

Federal Energy Regulatory Commission

[Docket No. RM97-3-000]

Research, Development and Demonstration Funding

Issued: April 30, 1997.

SANTA, Commissioner, *concurring*:

I concur in today's notice of proposed rulemaking to amend the Commission's research development and demonstration (RD&D) regulations to propose a new funding mechanism for the Gas Research Institute (GRI). Historically, GRI has served both consumers and the natural gas industry well as the planning and management organization for the coordination of collaborative natural gas RD&D projects. Nonetheless, as was made clear at the Commission's March 21, 1997, public conference to explore the future funding of RD&D in the natural gas industry, the funding crisis that has plagued GRI for the past five years is unlikely to be resolved absent intervention by this Commission. Therefore, I support initiating this proceeding to provide a forum in which this issue might be resolved conclusively.

Still, it concerns me that in proposing a mandatory volumetric surcharge on all interstate natural gas pipeline throughput to fund GRI's "core" RD&D program, the Commission is sidestepping several threshold questions that should be answered before taking this unprecedented step. As noted in the background discussion in today's NOPR, both GRI and the Commission's order in Opinion No. 11, authorizing GRI to undertake its RD&D program, are a product of the era of wellhead price controls and comprehensive regulation of the natural gas industry. Over the ensuing two decades, the natural gas industry has been restructured fundamentally. There now is a competitive commodity market for natural gas, interstate pipelines have left the merchant function and now provide unbundled open access transportation, and there now is the prospect for even greater competition and customer choice with the unbundling of local distribution company services. In sum, both the market conditions and the regulatory environment that gave rise to the need for this Commission's support for ratepayer-funded collaborative RD&D through GRI are part of the industry's increasingly distant past.

In light of these fundamental changes, what is the policy rationale for continued Commission support of collaborative natural gas industry RD&D through the GRI surcharge on interstate pipeline transportation services? Furthermore, is this public policy rationale for Commission-supported collaborative RD&D so great as to justify converting GRI funding from the heretofore voluntary program into one which would mandate interstate pipeline participation notwithstanding the decision by an individual pipeline, or pipelines, not to be a member of GRI? In other words, before taking the unprecedented step of transforming the GRI surcharge into a nonbypassable "tax" on all interstate pipeline throughput, does the Commission need to re-establish the public interest basis for this program in view of today's natural gas market?

I also believe that in deliberating on the future funding of RD&D in the natural gas industry, the Commission should consider this issue in the context of trends in the broader energy markets. With the convergence of natural gas and electricity markets, it is appropriate to compare the natural gas and electric power industries' mechanisms for funding collaborative RD&D. In particular, how is the experience of the Electric Power Research Institute (EPRI), which never has enjoyed the benefit of a Commission-authorized surcharge, instructive in evaluating the prospects for collaborative natural gas RD&D in the future? What, if anything, makes natural gas so different as to justify a Commission mandate that ratepayers fund GRI's "core" program when no such mandate exists for a comparable EPRI program?

Finally, while it is reflected in the NOPR, I wish to emphasize the question concerning whether GRI's proposed "non-core" voluntary program should be authorized by the Commission. Given that this purportedly is a "voluntary" program, what useful purpose is served by Commission oversight? The NOPR recounts GRI's argument in favor of Commission oversight of the "non-core" program: "[T]he Commission's imprimatur as to the analysis of the benefits of Technology Management RD&D would assist state commissions in dealing with the passthrough of these costs by local distribution companies."¹ Does this rationale support a finding that it is in the public interest for the Commission to oversee the "non-core" program? In particular, do state commissions desire the Commission's "assistance" in dealing with the passthrough of "non-core" program costs? Also, given the nature of the activities that would be funded under the "non-core" program (i.e., "RD&D activities that produce less widely-dispersed benefits to more limited categories, such as individual consumers, groups of consumers, industries, or groups of companies within an industry"),² how likely is it that in overseeing the "non-core" program the Commission easily could make generalized findings that "non-core" RD&D projects would be appropriate for funding through a generally applicable charge stated in a pipeline's tariff?

In raising these questions, I do not wish to leave the impression that there is not a case to be made for collaborative RD&D in the natural gas industry. Also, I view it as a positive development that GRI is now focusing more intently on a "core" program that is intended to capture RD&D projects with widely dispersed consumer benefits. Still, given GRI's seemingly chronic funding crisis and the unprecedented nature of the Commission's proposed solution, these fundamental threshold questions about the future of collaborative RD&D in the natural gas industry and the appropriate role of this Commission in supporting such RD&D should be answered before the Commission proceeds. If not now, when will be the appropriate time for such questions?

While the Commission's March 21, 1997, technical conference touched on these

questions, I do not believe that the record of that conference alone provides a sufficient basis for taking the steps proposed in today's NOPR. I sincerely hope that these questions contribute to a better developed record in this proceeding so that the Commission can make a fully informed decision when it issues a final rule.

Donald F. Santa, Jr.,*Commissioner.*

[FR Doc. 97-11794 Filed 5-6-97; 8:45 am]

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NATIONAL INSTITUTE FOR LITERACY**34 CFR Part 1100**

[CFDA No. 84.2571]

Literacy Leader Fellowship Program**AGENCY:** National Institute for Literacy.**ACTION:** Notice of proposed rulemaking.

SUMMARY: The Director proposes to amend the regulations governing the Literacy Leader Fellowship Program. Under this program, the Director may award fellowships to individuals to enable them to engage in research, education, training, technical assistance, or other activities that advance the field of adult education or literacy. The proposed amended regulations are needed to improve the administration of the program and to establish new priorities under the program.

DATES: Comments must be received on or before June 6, 1997.

ADDRESSES: All comments concerning these proposed regulations should be addressed to Meg Young, National Institute for Literacy, 800 Connecticut Avenue N.W., Suite 200, Washington DC 20006. Comments may also be sent through the Internet to myoung@nifl.gov.

A copy of any comments that concern information collection requirements should also be sent to the Office of Management and Budget at the address listed in the Paperwork Reduction Act section of this preamble.

FOR FURTHER INFORMATION CONTACT:

Meg Young, Telephone: 202/632-1515. E-mail: myoung@nifl.gov. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339 between 8 a.m. and 8 p.m., Eastern time, Monday through Friday.

SUPPLEMENTARY INFORMATION: The Literacy Leader Fellowship Program is authorized under section 384(e) of the Adult Education Act (20 U.S.C. 1213c(e)), as amended. On July 11, 1995, the Director published interim

¹ *Supra*, note 43.² *Supra*, slip op. at p. 17.

final regulations which governed awards under the program for Fiscal Years 1995 and 1996. For the reasons explained below, the Director now proposes to revise the regulations governing the fellowship program and to implement the program under the revised regulations in Fiscal Year 1997 and subsequent years.

Since the publication of the interim final regulations, the Institute has developed new areas of emphasis, and the Director believes that it is necessary to address these areas in the Literacy Leader Fellowship Program through the establishment of new priorities. Therefore, proposed § 1100.6 establishes four new priorities from which the Director may select in inviting applications for funding under the fellowship program.

In addition, the Director has determined that some changes in the regulations are necessary to expand the accessibility of, and to improve the overall administration of, the program. The Director therefore proposes to revise the regulations to (1) extend eligibility for fellowships to individuals other than U.S. citizens (proposed § 1100.2(b)(3)); (2) allow more than one individual to apply jointly for a fellowship (proposed § 1100.2(d)); (3) describe the types of projects that are ineligible for funding (proposed § 1100.3(b)) and those applications that will not be evaluated for funding (proposed § 1100.12) so that applicants will be better guided in drafting complete applications that propose eligible projects; (4) explain more clearly the manner in which the Director selects applications for funding (proposed § 1100.20); and (5) revise and expand the selection criteria to better assist the Director in selecting high-quality projects for funding (proposed § 1100.21).

Executive Order 12866

These proposed regulations have been reviewed in accordance with Executive Order 12866. Under the terms of the order, the Director has assessed the potential costs and benefits of this regulatory action. The potential costs and benefits associated with the proposed regulations are those resulting from statutory requirements and those determined by the Director to be necessary for administering this program effectively and efficiently. To the extent there are burdens specifically associated with information collection requirements, they are identified and explained elsewhere in this preamble under the heading Paperwork Reduction Act of 1995.

In assessing the potential costs and benefits of these proposed regulations, the Director has determined that the benefits of the proposed regulations justify the costs.

To assist the Institute in complying with the specific requirements of Executive Order 12866, the Director invites comment on whether there may be further opportunities to reduce any potential costs or increase potential benefits resulting from these proposed regulations without impeding the effective and efficient administration of the program.

Regulatory Flexibility Act Certification

The Director certifies that these proposed regulations would not have a significant economic impact on a substantial number of small entities. Because these proposed regulations would affect only individuals, the regulations would not have an impact on small entities. Individuals are not defined as "small entities" in the Regulatory Flexibility Act.

Paperwork Reduction Act of 1995

As described below, proposed §§ 1100.11 and 1100.33 contain information collection requirements. As required by the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the National Institute for Literacy has submitted a copy of these sections to the Office of Management and Budget (OMB) for its review under that Act.

Collection of Information: Literacy Leader Fellowship Program: Application for Fellowship Funds (§ 1100.11)

Proposed § 1100.11 describes how an individual applies to the Director for fellowship funds. Individuals are required to submit an application that describes a plan for the activities to be conducted under the proposed project. Applicants must also submit four letters of recommendation and certain forms, assurances and certifications, including the certification required under 34 CFR 75.61.

The likely respondents to this collection of information are individuals who are either literacy workers or adult learners and who wish to conduct projects under the Institute's Literacy Leader Fellowship Program. The information submitted will be used to select applications for funding.

We estimate that approximately 100 individuals may apply for fellowship funds, and each application will take an average of 20 hours to prepare. Therefore, the total annual reporting and recordkeeping burden that will result from the collection of this information is 2,000 burden hours (100

individuals, multiplied by 1 application, multiplied by 20 burden hours for preparing each application).

Collection of Information: Literacy Leader Fellowship Program: Reports Required to be Submitted by Literacy Leader Fellows (§ 1100.33)

Proposed § 1100.33 requires fellows to submit reports regarding their projects. The respondents to the collections of information contained in § 1100.33 will be the individuals who have been awarded funds to conduct projects under the Literacy Leader Fellowship Program. We anticipate awarding four fellowships.

Proposed § 1100.33(a) requires a fellow to submit fellowship results to the Institute so that the results may then be disseminated to policymakers and the public. Because each fellowship project will be different, proposed § 1100.33(b) states that each fellowship agreement will specify the manner in which the fellow is required to report on results and how and to whom the results will be disseminated. Therefore, the reporting and recordkeeping burden that will result from this collection of information will vary by fellow. However, we estimate that preparing the report of fellowship results will take an average of 20 hours. Therefore, the total annual reporting and recordkeeping burden that will result from the collection of this information is 80 burden hours (4 fellows, multiplied by 1 report, multiplied by 20 burden hours for preparing each report).

Proposed § 1100.33(c) requires a fellow to submit a one page update report every three months to the Director. These reports are required to inform the Institute about the fellow's progress and whether the fellow has encountered any challenges. We estimate that each update report will take an average of 1 hour to prepare. Because the Director may award fellowships that range between three and 12 months in duration, the total reporting and recordkeeping burden that will result from this collection of information may vary by fellow. However, the maximum total annual reporting and recordkeeping burden that will result from the collection of this information (based upon 12-month fellowships) is 16 burden hours (4 fellows, multiplied by 4 update reports, multiplied by 1 burden hour for preparing each update report).

Proposed § 1100.33(d) requires a fellow to submit a final performance report to the Director and to the Chairperson of the Board of the National Institute for Literacy no later than 90

days after the completion of the fellowship. The purpose of this report is to provide information to the Institute about the activities conducted by the fellow, whether the objectives of the project have been achieved, and how the activities performed and results achieved may enhance literacy practice in the United States. We estimate that each final performance report will take an average of 10 hours to prepare. Therefore, the total annual reporting and recordkeeping burden that will result from the collection of this information is 40 burden hours (4 fellows, multiplied by 1 final performance report, multiplied by 10 burden hours for preparing each final performance report).

Organizations and individuals desiring to submit comments on the information collection requirements should direct them to the Office of Information and Regulatory Affairs, OMB, Room 10235, New Executive Office Building, Washington, DC 20503; Attention: Desk Officer for the National Institute for Literacy. OMB is required to make a decision concerning the collection of information contained in these proposed regulations between 30 and 60 days after publication of this document in the **Federal Register**. Therefore, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication. This does not affect the deadline for the public to comment to the Institute on the proposed regulations.

Invitation to Comment

Interested persons are invited to submit comments and recommendations regarding these proposed regulations.

All comments submitted in response to these proposed regulations will be available for public inspection, during and after the comment period, in Suite 200, 800 Connecticut Avenue NW., Washington, DC, between the hours of 8:30 a.m. and 4 p.m., Monday through Friday of each week except Federal holidays.

To assist the National Institute for Literacy in complying with the specific requirements of Executive Order 12866 and the Paperwork Reduction Act of 1995 and their overall requirement of reducing regulatory burden, the Director invites comment on whether there may be further opportunities to reduce any regulatory burdens found in these proposed regulations.

List of Subjects in 34 CFR Part 1100

Adult education; Grant programs—education; Reporting and recordkeeping requirements.

Dated: May 2, 1997.

Sharyn M. Abbott,

Executive Officer, National Institute for Literacy.

(Catalog of Federal Domestic Assistance Number 84.2571, Literacy Leader Fellowship Program)

The Director proposes to amend Title 34 of the Code of Federal Regulations by revising Part 1100 to read as follows:

PART 1100—NATIONAL INSTITUTE FOR LITERACY: LITERACY LEADER FELLOWSHIP PROGRAM

Subpart A—General

Sec.

1100.1 What is the Literacy Leader Fellowship Program?

1100.2 Who is eligible for a fellowship?

1100.3 What types of projects may a fellow conduct under this program?

1100.4 What regulations apply?

1100.5 What definitions apply?

1100.6 What priorities may the Director establish?

Subpart B—How Does an Individual Apply for a Fellowship?

1100.10 What categories of fellowships does the Institute award?

1100.11 How does an individual apply for a fellowship?

1100.12 What applications are not evaluated for funding?

Subpart C—How Does the Director Award a Fellowship?

1100.20 How is a fellow selected?

1100.21 What selection criteria does the Director use to rate an applicant?

1100.22 How does the Director determine the amount of a fellowship?

1100.23 What payment methods may the Director use?

1100.24 What are the procedures for payment of a fellowship award directly to the fellow?

1100.25 What are the procedures for payment of a fellowship award through the fellow's employer?

Subpart D—What Conditions Must Be Met by a Fellow?

1100.30 Where may the fellowship project be conducted?

1100.31 Who is responsible for oversight of fellowship activities?

1100.32 What is the duration of a fellowship?

1100.33 What reports are required?

Authority: 20 U.S.C. 1213c(e).

Subpart A—General

§ 1100.1 What is the Literacy Leader Fellowship Program?

(a) Under the Literacy Leader Fellowship Program, the Director of the National Institute for Literacy provides financial assistance to outstanding individuals who are pursuing careers in adult education or literacy.

(b) Fellowships are awarded to these individuals for the purpose of carrying out short-term, innovative projects that contribute to the knowledge base of the adult education or literacy field.

(c) Fellowships are intended to benefit the fellow, the Institute, and the national literacy field by providing the fellow with the opportunity to interact with national leaders in the field and make contributions to federal policy initiatives that promote a fully literate adult population.

§ 1100.2 Who is eligible for a fellowship?

(a) Only individuals are eligible to be recipients of fellowships.

(b) To be eligible for a fellowship under this program, an individual must be—

(1) A citizen or national of the United States, or a permanent resident of the United States, or an individual who is in the United States for other than temporary purposes and intends to become a permanent resident;

(2) Eligible for Federal assistance under the terms of 34 CFR 75.60 and 75.61; and

(3) Either a literacy worker or an adult learner.

(c) An individual who has received a fellowship award in a prior year is not eligible for another award.

(d) Multiple individuals may apply jointly for one award, if each individual will contribute significantly to the proposed project and if the proposed project will develop leadership for each individual.

§ 1100.3 What type of project may a fellow conduct under this program?

(a) Under the auspices of the Institute, and in accordance with the Fellowship Agreement, a Literacy Leader Fellow may use a fellowship awarded under this part to engage in research, education, training, technical assistance, or other activities that advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.

(b) A Literacy Leader Fellow may not use a fellowship awarded under this part for any of the following:

(1) Tuition and fees for continuing the education of the applicant where this is the sole or primary purpose of the project.

(2) Planning and implementing fundraisers.

(3) General program operations and administration.

(4) Activities that otherwise do not meet the purposes of the Literacy Leader Fellowship program, as described in paragraph (a) of this section.

§ 1100.4 What regulations apply?

This program is governed by the regulations in this part and the following additional regulations:

- 34 CFR 74.36, Intangible property;
- 34 CFR 75.60, Individuals ineligible to receive assistance;
- 34 CFR 75.61, Certification of eligibility; effect of eligibility; and
- 34 CFR part 85, Governmentwide Debarment and Suspension (Nonprocurement) and Governmentwide Requirements for Drug-Free Workplace (Grants).

§ 1100.5 What definitions apply?

(a) The definitions in 34 CFR 77.1 except that the definitions of "Applicant", "Application", "Award", and "Project" do not apply to this part.

(b) Other definitions. The following definitions also apply to this part:

Adult learner means an individual over 16 years old who is pursuing or has completed some form of literacy or basic skills training, including preparation for the G.E.D.

Applicant means an individual (or more than one individual, if applying jointly) requesting a fellowship under this program.

Application means a written request for a fellowship under this program.

Award means an amount of funds provided for fellowship activities.

Board means the National Institute for Literacy's advisory board established pursuant to section 384(f) of the Adult Education Act (20 U.S.C. 1213c(f).)

Director means the Director of the National Institute for Literacy.

Fellow means a recipient of a fellowship.

Fellowship means an award of financial assistance made by the Institute to an individual pursuant to section 384(e) of the Adult Education Act (20 U.S.C. 1213c(e)) to enable that individual to conduct research or other authorized literacy activities under the auspices of the Institute.

Fellowship Agreement means a written agreement entered into between the Institute and a fellow, which, when executed, has the legal effect of obligating the fellowship award, and which states the rights and obligations of the parties.

Institute means the National Institute for Literacy.

Literacy worker means an individual who is pursuing a career in literacy or adult education or a related field and who either has a minimum of five years of relevant academic, volunteer or professional experience in the literacy, adult education, or related field, or has made a significant contribution to, or notable progress in, the field. Relevant

experience includes teaching, policymaking, administration, or research.

Project means the work to be engaged in by the fellow during the period of the fellowship.

Research means one or more of the following activities in literacy or education or education related fields: basic and applied research, planning, surveys, assessments, evaluations, investigations, experiments, development and demonstrations.

§ 1100.6 What priorities may the Director establish?

The Director may, through a notice published in the **Federal Register**, select annually one or more priorities for funding. These priorities may be chosen from the areas of greatest immediate concern to the Institute and may include, but are not limited to, the following areas:

(a) *Developing Leadership in Adult Learners.* Because adult learners are the true experts on literacy, they are an important resource for the field. Their firsthand experience as "customers" of the literacy system can be invaluable in assisting the field in moving forward, particularly in terms of raising public awareness and understanding about literacy.

(b) *Expanding the Use of Technology in Literacy Programs.* One of the Institute's major projects is the Literacy Information and Communication System (LINCS), an Internet-based information system that provides timely information and abundant resources to the literacy community. Keeping the literacy community up to date in the Information Age is vital.

(c) *Improving Accountability for Literacy Programs.* Literacy programs must develop accountability systems that demonstrate their effectiveness in helping adult learners contribute more fully in the workplace, family and community. There is growing interest in results-oriented literacy practice, especially as related to the Equipped for the Future (EFF) framework.

(d) *Raising Public Awareness about Literacy.* The Institute is leading a national effort to raise public awareness that literacy is part of the solution to many social concerns, including health, welfare, the economy, and the well-being of children. Projects that enhance this effort will be given priority consideration.

Subpart B—How Does an Individual Apply for a Fellowship?**§ 1100.10 What categories of fellowships does the Institute award?**

The Institute awards two categories of Literacy Leadership Fellowships:

- (a) Literacy Worker Fellowships; and
- (b) Adult Learner Fellowships.

§ 1100.11 How does an individual apply for a fellowship?

An individual shall apply to the Director for a fellowship award in response to an application notice published by the Director in the **Federal Register**. The application must describe a plan for one or more of the activities stated in § 1100.3 that the applicant proposes to conduct under the fellowship. The application must indicate which category of fellowship, as described in § 1100.10(b), most accurately describes the applicant. Applicants must also submit four letters of recommendation and certain forms, assurances and certifications, including the certification required under 34 CFR 75.61.

§ 1100.12 What applications are not evaluated for funding?

The Director does not evaluate an application if—

- (a) The applicant is not eligible under § 1100.2;
- (b) The applicant does not comply with all of the procedural rules that govern the submission of applications for Literacy Leader Fellowship funds;
- (c) The application does not contain the information required by the Institute;
- (d) The application proposes a project for which a fellow may not use fellowship funds, as described in § 1100.3(b).
- (e) The application is not submitted by the deadline stated in the application notice.

Subpart C—How Does the Director Award a Fellowship?**§ 1100.20 How is a fellow selected?**

(a) The Director selects applications for fellowships on the basis of the selection criteria in § 1100.21 and any priorities that have been published in the **Federal Register** and are applicable to the selection of applications.

(b)(1) The Director may use experts from the literacy field to evaluate the applications.

(2) The Director prepares a rank order of the applications based solely on the evaluation of their quality according to the selection criteria, selects a number of the top-ranked applications, and

provides it to the Institute's Advisory Board."

(3) The Institute's Advisory Board evaluates the applications provided by the Director based on the selection criteria in § 1100.21 and makes recommendations to the Director regarding applications to be selected for fellowships.

(4) The Director then determines the number of awards to be made in each fellowship category and the order in which applications will be selected for fellowships. The Director considers the following in making these determinations:

(i) The information in each application.

(ii) The rank ordering of the applications under paragraph (b)(2) of this section.

(iii) The recommendations made by the Institute's Advisory Board under paragraph (b)(3) of this section.

(iv) Any other information relevant to any of the selection criteria, applicable priorities, or the purposes of the Literacy Leader Fellowship Program, including whether the selection of an application would increase the diversity of fellowship projects under this program.

§ 1100.21 What selection criteria does the Director use to rate an applicant?

The Director uses the following criteria in evaluating each applicant for a fellowship:

(a) *Quality of Plan.* (45 points) The Director uses the following criteria to evaluate the quality of the proposed project:

(1) The proposed project deals with an issue of major concern to the literacy field.

(2) The design of the project is strong and feasible.

(3) The project addresses critical issues in an innovative way.

(4) The plan demonstrates a knowledge of similar programs and an intention, where appropriate, to coordinate with them.

(5) The applicant describes adequate support and resources for the project.

(6) The plan includes evaluation methods to determine the effectiveness of the project.

(7) The project results are likely to contribute to the knowledge base in literacy or adult education, and to federal policy initiatives in these or related areas.

(8) The project will enhance literacy or adult education practice.

(9) The project builds research capacity or improves practice within the field.

(b) *Qualifications of Applicant.* (25 points) The Director uses the following

criteria to evaluate the qualification of the applicant:

(1) The applicant has a strong background in the literacy field. [Include all relevant experience, which many include experiences as a volunteer or an adult learner.]

(2) The applicant has expertise in the proposed area of the project.

(3) The applicant has demonstrated the ability to complete a quality project or has shown leadership in this area.

(4) The applicant provides letters of recommendation that show strong knowledge by others in the literacy field of the applicant's background and past work.

(c) *Relevance to the Institute.* (10 points) The Director uses the following criteria to evaluate the relevance of the applicant's proposal to the Institute:

(1) The project significantly relates to the purposes and work of the Institute.

(2) The applicant proposes to spend a significant portion of the project time at the Institute.

(d) *Dissemination Plan.* (10 points) The Director uses the following criteria to evaluate the quality of the dissemination plan:

(1) The applicant clearly specifies what information will be made available to the field and how this information will further the efforts of the field.

(2) The applicant describes how this information will be shared with the field (e.g., print, on-line, presentations, video, etc.).

(e) *Budget.* (10 points) The Director uses the following criteria to evaluate the budget:

(1) The budget will adequately support the project.

(2) The costs are clearly related to the objectives of the project.

(3) The budget is cost effective.

(4) The budget narrative clearly describes the budget and how costs are calculated.

§ 1100.22 How does the Director determine the amount of a fellowship?

The amount of a fellowship includes—

(a) A stipend, based on—

(1) The fellow's current annual salary, prorated for the length of the fellowship not to exceed \$30,000 salary reimbursement; or

(2) If a fellow has no current salary, the fellow's education and experience; and

(b) A subsistence allowance, materials allowance (covering costs of materials and supplies directly related to the completion of the project), and travel expenses (including expenses to attend quarterly meetings in Washington, DC) related to the fellowship and necessary

to complete the scope of work outlined in the proposal, consistent with Title 5 U.S.C. chapter 57.

§ 1100.23 What payment methods may the Director use?

(a) The Director will pay a fellowship award directly to the fellow or through the fellow's employer. The application should specify if the fellow wishes to be paid directly or through the fellow's employer.

(b) The Director considers the preferences of the fellow in determining whether to pay a fellowship award directly to the fellow or through the fellow's employer; however, the Director pays a fellowship award through the fellow's employer only if the employer enters into an agreement with the Director to comply with the provisions of § 1100.25.

§ 1100.24 What are the procedures for payment of a fellowship award directly to the fellow?

(a) If the Director pays a fellowship award directly to the fellow after the Director determines the amount of a fellowship award, the fellowship recipient shall submit a payment schedule to the Director for approval. The Director advises the recipient of the approved schedule.

(b) If a fellow does not complete the fellowship, or if the Institute terminates the fellowship, the fellow shall return to the Director a prorated portion of the stipend and any unused subsistence and materials allowance and travel funds at the time and in the manner required by the Director.

§ 1100.25 What are the procedures for payment of a fellowship award through the fellow's employer?

(a) If the Director pays a fellowship award through the fellow's employer, the employer shall submit a payment schedule to the Director for approval.

(b) The employer shall pay the fellow the stipend, subsistence and materials allowance, and travel funds according to the payment schedule approved by the Director. If the fellow does not complete the fellowship, the fellow shall return to the employer a prorated portion of the stipend and any unused subsistence and material allowance and travel funds. The employer shall return the funds to the Director at the time and in the manner required by the Director. The employer shall also return to the Director any portion of the stipend, subsistence and materials allowance and travel funds not yet paid by the employer to the fellow.

Subpart D—What Conditions Must be Met by a Fellow?**§ 1100.30 Where may the fellowship project be conducted?**

(a) A fellow carries out all, or a portion of, the fellowship project at the National Institute for Literacy in Washington, DC. If the Director determines that unusual circumstances exist, the Director may authorize the fellow to carry out all of the project elsewhere.

(b) Office space and logistics will be provided by the Institute.

(c) The fellow may also be required to participate in meetings, conferences and other activities at the Departments of Education, Labor, or Health and Human Services, in Washington, DC, or in site visits to other locations, if deemed appropriate for the project being conducted.

§ 1100.31 Who is responsible for oversight of fellowship activities?

(a) All fellowship activities are conducted under the direct or general oversight of the Institute. The Institute may arrange through written agreement for another Federal agency, or another public or private nonprofit agency or organization that is substantially involved in literacy research or services, to assume direct supervision of the fellowship activities.

(b) Fellows may be assigned a peer mentor to orient them to the Federal system and Institute procedures.

§ 1100.32 What is the duration of a fellowship?

(a) The Institute awards fellowships for a period of at least three and not more than 12 months of full-time or part-time activity. An award may not exceed 12 months in duration. The actual period of the fellowship will be determined at the time of award based on proposed activities.

(b) In order to continue the fellowship to completion, the fellow must be making satisfactory progress as determined periodically by the Director.

§ 1100.33 What reports are required?

(a) A fellow shall submit fellowship results to the Institute in formats suitable for wide dissemination to policymakers and the public. These formats should include, as appropriate to the topic of the fellowship and the intended audience, articles for academic journals, newspapers, and magazines.

(b) Each fellowship agreement will contain specific provisions for how, when, and in what format the fellow will report on results, and how to whom the results will be disseminated.

(c) A fellow shall submit a semi-annual report to the Director.

(d) A fellow shall submit a final performance report to the Director no later than 90 days after the completion of the fellowship. The report must contain a description of the activities conducted by the fellow and a thorough analysis of the extent to which, in the opinion of the fellow, the objectives of the project have been achieved. In addition, the report must include a detailed discussion of how the activities performed and results achieved could be used to enhance literacy practice of the United States.

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BILLING CODE 6055-01-M

DEPARTMENT OF COMMERCE**Patent and Trademark Office****37 CFR Parts 1 and 2**

[Docket No. 970410086-7086-01]

RIN 0651-AA92

Revision of Patent and Trademark Fees for Fiscal Year 1998

AGENCY: Patent and Trademark Office, Commerce.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Patent and Trademark Office (PTO) is proposing to amend the rules of practice in patent and trademark cases, Parts 1 and 2 of title 37, Code of Federal Regulations, to adjust certain patent fee and trademark service fee amounts to reflect fluctuations in the Consumer Price Index (CPI) and to recover costs of operation.

DATES: Written comments must be submitted on or before June 11, 1997.

ADDRESSES: Address written comments to the Commissioner of Patents and Trademarks, Washington, DC 20231, Attention: Matthew Lee, Crystal Park 1, Suite 802, or by fax to (703) 305-8007.

Written comments will be available for public inspection in Crystal Park 1, Suite 802, located at 2011 Crystal Drive, Arlington, Virginia.

FOR FURTHER INFORMATION CONTACT: Matthew Lee by telephone at (703) 305-8051, fax at (703) 305-8007, or by mail marked to his attention and addressed to the Commissioner of Patents and Trademarks, Office of Finance, Crystal Park 1, Suite 802, Washington, DC 20231.

SUPPLEMENTARY INFORMATION: This proposed rule change is designed to adjust PTO fees in accordance with the

applicable provisions of title 35, United States Code; section 31 of the Trademark (Lanham) Act of 1946 (15 U.S.C. 1113); and section 10101 of the Omnibus Budget Reconciliation Act of 1990 (as amended by section 8001 of Public Law 103-66), all as amended by the Patent and Trademark Office Authorization Act of 1991 (Public Law 102-204).

In a notice of proposed rulemaking entitled "Changes to Implement 18-Month Publication of Patent Applications," published in the **Federal Register** at 60 FR 42352 (August 15, 1995), and in the *Official Gazette of the Patent and Trademark Office* at 1177 *Off. Gaz. Pat. Office* 61 (August 15, 1995), the PTO proposed to increase the filing, issue, and each maintenance fee by \$30 to recover the cost of 18-month publication of patent applications. In the event that legislation providing for the 18-month publication of patent applications is enacted, the PTO may further increase the filing, issue, and each maintenance fee to recover the cost of 18-month publication of patent applications in the final rulemaking to implement such legislation.

Background**Statutory Provisions**

Patent fees are authorized by 35 U.S.C. 41 and 35 U.S.C. 376. A fifty percent reduction in the fees paid under 35 U.S.C. 41 (a) and (b) by independent inventors, small business concerns, and nonprofit organizations who meet prescribed definitions is required by 35 U.S.C. 41(h).

Subsection 41(f) of title 35, United States Code, provides that fees established under 35 U.S.C. 41 (a) and (b) may be adjusted on October 1, 1992, and every year thereafter, to reflect fluctuations in the Consumer Price Index (CPI) over the previous twelve months.

Section 10101 of the Omnibus Budget Reconciliation Act of 1990 (amended by section 8001 of Public Law 103-66) provides that there shall be a surcharge on all fees established under 35 U.S.C. 41 (a) and (b) to collect \$119 million in fiscal year 1998.

Subsection 41(d) of title 35, United States Code, authorizes the Commissioner to establish fees for all other processing, services, or materials related to patents to recover the average cost of providing these services or materials, except for the fees for recording a document affecting title, for each photocopy, and for each black and white copy of a patent.

Section 376 of title 35, United States Code, authorizes the Commissioner to