibility and selection of health professions student loan applicants.

Section 57.206(a)(1)(iv): The Secretary is proposing to amend this section to state that a student will be considered to have exceptional financial need if the school determines that his or her resources do not exceed the lesser of \$6,000 or one-half of the costs of attendance at the school. This amendment would increase the maximum allowable level of resources from \$5,000 to \$6,000 to correspond with

increases in the average costs of attendance at public schools of medicine.

When the \$5,000 level was established in 1979, it was equivalent to approximately 50 percent of the average cost of attendance at schools of medicine (\$9,260 during academic year 1977-78, based on data from the Association of American Medical Colleges (AAMC)). More recent data from the AAMC indicate that the average cost of attendance for an in-state student attending a public medical school during academic year 1985-86 had increased to \$11,621, while the comparable cost for a student attending a private medical school was \$22,306. Because there is such a disparity between the average costs of attendance at public and private medical schools, and to help assure that these funds continue to be limited to students from low-income families, the Secretary is proposing to use the more conservative figure of \$11,621 when updating this definition. The proposed maximum resources a student could have to be considered of exceptional financial need, \$6,000, is based on approximately 50 percent of \$11,621, the average cost of attendance for an in-state student attending a public medical school. However, the Secretary is interested in receiving comments on the proposed increase to \$6,000 and alternative proposals, with supporting rationale.

Section 57.206(d): The Secretary is proposing to add a new paragraph (d) to this section which would require that the school must verify, to the best of its ability, the information provided by the student on the loan application. This provision is intended to further assure that loans are not made to ineligible students and that schools have accurate information from the student for skiptracing purposes.

Section 57.231a Loan cancellation reimbursement.

The Secretary is proposing to amend this section to implement the statutory provision which permits a school to assess a charge on HPSL loans to insure against the loss of its institutional contribution for loans made on or after October 22, 1985, that are canceled due to the borrower's death or permanent and total disability. This replaces the former statutory provision which applied to loans made prior to October 22, 1985, under which the Secretary was authorized to reimburse schools for the institutional share of death or disability cancellations.

The proposed regulatory provision would authorize a school to charge an

insurance premium, not to exceed .3 percent of the loan amount, on loans made on or after the effective date of final regulations implementing the provision. If a school should choose to institute the insurance premium, this provision would require that the funds collected be maintained by the school in an insured, interest-bearing account (with any earned interest credited to this insurance fund) and used only to reimburse the school for the institutional share of any HPSL loan made on or after October 22, 1985 that is canceled due to death or disability. The school would not be required to set up a separate bank account for the funds, but would be required to maintain separate accountability.

The Secretary developed the .3 percent maximum charge for the insurance premium based on 10 percent (the equivalent of the institutional share) of the total dollar amount of HPSL loans canceled for death or disability as of June 30, 1985 (\$3,228,353) compared with the total dollar amount of HPSL loans fully repaid as of June 30, 1985 (\$114,638,877). The Secretary requests that any school that would consider implementing this insurance premium review its institutional records to determine if the .3 percent proposed maximum rate could be expected to adequately cover anticipated losses of institutional funds due to death and disability cancellations. Respondents are asked to provide supporting data based on their schools' death and disability cancellations if they believe that a higher rate is necessary or a lower rate would be more appropriate.

The Secretary notes that loans made prior to October 22, 1985, remain eligible for reimbursement by the Secretary for the institutional share of death and disability cancellations. This reimbursement will continue to be handled in accordance with the previously existing procedure, which would be redesignated as paragraph (a) of this section.

Section 57.215 Records, reports, inspection, and audit.

In accordance with Pub. L. 99-129 (section 746 of the Act), the Secretary is proposing to amend paragraph (a) of this section to implement the provision which allows a school to request a hearing with an administrative law judge prior to being terminated from the HPSL program. To help assure that the hearing process is administered as efficiently and cost-effectively as possible for the schools and the Federal Government, this provision would set forth procedures for determining if a hearing is warranted. These procedures

would require that a school's request for hearing be submitted within 90 days after receipt of written notice from the Secretary specifying his or her intention to terminate the school's participation in the program, and contain a statement of the material factual issues in dispute to demonstrate that there is cause for a hearing. The Secretary would be authorized to deny a hearing if: (1) the request for a hearing was untimely; (2) the school did not provide a statement of material factual issues in dispute; or (3) the statement of factual issues in dispute was frivolous or inconsequential. Schools should be aware that the existing regulatory provisions have the effect of law and are not subject to dispute (i.e., they cannot be modified through a hearing before an administrative law judge).

This provision would also provide that the hearings be held in the Washington, DC metropolitan area. The Secretary has determined that this is necessary because of the possibility that a large number of schools could request hearings within a short time period, making it impossible for the Department to schedule and attend hearings in other locations in a timely manner.

Section 57.216a Performance standard.

In accordance with Pub. L. 99-129 (section 746 of the Act), the Secretary is proposing to amend paragraph (d) of this section to implement the provision which allows a school to request a hearing with an administrative law judge prior to being terminated from the HPSL program. This provision is identical to the hearing provision described above for § 57.215.

Regulatory Flexibility Act and Executive Order 12291

The Department believes that the resources required to implement the proposed requirements in these regulations are minimal in comparison to the overall resources of the schools. Therefore, in accordance with the requirements of the Regulatory Flexibility Act of 1980, the Secretary certifies that these regulations will not have a significant impact on a substantial number of HPSL schools.

The Department has also determined that this rule is not a major rule under Executive Order 12291; therefore, a regulatory impact analysis is not required. In addition, the rule will not exceed the threshold level of \$100 million established in section (b) of Executive Order 12291.

Paperwork Reduction Act

Section 57.215(a)(3) contains an information collection requirement

subject to Office of Management and Budget (OMB) approval under the Paperwork Reduction Act of 1980. OMB has approved this information collection under control number 0915-0094. Sections 57.215(a)(2) and 57.216a(d) also contain information collections similarly subject to OMB approval. We have submitted a copy of this proposed rule to OMB for review of these information collections. Other organizations and individuals desiring to submit comments on the information collections should direct them to the agency office designated for this purpose whose name appears earlier in this preamble, and to the Office of Information and Regulatory Affairs, OMB, New Executive Office Building (Room 3208), Washington, DC 20503, Attention: Desk Officer for HHS.

List of Subjects in 42 CFR Part 57

Dental health, Education of disadvantaged, Educational facilities, Educational study programs, Emergency medical services, Grant programs—education, Grant programs—health, Health facilities, Health professions, Loan programs—health, Medical and dental schools, Scholarships and fellowships, Student aid.

Accordingly, Subpart C of 42 CFR Part 57 is proposed to be amended as follows:

Dated: November 8, 1986.

Robert E. Windom,
Assistant Secretary for Health.

Approved: January 14, 1987.

Otis R. Bowen,
Secretary.

(Catalog of Federal Domestic Assistance, No. 13.342, Health Professions Student Loan Program)

PART 57—[AMENDED]

Subpart C—Health Professions Students Loans

1. The authority for Subpart C is revised to read as follows:

Authority: Sec. 215, Public Health Service Act, 58 Stat. 690, as amended, 63 Stat. 35 [42 U.S.C. 216]; secs. 740-747, Public Health Service Act, 77 Stat. 170-173, 90 Stat. 2266-2268, 91 Stat. 390-391, 95 Stat. 920, 99 Stat. 532-536 (42 U.S.C. 294m-q).

2. Section 57.202 is amended by adding a definition for "default" as follows:

§ 57.202 Definitions.

"Default" means the failure of a borrower of a loan made under this subpart to make an installment payment when due, or comply with any other term of the promissory note for such

loan, except that a loan made under this subpart shall not be considered to be in default if the loan is discharged in bankruptcy, the borrower's repayment schedule has been renegotiated and the borrower is complying with the renegotiated schedule, or the loan is in forbearance.

3. Section 57.204 is amended by revising the heading of the section and adding a new paragraph (c) as follows:

§ 57.204 Payment of Federal capital contributions and reallocation of funds remitted to the Secretary.

(c) *Reallocation of funds remitted to the Secretary.* All funds from a student loan fund established under this subpart which are remitted to the Secretary in any fiscal year shall be available for allotment under this subpart, in the same fiscal year and the succeeding fiscal year, to schools which, during the period beginning on July 1, 1972, and ending on September 30, 1985, established student loan funds with Federal capital contributions under this subpart. The Secretary will from time to time set dates by which the schools must file applications to receive a portion of these funds. If the total of the amounts requested for any fiscal year by eligible schools exceeds the amount of funds determined by the Secretary at the time of payment to be available for this purpose, the payment to each school will be reduced to whichever is smaller:

- (1) The amount requested in the application, or
- (2) An amount which bears the same ratio to the total amount of returned funds determined by the Secretary at the time of payment to be available for that fiscal year for the Health Professions Student Loan program as the number of full-time students estimated by the Secretary to be enrolled in that school bears to the estimated total number of full-time students in all eligible schools during that year. Amounts remaining after these payments are made will be distributed in accordance with this paragraph among schools whose applications requested more than the amount paid to them, with whatever adjustments may be necessary to prevent the total paid to any school from exceeding the total requested by it.

4. Section 57.206 is amended by revising paragraph (a)(1)(iv) and adding a new paragraph (d) as follows:

§ 57.206 Eligibility and selection of health professions student loan applicants.

- (a) * * *
- (1) * * *

(iv) Of exceptional financial need in the case of students of medicine or osteopathic medicine. A student will be considered to demonstrate exceptional financial need if the school determines that his or her resources, as described in paragraph (b)(1) of this section, do not exceed the lesser of \$6,000 or one-half of the costs of attendance at the school. Summer earnings, educational loans, veterans (G.I.) benefits and earnings during the school year will not be considered as resources in determining whether an applicant meets the eligibility criteria for exceptional financial need; and

(d) *Verification of loan information.* The school must verify, to the best of its ability, the information provided by the student on the loan application.

5. Section 57.213a is revised as follows:

§ 57.213a Loan cancellation reimbursement.

(a) For loans made prior to October 22, 1985, in the event that insufficient funds are available to the Secretary in any fiscal year to enable him or her to pay to all schools their proportionate shares of all loans and interest canceled under this subpart for practice in a shortage area, death, or disability:

- (1) Each school will be paid an amount bearing the same ratio to the total of the funds available for that purpose as the principal of loans canceled by that school in that fiscal year bears to the total principal of loans canceled by all schools in that year; and
- (2) Any additional amounts to which a school is entitled will be paid by the Secretary at the time of distribution of the assets of the school's Fund under section 743 of the Act.

(b) For loans made on or after October 22, 1985, a school may assess the borrower a charge to insure against the loss of the institutional share of a loan canceled due to the borrower's death or permanent and total disability. This charge may not exceed .3 percent of the loan amount. Funds collected under this provision must be maintained by the school in an insured, interest-bearing account (with any earned interest credited to this insurance fund), and used only to reimburse the school for the institutional share of any HPSL loan made on or after October 22, 1985 that is canceled due to the borrower's death or permanent and total disability. A school is not required to set up a separate bank account for these funds, but is required to maintain separate accountability for them.

6. Section 57.215 is amended by revising paragraph (a) as follows:

§ 57.215 Records, reports, inspections, and audit.

(a) Each Federal capital contribution and Federal capital loan is subject to the condition that the school must maintain those records and file with the Secretary those reports relating to the operation of its health professions student loan funds as the Secretary may find necessary to carry out the purposes of the Act and these regulations. A school must submit required reports to the Secretary within 45 days of the close of the reporting period.

(1) A school which fails to submit a required report for its Federal capital contribution fund within 45 days of the close of the reporting period:

- (i) Shall be prohibited from receiving new Federal capital contributions;
- (ii) Must place the revolving fund and all subsequent collections in an insured interest-bearing account; and
- (iii) may make no loan disbursements. The above restrictions apply until the Secretary determines that the school is in compliance with the reporting requirement.

(2) A school that fails to submit a complete report within 6 months of the close of the reporting period will be subject to termination. The Secretary will provide the school with a written notice specifying his or her intention to terminate the school's participation in the program and stating that the school may request, within 90 days after the receipt of this notice, a formal hearing with respect to termination. The request for hearing must contain a statement of the material factual issues in dispute to demonstrate that there is cause for a hearing. These issues must be both substantive and relevant. The hearing will be held in the Washington, DC metropolitan area. The Secretary will deny a hearing if:

- (i) The request for a hearing is untimely;
- (ii) The school does not provide a statement of material factual issues in dispute; or
- (iii) The statement of factual issues in dispute is frivolous or inconsequential.

In the event that the Secretary denies a hearing, the Secretary will send a written denial to the school setting forth the reasons for denial. If a hearing is denied, or if as a result of the hearing termination is still determined to be necessary, the school will be terminated from participation in the program and will be required to return the Federal share of the revolving fund to the Department. A school terminated for this reason may reapply for participation in the program once it has submitted the overdue report.

(3) The school must also comply with the requirements of 45 CFR Part 74 and section 705 of the Act concerning recordkeeping, audit, and inspection.

* * * * *

(Approved by the Office of Management and Budget under control number 0915-0094)

7. Section 57.216a is amended by revising paragraph (d) as follows:

§ 57.216a Performance standard.

* * * * *

(d) Any school subject to the provisions of paragraph (c)(3) of this section which fails to comply with those requirements will be subject to termination. The Secretary will provide the school with a written notice specifying his or her intention to

terminate the school's participation in the program and stating that the school may request, within 90 days after the receipt of this notice, a formal hearing with respect to termination. The request for hearing must contain a statement of the material factual issues in dispute to demonstrate that there is cause for a hearing. These issues must be both substantive and relevant. The hearing will be held in the Washington, DC metropolitan area. The Secretary will deny a hearing if:

(1) The request for a hearing is untimely;

(2) The school does not provide a statement of material factual issues in dispute; or

(3) The statement of factual issues in dispute is frivolous or inconsequential

In the event that the Secretary denies a hearing, the Secretary will send a written denial to the school setting forth the reasons for denial. If a hearing is denied, or if as a result of the hearing termination is still determined to be necessary, the school will be terminated from participation in the program and will be required to return the Federal share of the revolving fund to the Department. A school terminated for this reason must continue to pursue collections and may reapply for participation in the program only when it has attained a default rate of 5 percent or less.

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