

## SUPPLEMENTARY INFORMATION:

**A. Background**

An interim rule was published in the **Federal Register** at 62 FR 269, January 2, 1997. The preamble to the interim rule erroneously contained an effective date of January 1, 1997; the rule applies to contracts awarded on or after the date the rule was published (January 2, 1997).

This final rule differs from the interim rule by making an editorial change for clarity. At FAR 31.205-6(p)(1), "that exceed" replaces the phrase "in excess of."

Public comments were received from 11 sources. All comments were considered in developing the final rule.

**B. Regulatory Flexibility Act**

The Department of Defense, the General Services Administration, and the National Aeronautics and Space Administration certify that this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because most contracts awarded to small entities use simplified acquisition procedures or are awarded on a competitive, fixed-price basis, and do not require application of the cost principle contained in this rule.

**C. Paperwork Reduction Act**

The Paperwork Reduction Act does not apply because the changes to the FAR do not impose recordkeeping or information collection requirements, or collections of information from offerors, contractors, or members of the public which require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

**List of Subjects in 48 CFR Part 31**

Government procurement.

Dated: December 1, 1997.

**Edward C. Loeb,**

*Director, Federal Acquisition Policy Division.*

**Interim Rule Adopted as Final With Change**

Accordingly, the interim rule amending 48 CFR Part 31, which was published at 62 FR 269, January 2, 1997, is adopted as a final rule with the following change:

**PART 31—CONTRACT COST PRINCIPLES AND PROCEDURES**

1. The authority citation for 48 CFR Part 31 continues to read as follows:

**Authority:** 40 U.S.C. 486(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

2. Section 31.205-6 is amended by revising paragraph (p)(1) to read as follows:

**31.205-6 Compensation for personal services.**

\* \* \* \* \*

(p) \* \* \* (1) For contracts awarded during fiscal year 1997, costs incurred from October 1, 1996, through September 30, 1997, for compensation of an officer in a senior management position that exceed \$250,000 per year are unallowable (Section 809 of Public Law 104-201).

\* \* \* \* \*

[FR Doc. 97-31820 Filed 12-8-97; 8:45 am]

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**DEPARTMENT OF DEFENSE****GENERAL SERVICES ADMINISTRATION****NATIONAL AERONAUTICS AND SPACE ADMINISTRATION****48 CFR Parts 31 and 42**

[FAC 97-03; FAR Case 95-032; Item VIII]

RIN 9000-AH37

**Federal Acquisition Regulation; Independent Research and Development/Bid and Proposal Costs for Fiscal Year 1996 and Beyond**

**AGENCIES:** Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

**ACTION:** Final rule.

**SUMMARY:** The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council have agreed on a final rule amending the Federal Acquisition Regulation (FAR) allowable cost criteria for Independent Research and Development (IR&D)/Bid and Proposal (B&P) costs for fiscal year 1996 and beyond, by removing the requirements to calculate or negotiate a ceiling for IR&D/B&P costs. In addition, the final rule clarifies that costs incurred in preparing, submitting, and supporting offers on potential cooperative arrangements are allowable to the extent they are allocable, reasonable, and not otherwise unallowable. This regulatory action was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993, and is not a major rule under 5 U.S.C. 804.

**EFFECTIVE DATE:** February 9, 1998.

**FOR FURTHER INFORMATION CONTACT:** The FAR Secretariat, Room 4035, GS Building, Washington, DC 20405, (202) 501-4755, for information pertaining to status or publication schedules. For clarification of content, contact Ms. Linda Nelson, Procurement Analyst, at (202) 501-1900. Please cite FAC 97-03, FAR case 95-032.

## SUPPLEMENTARY INFORMATION:

**A. Background**

A proposed rule was published on November 14, 1996 (61 FR 58452). The final rule differs from the proposed rule by revising the last sentence at FAR 31.205-18(e) for clarification and by deleting "and B&P" from the heading at 31.205-18(d) to better convey the subject matter of the paragraph.

Public comments were received from four sources. The comments were considered in developing the final rule.

**B. Regulatory Flexibility Act**

The Department of Defense, the General Services Administration, and the National Aeronautics and Space Administration certify that this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because most contracts awarded to small entities use simplified acquisition procedures or are awarded on a competitive, fixed-price basis, and do not require application of the cost principle contained in this rule.

**C. Paperwork Reduction Act**

The Paperwork Reduction Act does not apply because the changes to the FAR do not impose recordkeeping or information collection requirements, or collections of information from offerors, contractors, or members of the public which require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

**List of Subjects in 48 CFR Parts 31 and 42**

Government procurement.

Dated: December 1, 1997.

**Edward C. Loeb,**

*Director, Federal Acquisition Policy Division.*

Therefore, 48 CFR Parts 31 and 42 are amended as set forth below:

1. The authority citation for 48 CFR Parts 31 and 42 continues to read as follows:

**Authority:** 40 U.S.C. 486(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

**PART 31—CONTRACT COST PRINCIPLES AND PROCEDURES**

2. Section 31.205–18 is amended in paragraph (a) by removing definitions for “Contractor”, “Covered contract”, “Covered segment”, and “Major contractor”; by revising paragraph (c) and the heading of paragraph (d); and adding paragraph (e)(3) to read as follows:

**31.205–18 Independent research and development and bid and proposal costs.**

\* \* \* \* \*

(c) *Allowability*. Except as provided in paragraphs (d) and (e) of this subsection, or as provided in agency regulations, costs for IR&D and B&P are allowable as indirect expenses on contracts to the extent that those costs are allocable and reasonable.

(d) *Deferred IR&D costs*. \* \* \*

\* \* \* \* \*

(e) \* \* \*

(3) Costs incurred in preparing, submitting, and supporting offers on potential cooperative arrangements are allowable to the extent they are allocable, reasonable, and not otherwise unallowable.

**PART 42—CONTRACT ADMINISTRATION****Subpart 42.10 [Reserved]**

3. Subpart 42.10 is removed and reserved.

[FR Doc. 97–31821 Filed 12–8–97; 8:45 am]

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**DEPARTMENT OF DEFENSE****GENERAL SERVICES ADMINISTRATION****NATIONAL AERONAUTICS AND SPACE ADMINISTRATION****48 CFR Part 31**

[FAC 97–03; FAR Case 97–007; Item IX]

RIN 9000–AH76

**Federal Acquisition Regulation; Travel Reimbursement**

**AGENCIES:** Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

**ACTION:** Interim rule with request for comments.

**SUMMARY:** The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council have agreed on an interim rule amending the

Federal Acquisition Regulation (FAR) to increase from \$25 to \$75 the maximum travel expense amount that contractor personnel may claim without providing a supporting receipt. This regulatory action was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993, and is not a major rule under 5 U.S.C. 804.

**DATES:** *Effective:* December 9, 1997.

*Comments:* Comments should be submitted to the FAR Secretariat at the address shown below on or before February 9, 1998 to be considered in the formulation of a final rule.

**ADDRESSES:** Interested parties should submit written comments to:

General Services Administration, FAR Secretariat (MVR), 1800 F Street, NW., Room 4035, Washington, DC 20405

E-Mail comments submitted over the Internet should be addressed to:

farcase.97–007@gsa.gov

Please cite FAC 97–03, FAR case 97–007, in all correspondence related to this case.

**FOR FURTHER INFORMATION CONTACT:** The FAR Secretariat, Room 4035, GS Building, Washington, DC 20405, (202) 501–4755, for information pertaining to status or publication schedules. For clarification of content, contact Ms. Linda Nelson, Procurement Analyst, at (202) 501–1900. Please cite FAC 97–03, FAR case 97–007.

**SUPPLEMENTARY INFORMATION:****A. Background**

On October 28, 1996, GSA published Federal Travel Regulation (FTR) Amendment 50, in the **Federal Register** (61 FR 55577), to streamline the process of travel reimbursement claims. One of the FTR changes was to raise, from \$25.00 to \$75.00, the maximum travel expense amount which may be claimed without the requirement for a supporting receipt.

In concert with the FTR change, this rule amends the cost principle at FAR 31.205–46 to increase, from \$25.00 to \$75.00, the threshold at which contractor personnel must provide a receipt to support travel expenditures.

**B. Regulatory Flexibility Act**

The interim rule is not expected to have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because most contracts awarded to small entities use simplified acquisition procedures or are awarded on a competitive, fixed-price basis, and do not require application of the cost

principle contained in this rule. An Initial Regulatory Flexibility Analysis has, therefore, not been performed. Comments are invited from small businesses and other interested parties. Comments from small entities concerning the affected FAR subpart also will be considered in accordance with 5 U.S.C. 610. Such comments must be submitted separately and should cite 5 U.S.C. 601, *et seq.* (FAC 97–03, FAR case 97–007), in correspondence.

**C. Paperwork Reduction Act**

The Paperwork Reduction Act (Pub. L. 96–511) is deemed to apply because the interim rule contains information collection requirements. The collection of this information is currently cleared under Office of Management and Budget number 9000–0088. The increase in the receipt threshold is expected to reduce the existing burden hours. Copies of the form and supporting documents reducing the burden hours may be obtained from the FAR Secretariat. Estimated number of respondents: 5,800; responses per respondent: 10; total burden hours: 14,500; frequency of report: on occasion.

**D. Determination to Issue an Interim Rule**

A determination has been made under the authority of the Secretary of Defense (DOD), the Administrator of General Services (GSA), and the Administrator of the National Aeronautics and Space Administration (NASA) that urgent and compelling reasons exist to promulgate this interim rule without prior opportunity for public comment. This action is necessary to make the cost principle consistent with the newly revised Federal Travel Regulations and to remove the unnecessarily burdensome recordkeeping requirement for travel expenses between \$25.00 and \$75.00, as quickly as possible. However, pursuant to Public Law 98–577 and FAR 1.501, public comments received in response to this interim rule will be considered in the formation of the final rule.

**List of Subjects in 48 CFR Part 31**

Government procurement.

Dated: December 1, 1997.

**Edward C. Loeb,**

*Director, Federal Acquisition Policy Division.*

Therefore, 48 CFR Part 31 is amended as set forth below:

**PART 31—CONTRACT COST PRINCIPLES AND PROCEDURES**

1. The authority citation for 48 CFR Part 31 continues to read as follows: