

# Rules and Regulations

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This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

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## OFFICE OF PERSONNEL MANAGEMENT

### 5 CFR Part 870

RIN 3206-AI54

### Federal Employees' Group Life Insurance Program: New Premiums

**AGENCY:** Office of Personnel Management.

**ACTION:** Final rule.

**SUMMARY:** The Office of Personnel Management (OPM) is issuing a final regulation to incorporate new provisions resulting from the Federal Employees Life Insurance Improvement Act, enacted October 30, 1998. The regulation changes the premium rates for Basic and Optional coverages, changes the effective date of the birthday rule for moving from one premium-rated age band to another under Optional coverage, and establishes new age bands for Option C.

**EFFECTIVE DATE:** January 24, 2000.

**FOR FURTHER INFORMATION CONTACT:** Sharon Neuner (202) 606-0004.

**SUPPLEMENTARY INFORMATION:** On April 27, 1999, OPM issued an interim regulation in the *Federal Register* (64 FR 22543) that amends 5 CFR part 870, the Federal Employees' Group Life Insurance (FGLI) Program. The interim regulation published new rates for Basic and Optional coverages (Option A—Standard, Option B—Additional, and Option C—Family), removed the maximum cap on Basic and Option B, increased the number of multiples of coverage under Option C, expanded post-65 coverage options for Options B and C for annuitants and compensationers, and changed the birthday rule which determines the effective date an employee, annuitant, or compensationers begins to pay a new age-based premium under Optional coverages. Previously, an individual

was considered to have reached age 35, 40, 45, 50, 55, or 60 on the first day of the first pay period beginning on or after the January 1 following his or her corresponding birthday. Effective April 24, 1999, the date for age-based premium changes is the first day of the pay period following your birthday.

OPM received comments from one Federal employee who expressed concern regarding present and future FEGLI premium rate increases for Optional coverage in the face of improved mortality for the population as a whole and the dissemination of information to employees and retirees on the new expanded coverage options. The premium rates for all coverage categories within the FEGLI Program are specific to the experience of the group and are not based on mortality rates within the general population. The rates represent actuarial estimates of premium income necessary to pay future expected benefits costs.

The Federal Employees Life Insurance Improvement Act provides expanded choices for employees, retirees, and compensationers under Options B and C coverage. The final age band of 60 and over was expanded to 60–64, 65–69, and 70 and over for Option C to reflect the change made in the law allowing eligible employees upon retirement or entitlement to receipt of compensation to elect unreduced Option C coverage at retirement by paying the full premium for unreduced coverage after age 65. The new age bands for this coverage become effective on the first day of the pay period on or after April 24, 2000. The rates are higher for these two new age bands because: (1) former rates for Option C were based on coverage declining by 2 percent per month for 50 months after an annuitant's 65th birthday, and; (2) the higher probability of mortality for individuals who elect full coverage after age 65. We were able to reduce the rates for most age bands up to age 60 in Options B and C because employees, annuitants, and compensationers will begin paying higher premiums sooner because of the birthday rule change.

Improved mortality was responsible for the reduction in the Basic insurance premiums for those under 65. Increases in Basic premiums for annuitants 65 and older who elect to retain unreduced or partially reduced Basic coverage are based on actuarial estimates of the

premium income needed to cover the eventual benefits costs. Basic coverage is not age-based.

Under the new provisions of the law, employees who retire or become entitled to receipt of compensation may now elect Option B that is unreduced upon attaining age 65 by continuing to pay the full cost of the premiums after age 65. Prior to Public Law 105–311, Option B coverage reduced by 2 percent per month beginning on the 2nd month following the annuitant's 65th birthday for 50 months until coverage stopped. Because of the expanded option to continue coverage following attainment of age 65, OPM will be studying the need to add new age bands and associated rates to accommodate this new provision. The earliest that any increases would be effective is April 24, 2001, and any increases resulting from these changes would be phased in over a three-year period starting on that date.

New program information was provided to employees during the open enrollment period and annuitants received a special mailing. Although not covered in this regulation, new implementing regulations will be published in the near future describing the eligibility requirements for continuing existing and new Option B and C coverages upon retirement or becoming entitled to receipt of compensation. Open enrollment elections will not be effective until on or after the first pay period beginning on April 23, 2000. Employees retiring or becoming entitled to receipt of compensation prior to that effective date will be eligible to continue existing coverage as retirees or compensationers if they meet the five years of coverage or first opportunity rule of 5 U.S.C 8714b(c)(2) and 8714c(c)(2). Employees electing new coverage will be subject to the five year or first opportunity rule.

Annuitants and compensationers who have Basic and Optional coverage have been notified of the changes. Annuitants and compensationers with Option B coverage who retired or became entitled to the receipt of compensation prior to April 24, 1999 and who are 65 or older will be given up to 5 months in which to elect to freeze their coverage to the amount in effect as of April 24, 1999. Current retirees and compensationers under age 65 with Option B coverage will get a notice prior to their 65th birthday notifying them of their right to

elect coverage that will remain unreduced after age 65.

Due to an inadvertent error, the supplementary information for the interim regulation contained an incorrect effective date for open enrollment changes of April 24, 2000. The correct date is the first day of the pay period on or after April 23, 2000.

#### **Executive Order 12866, Regulatory Review**

This rule has been reviewed by the Office of Management and Budget in accordance with Executive Order 12866.

#### **Regulatory Flexibility Act**

I certify that these regulations will not have a significant economic impact on a substantial number of small entities because they affect Federal employees and annuitants only.

#### **List of Subjects in 5 CFR Part 870**

Administrative practice and procedure, Government employees, Hostages, Iraq, Kuwait, Lebanon, Life insurance, Retirement.

Accordingly, under the authority of 5 U.S.C. 8716, OPM is adopting its interim regulations under 5 CFR part 870 as published on April 27, 1999 [64 FR 22543], as a final rule without change.

Office of Personnel Management.

**Janice R. Lachance,**  
*Director.*

[FR Doc. 99-33366 Filed 12-22-99; 8:45 am]

**BILLING CODE 6325-01-U**

## **DEPARTMENT OF AGRICULTURE**

### **Rural Business-Cooperative Service**

#### **7 CFR Part 4284**

**RIN 0570-AA05**

#### **Rural Business Opportunity Grants**

**AGENCY:** Rural Business-Cooperative Service, USDA.

**ACTION:** Final rule.

**SUMMARY:** The Rural Business-Cooperative Service (RBS) is issuing new regulations for the Rural Business Opportunity Grant (RBOG) Program. This action is needed to implement a new program authorized by section 741 of the Federal Agriculture Improvement and Reform Act of 1996 to assist economic development in rural areas. The intended effect of this action is to implement the RBOG program.

**EFFECTIVE DATE:** January 24, 2000.

**FOR FURTHER INFORMATION CONTACT:** M. Wayne Stansbery, Loan Specialist,

Specialty Lenders Division, Rural Business-Cooperative Service, U.S. Department of Agriculture, STOP 3225, 1400 Independence Ave. SW, Washington, DC 20250, Telephone (202) 720-6819. The TTD number is (800) 877-8339 or (202) 708-9300.

#### **SUPPLEMENTARY INFORMATION:**

##### **Classification**

This rule has been determined to be significant and has been reviewed by the Office of Management and Budget under Executive Order 12866.

##### **Programs Affected**

The Catalog of Federal Domestic Assistance number for the program impacted by this action is 10.773, Rural Business Opportunity Grants.

##### **Paperwork Reduction Act**

The information collection requirements contained in this regulation have been approved by the Office of Management and Budget (OMB) under the provisions of 44 U.S.C. chapter 35 and have been assigned OMB control number 0570-0024 in accordance with the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*). This rule does not revise or impose any new information collection or recordkeeping requirements.

##### **Intergovernmental Review**

Rural Business Opportunity Grants are subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and Local officials. RBS will conduct intergovernmental consultation in the manner delineated in RD Instruction 1940-J, "Intergovernmental Review of Farmers Home Administration Programs and Activities," and in 7 CFR 3015, subpart V.

##### **Civil Justice Reform**

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. In accordance with this rule: (1) All State and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given this rule; and (3) administrative proceedings in accordance with the regulations of the Agency at 7 CFR part 11 must be exhausted before bringing suit in court challenging action taken under this rule unless those regulations specifically allow bringing suit at an earlier time.

##### **Environmental Impact Statement**

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program."

RBS has determined that this proposed action does not constitute a major Federal action significantly affecting the quality of the human environment, and in accordance with the National Environmental Policy Act of 1969, 42 U.S.C. 4321 *et seq.*, an Environmental Impact Statement is not required.

##### **Unfunded Mandates**

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), 2 U.S.C. chapters 17A and 25, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. Under section 202 of the UMRA, RBS must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures to State, local or tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. When such a statement is needed for a rule, section 205 of UMRA generally requires RBS to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost effective or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for State, local, and tribal governments or the private sector. Thus this rule is not subject to the requirements of sections 202 and 205 of UMRA.

##### **Background**

RBS is implementing a grant program to fund technical assistance and planning activities in rural areas for the purpose of improving economic conditions in the areas. This action is necessary to comply with section 741 of the Federal Agriculture Improvement and Reform Act of 1996. Grants will be available to public bodies, nonprofit corporations, Indian tribes, and cooperatives. Grants may be used for technical assistance for business development and economic development planning; identifying and analyzing business opportunities that will use local rural materials or human resources, including opportunities in export markets as well as feasibility and business plan studies; identifying, training, and providing technical assistance to existing or prospective rural entrepreneurs and managers; establishing business support centers and otherwise assisting in the creation of new rural businesses; conducting local community or multi-county economic development planning;