

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## OFFICE OF MANAGEMENT AND BUDGET

### 2 CFR Subtitles A and B

#### Office of Federal Financial Management; Government-wide Guidance for Grants and Agreements

**AGENCY:** Office of Federal Financial Management, Office of Management and Budget (OMB), Executive Office of the President.

**ACTION:** Notice of proposed relocation of policy guidance for grants and other agreements.

**SUMMARY:** OMB proposes two changes to the framework of Federal government policies for grants and other financial assistance and nonprocurement agreements that will make it easier for applicants and recipients to use the policies.

First, OMB proposes to publish in a single title in the Code of Federal Regulations (CFR) its guidance to Federal agencies for grants and agreements that is currently located in seven separate OMB circulars and other policy documents.

Second, OMB proposes to create in the same new title of the CFR a subtitle in which Federal agencies will co-locate their regulations for the award and administration of grants and agreements.

**DATES:** All comments on this proposal should be in writing, and must be received by July 7, 2003.

**ADDRESSES:** Due to potential delays in OMB's receipt and processing of mail sent through the U.S. Postal Service, we encourage respondents to submit comments electronically to ensure timely receipt. We cannot guarantee that comments mailed will be received before the comment closing date. Electronic mail comments may be submitted to: [ephillip@omb.eop.gov](mailto:ephillip@omb.eop.gov). Please include "Relocating Grant Policy" in the subject line and the full body of your comments in the text of the electronic message and as an attachment. Please include your name,

title, organization, postal address, telephone number, and E-mail address in the text of the message. Comments may also be submitted via facsimile to 202-395-3952. Comments may be mailed to Elizabeth Phillips, Office of Federal Financial Management, Office of Management and Budget, Room 6025, New Executive Office Building, 725 17th Street, NW., Washington, DC 20503.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Phillips, Office of Federal Financial Management, Office of Management and Budget, telephone 202-395-3053 (direct) or 202-395-3993 (main office) and e-mail: [ephillip@omb.eop.gov](mailto:ephillip@omb.eop.gov).

**SUPPLEMENTARY INFORMATION:** This **Federal Register** document seeks public comment on two proposed changes to the Federal government's policy framework for grants and agreements. As discussed in the following sections, the proposed changes provide a good foundation for future streamlining and simplification of the policy framework that may be accomplished through the implementation of the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L. 106-107).

#### I. First Proposal: Publish OMB's Guidance in the Code of Federal Regulations

OMB's government-wide guidance for grants and other financial assistance and nonprocurement agreements currently resides in seven OMB circulars that are accessible at OMB's Internet site and two separate OMB guidance documents that are less easily found. To help make all of the guidance easier to use and more accessible for both Federal agencies and recipients of grants and agreements, OMB proposes to publish the separate documents in a single location in the CFR. Although located in the CFR, the nature and status of the OMB guidance will remain the same. The OMB guidance is directed to Federal agencies, which adopt and implement it through regulations or policy documents and require recipients to comply with the agency implementation. The OMB guidance documents are:

For administrative requirements:

- OMB Circular A-102, "Grants and Cooperative Agreements with State and Local Governments," and

- OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations."

These two circulars provide to Federal agencies OMB's guidance related to administrative requirements for grants and agreements with different types of recipients, including States, local governments, Indian Tribal governments, institutions of higher education, hospitals, and other non-profit organizations.

For guidance related to costs:

- OMB Circular A-21, "Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions;"
- OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments;" and
- OMB Circular A-122, "Cost Principles for Non-Profit Organizations."

These three circulars provide guidance related to the costs that may be charged to Federal awards.

For audit guidance:

- OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

A-133 provides guidance implementing the requirements of the Single Audit Act of 1984, as amended (31 U.S.C., Chapter 75).

For other guidance:

- OMB Circular A-89, "Federal Domestic Assistance Program Information," which provides guidance to agencies for implementing the Federal Program Information Act, as amended (31 U.S.C., Chapter 61);
- OMB guidance on nonprocurement suspension and debarment, issued under Section 6 of Executive Order 12549, and last amended on June 26, 1995, at 60 FR 33036, which includes OMB guidance on drug-free workplace that is issued under the Drug-Free Work Place Act of 1988, as amended (41 U.S.C. 701 *et seq.*); and
- OMB guidance on lobbying restrictions (last amended on January 19, 1996, at 61 FR 1412), for Federal agencies' implementation of the requirements of 31 U.S.C. 1352.

### *A. Relationship of First Proposal to Grants Streamlining Under Pub. L. 106–107*

In parallel with this proposal to relocate in the CFR the OMB circulars and guidance documents in their current form, which will make those documents available to the public in a single location, interagency work groups are developing proposals under Public Law 106–107 to streamline the award and administration of Federal grants and agreements. Public comments that OMB and Federal agencies received under Public Law 106–107 noted that the public finds the current policy framework for grants and agreements to be very confusing. The commenters cited a need to better align the various OMB circulars and guidance documents with each other to provide greater commonality in cross-cutting areas like definitions. They also identified a need to make Federal agency regulations that implement the OMB guidance more consistent with that guidance, to make it easier for applicants and recipients to understand their obligations and those of their subrecipients. Therefore, some interagency work group proposals may involve significant revision of current OMB circulars and guidance documents; for example, one group's effort to develop standard award terms and conditions may lead to future proposals to revise the OMB circular guidance on post-award administrative requirements. The proposal in this notice to provide a single CFR location for OMB guidance is a good first step that provides a foundation for any future streamlining of the policy framework. Any revision to an OMB circular or guidance document would be proposed in a **Federal Register** notice separate from this notice, with an opportunity for public comment.

### *B. Structure of 2 CFR To Implement the First Proposal*

OMB proposes to establish a subtitle A for its guidance in Title 2 of the CFR, a title that currently is reserved and that would be redesignated "Government-wide Grants and Agreements." OMB proposes to locate its current circulars and guidance documents within Chapter II of subtitle A. Chapter I would be reserved at this time, as the future location of the OMB guidance after any revisions due to the Public Law 106–107 streamlining efforts.

Subtitle A, Chapter II also will include a part with general information about 2 CFR. That part will address the purpose and scope of the title, the

applicability of the various portions of the OMB guidance to different types of agreements, and the responsibilities of the OMB and Federal agencies with respect to the guidance.

### **II. Second Proposal: Co-Locate OMB Guidance and Related Agency Regulations**

Most Federal agencies issue regulations related to some or all of OMB's government-wide guidance for grants and agreements. Because each agency's regulations currently are in its own title in the CFR, an entity that may receive awards from more than one Federal agency must read regulations in multiple locations in the CFR. To reduce this burden, an interagency working group under the Public Law 106–107 grants streamlining effort recommended that agencies co-locate their implementing regulations with the OMB guidance in Title 2 of the CFR. An applicant or recipient then could more easily find the agencies' implementing regulations, as well as the OMB guidance, in one location.

Note that this proposal entails only Federal agency regulations for nonprocurement instruments. Some portions of the OMB guidance (specifically, the cost principles in OMB Circulars A–21, A–87, and A–122, and the guidance on single audits in OMB Circular A–133) apply to both procurement and nonprocurement instruments. The Federal Acquisition Regulation (FAR) implements those portions for procurement contracts. The current proposal is to co-locate the OMB guidance with agency implementing regulations only for grants and agreements; the proposal would not relocate the implementation of the OMB guidance for procurement contracts, which will continue to be in the FAR.

To accomplish the co-location, OMB proposes to establish a second subtitle in Title 2 of the CFR. Subtitle B would be "Federal Agency Regulations for Grants and Agreements." Ultimately, each Federal agency that has regulations implementing OMB's guidance will establish a chapter in Subtitle B where its regulations will appear. Each agency will be responsible for organizing the subject matter in its chapter.

### **III. Relative Timing of Changes Resulting From First and Second Proposals**

As explained above, OMB is proposing to establish its guidance in 2 CFR in two phases. In the first phase, the circulars and guidance documents would be moved into Chapter II of the

new CFR title in their current form (adapted to CFR codification). In the second phase, after any revisions due to the Public Law 106–107 streamlining effort, they would be moved into Chapter I of the new title.

The timeframe for agencies to complete their move of regulations would correspond to the second of the two phases. Once OMB establishes the guidance documents in Chapter I, with any revisions, the revised guidance would require agencies to locate their implementing regulations in 2 CFR. Agencies could elect to move existing regulations during the first phase, in parallel with OMB's relocation of current circulars and guidance, but they would not be required to do so.

### **IV. Summary of Proposals**

In summary, OMB proposes to establish in the near term, after considering public comments received in response to this notice:

- Title 2 of the CFR, which would be entitled "Government-wide Grants and Agreements;"
- Subtitle A of Title 2, which would be "Government-wide Guidance for Grants and Agreements;"
- Chapter I of Subtitle A, which would be reserved;
- Chapter II of Subtitle A, which would contain all existing OMB Circulars and other guidance;
- Subchapter A of Chapter II, which would be "General Matters" related to Chapter II.
- Subtitle B of Title 2, which would be "Federal Agency Regulations for Grants and Agreements," where Federal agencies may now choose to locate, and eventually will be required to locate, agency regulations implementing the OMB guidance on the award and administration of grants and agreements.

OMB in the longer term plans to move its guidance, with any revisions resulting from the streamlining under Pub. L. 106–107, to Chapter I of Subtitle A. During that transition, Federal agencies will establish their chapters in Subtitle B and add content to that subtitle.

### **V. Invitation To Comment**

OMB welcomes your input on any aspect of the two proposals described in this notice. You may wish to comment on the merits of either proposal individually or the two in combination.

**Joseph L. Kull,**  
*Deputy Controller.*

TABLE 1.—PROPOSED ORGANIZATION OF TITLE 2

Title 2, Government-wide Grants and Agreements	
Subtitle A—Government-wide Guidance for Grants and Agreements	
Chapter I—[Reserved.]	
Chapter II—Office of Management and Budget Circulars and Guidance	
Subchapter A—General matters	
Part 1—General	
Subchapter B—Circulars	
Subchapter C—Other guidance documents	
Subtitle B—Federal Agency Regulations for Grants and Agreements	
Chapters III and following—Each Federal agency will establish a chapter under Subtitle B for its regulations on grants and agreements	

[FR Doc. 03–14335 Filed 6–5–03; 8:45 am]

BILLING CODE 3110–01–P

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 2003–NE–11–AD]

RIN 2120–AA64

#### Airworthiness Directives; Pratt & Whitney Canada Models PW118, PW120, PW120A, and PW121 Turboprop Engines

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** The FAA proposes to adopt a new airworthiness directive (AD) for Pratt & Whitney Canada (PWC) models PW118, PW120, PW120A, and PW121 turboprop engines. This proposed AD would require replacing the low pressure rotor speed (NL) sensor port sealing tube and reworking or replacing the external air tube connecting the P2.5/P3 switching valve to the rear inlet case. This proposed AD is prompted by a report of an internal oil fire in the engine intercompressor case (ICC). A fire in the ICC could cause the existing tubes to disengage due to melted brazing on the tubes. Once these tubes disengage, the ICC fire then develops into an external fire within the engine nacelle cavity. The actions specified in this proposed AD are intended to prevent fire in the engine nacelle cavity, in-flight engine shutdown, and airplane damage.

**DATES:** We must receive any comments on this proposed AD by August 5, 2003.

**ADDRESSES:** Use one of the following addresses to submit comments on this proposed AD:

- By mail: Federal Aviation Administration (FAA), New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 2003–NE–

11–AD, 12 New England Executive Park, Burlington, MA 01803–5299.

- By fax: (781) 238–7055.

- By e-mail: [9-ane-adcomment@faa.gov](mailto:9-ane-adcomment@faa.gov)

You may get the service information identified in this proposed AD from Pratt & Whitney Canada, Technical Publications Department, 1000 Marie Victorin, Longueuil, Quebec J4G 1A1.

You may examine the AD docket at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA.

**FOR FURTHER INFORMATION CONTACT:** Ian Dargin, Aerospace Engineer, Engine Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803–5299; telephone (781) 238–7178; fax (781) 238–7199.

#### SUPPLEMENTARY INFORMATION:

##### Comments Invited

We invite you to submit any written relevant data, views, or arguments regarding this proposal. Send your comments to an address listed under **ADDRESSES**. Include “AD Docket No. 2003–NE–11–AD” in the subject line of your comments. If you want us to acknowledge receipt of your mailed comments, send us a self-addressed, stamped postcard with the docket number written on it; we will date-stamp your postcard and mail it back to you. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of the proposed AD. If a person contacts us through a nonwritten communication, and that contact relates to a substantive part of this proposed AD, we will summarize the contact and place the summary in the docket. We will consider all comments received by the closing date and may amend the proposed AD in light of those comments.

We are reviewing the writing style we currently use in regulatory documents. We are interested in your comments on whether the style of this document is clear, and your suggestions to improve the clarity of our communications that

affect you. You may get more information about plain language at <http://www.plainlanguage.gov>.

#### Examining the AD Docket

You may examine the AD Docket (including any comments and service information), by appointment, between 8 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. See **ADDRESSES** for the location.

#### Discussion

Transport Canada, which is the airworthiness authority for Canada, recently notified the FAA that an unsafe condition may exist on PWC models PW118, PW120, PW120A, and PW121 turboprop engines. Transport Canada advises that they have received a report of an internal oil fire in the engine ICC. An ICC fire melts the brazing on the external air tube connected to the P2.5/P3 switching valve, and on the low pressure rotor speed (NL) sensor port sealing tube, allowing both to disengage. Once these tubes disengage, the ICC fire then develops into an external fire within the engine nacelle cavity, resulting in in-flight engine shutdown and potential airplane damage.

#### Relevant Service Information

We have reviewed and approved the technical contents of PWC Service Bulletin (SB) No. 20914, Revision 4, dated December 14, 2001. That SB describes procedures for replacing the low pressure rotor speed (NL) sensor port sealing tube and reworking or replacing the external air tube connecting the P2.5/P3 switching valve to the rear inlet case. Transport Canada classified this SB as mandatory and issued airworthiness directive No. CF–2002–10, dated January 28, 2002, in order to ensure the airworthiness of these PWC models PW118, PW120, PW120A, and PW121 turboprop engines in Canada.

#### FAA’s Determination and Requirements of the Proposed AD

These PWC models PW118, PW120, PW120A, and PW121 turboprop