

**OFFICE OF MANAGEMENT AND BUDGET**

**OMB Circular No. A-76, Performance of Commercial Activities**

**AGENCY:** Office of Management and Budget, Executive Office of the President.

**ACTION:** Issuance of Transmittal Memorandum No. 25, amending OMB Circular No. A-76, "Performance of Commercial Activities."

**SUMMARY:** This Transmittal Memorandum updates the annual federal pay raise assumptions and inflation factors used for computing the government's in-house personnel and non-pay costs, as generally provided in the President's Budget for Fiscal Year 2004.

**DATES:** All changes in the Transmittal Memorandum are effective immediately and shall apply to all OMB Circular A-76 cost comparisons in process where the government's in-house cost estimate has not been publicly revealed before this date.

**FOR FURTHER INFORMATION CONTACT:** Mr. David C. Childs, Office of Federal Procurement Policy, NEOB, Room 9013, Office of Management and Budget, 725 17th Street, NW., Washington, DC 20503, Tel. No. (202) 395-6104.

**Availability:** Copies of the OMB Circular A-76, its Revised Supplemental Handbook and currently applicable Transmittal Memoranda changes may be obtained at the online OMB Homepage address (URL): <http://www.whitehouse.gov/omb/>.

**Mitchell E. Daniels, Jr.,**  
*Director.*

**Circular No. A-76 (Revised), Transmittal Memorandum No. 25**

To the Heads of Executive Departments and Agencies  
*Subject:* Performance of Commercial Activities.

This Transmittal Memorandum updates the annual federal pay raise assumptions and inflation factors used for computing the government's in-house personnel and non-pay costs, as generally provided in the President's Budget for Fiscal Year 2004.

The non-pay inflation factors are for purposes of A-76 cost comparison determinations only. They reflect the generic non-pay inflation assumptions used to develop the fiscal year 2004 budget baseline estimates required by law. The law requires that a specific inflation factor (GDP FY/FY chained price index) be used for this purpose. These inflation factors should not be viewed as estimates of expected inflation rates for major long-term procurement items or as an estimate of inflation for any particular agency's non-pay purchases mix.

**FEDERAL PAY RAISE ASSUMPTIONS**  
[In percent]

Effective date	Civilian	Military
January 2002 ....	4.6	16.9
January 2003 ....	4.1	4.7
January 2004 ....	2.0	4.1
January 2005 ....	3.4	3.4
January 2006 ....	3.4	3.4
January 2007 ....	3.4	3.4
January 2008 <sup>2</sup> ..	3.4	3.4

<sup>1</sup> Average of various longevity- and rank-specific increases.

<sup>2</sup> Any subsequent years included in the period of performance and cost comparison shall continue to use the 3.4% figures, until otherwise revised by OMB.

**NON-PAY CATEGORIES (SUPPLIES AND EQUIPMENT, ETC.)**

	Percent
FY 2002 .....	1.3
FY 2003 .....	1.3
FY 2004 .....	1.5
FY 2005 .....	1.5
FY 2006 .....	1.6
FY 2007 .....	1.7
FY 2008 .....	<sup>1</sup> 1.8

<sup>1</sup> Any subsequent years included in the period of performance and cost comparison shall continue to use the 1.8% figure, until otherwise revised by OMB.

The pay rate (including geographic pay differentials) that are in effect for 2003 shall be included for the development of in-house personnel costs. The pay raise factors provided for 2004 and beyond shall be applied to all employees, with no assumption being made as to how they will be distributed between possible locality and ECI-based increases.

Agencies are reminded that OMB Circular No. A-76, Transmittal Memoranda 1 through Transmittal Memorandum 14 are canceled. Transmittal Memorandum No. 15 provides the Revised Supplemental Handbook, and is dated March 27, 1996 (**Federal Register**, April 1, 1996, pages 14338-14346). Transmittal Memoranda No. 16, 17, 18 and 19 (to the extent they provided Circular A-76 federal pay raise and inflation factors) are canceled. Transmittal Memorandum No. 20 provided changes to the Revised Supplemental Handbook to implement the Federal Activities Inventory Reform Act of 1998 (Pub. L. 105.270). Transmittal Memorandum No. 21, provided A-76 federal pay raise and inflation factor assumptions and is canceled. Transmittal Memorandum No. 22 made technical changes to the Revised Supplemental Handbook regarding the implementation of the FAIR Act, A-76 administrative appeals and, the participation of directly affected employees on A-76 Source Selection Boards and their evaluation teams. Transmittal Memorandum No. 23 and Transmittal Memorandum No. 24, which provided last year's Circular A-76 federal pay raise and inflation factor assumptions are canceled.

Mitchell E. Daniels, Jr.,

*Director.*

[FR Doc. 03-6127 Filed 3-13-03; 8:45 am]

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**PENSION BENEFIT GUARANTY CORPORATION**

**Required Interest Rate Assumption for Determining Variable-Rate Premium; Interest Assumptions for Multiemployer Plan Valuations Following Mass Withdrawal**

**AGENCY:** Pension Benefit Guaranty Corporation.

**ACTION:** Notice of interest rates and assumptions.

**SUMMARY:** This notice informs the public of the interest rates and assumptions to be used under certain Pension Benefit Guaranty Corporation regulations. These rates and assumptions are published elsewhere (or can be derived from rates published elsewhere), but are collected and published in this notice for the convenience of the public. Interest rates are also published on the PBGC's Web site (<http://www.pbgc.gov>).

**DATES:** The required interest rate for determining the variable-rate premium under part 4006 applies to premium payment years beginning in March 2003. The interest assumptions for performing multiemployer plan valuations following mass withdrawal under part 4281 apply to valuation dates occurring in April 2003.

**FOR FURTHER INFORMATION CONTACT:** Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202-326-4024. (TTY/TDD users may call the Federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4024.)

**SUPPLEMENTARY INFORMATION:**

**Variable-Rate Premiums**

Section 4006(a)(3)(E)(iii)(II) of the Employee Retirement Income Security Act of 1974 (ERISA) and § 4006.4(b)(1) of the PBGC's regulation on Premium Rates (29 CFR part 4006) prescribe use of an assumed interest rate (the "required interest rate") in determining a single-employer plan's variable-rate premium. The required interest rate is the "applicable percentage" (currently 100 percent) of the annual yield on 30-year Treasury securities for the month preceding the beginning of the plan year for which premiums are being paid (the "premium payment year"). (Although the Treasury Department has ceased issuing 30-year securities, the Internal

Revenue Service announces a surrogate yield figure each month—based on the 30-year Treasury bond maturing in February 2031—which the PBGC uses to determine the required interest rate.)

The required interest rate to be used in determining variable-rate premiums for premium payment years beginning in March 2003 is 4.81 percent.

The following table lists the required interest rates to be used in determining variable-rate premiums for premium payment years beginning between April 2002 and March 2003.

For premium payment years beginning in:	The required interest rate is:
April 2002 .....	5.71
May 2002 .....	5.68
June 2002 .....	5.65
July 2002 .....	5.52
August 2002 .....	5.39
September 2002 .....	5.08
October 2002 .....	4.76
November 2002 .....	4.93
December 2002 .....	4.96
January 2003 .....	4.92
February 2003 .....	4.94
March 2003 .....	4.81

### Multiemployer Plan Valuations Following Mass Withdrawal

The PBGC's regulation on Duties of Plan Sponsor Following Mass Withdrawal (29 CFR part 4281) prescribes the use of interest assumptions under the PBGC's regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044). The interest assumptions applicable to valuation dates in April 2003 under part 4044 are contained in an amendment to part 4044 published elsewhere in today's **Federal Register**. Tables showing the assumptions applicable to prior periods are codified in appendix B to 29 CFR part 4044.

Issued in Washington, DC, on this 10th day of March, 2003.

**Joseph H. Grant,**

*Deputy Executive Director and Chief Operating Officer, Pension Benefit Guaranty Corporation.*

[FR Doc. 03-6141 Filed 3-13-03; 8:45 am]

**BILLING CODE 7708-01-P**

### PENSION BENEFIT GUARANTY CORPORATION

#### Privacy Act of 1974; System of Records

**AGENCY:** Pension Benefit Guaranty Corporation.

**ACTION:** Notice of a new routine use of records for PBGC-6, Plan Participant and Beneficiary Data—PBGC.

**SUMMARY:** The Pension Benefit Guaranty Corporation is proposing to add a routine use of records for a system of records maintained pursuant to the Privacy Act of 1974, as amended, entitled PBGC-6, Plan Participant and Beneficiary Data—PBGC. The new routine use permits PBGC to disclose to a state workforce agency the names of and certain identifying information about PBGC pension recipients residing in the state who may be eligible for health insurance coverage assistance from the state workforce agency under the Trade Act of 2002. Participating state workforce agencies are authorized to provide health insurance coverage assistance to eligible PBGC pension recipients until a Federal income tax credit advance payment program becomes effective in August 2003.

**DATES:** Comments on the new routine use must be received by April 14, 2003. The new routine use will become effective April 15, 2003, without further notice, unless comments result in a contrary determination and a notice is published to that effect.

**ADDRESSES:** Comments may be mailed to the Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005-4026, or delivered to Suite 340 at the above address. Comments also may be sent by Internet e-mail to [regcomments@pbgc.gov](mailto:regcomments@pbgc.gov). Copies of comments may be obtained by writing to the PBGC's Communications and Public Affairs Department at Suite 240 at the above address or by visiting that office or calling 202-326-4040 during normal business hours.

**FOR FURTHER INFORMATION CONTACT:** D. Bruce Campbell, Attorney, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005-4016, 202-326-4020 (extension 3672). (TTY/TDD users may call the Federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4024.)

**SUPPLEMENTARY INFORMATION:** The Trade Act of 2002 amended the Internal Revenue Code to create an income tax credit for health insurance costs of eligible individuals. Public Law 107-210, sec. 201, 116 Stat. 933, 954 (Aug. 6, 2002) (to be codified at 26 U.S.C. 35). The legislation requires the Department of Treasury to establish a program for making advance payments to eligible individuals of the income tax credit. Public Law 107-210, sec. 202, 116 Stat. at 960 (to be codified at 26 U.S.C. 7527). The tax credit is to be made available on an advance payment basis by August 1, 2003.

The income tax credit and advance payment program are open to, among others, any individual who is an "eligible PBGC pension recipient." 26 U.S.C. 35(c) and 26 U.S.C. 7527(d)(2). An eligible PBGC pension recipient is defined to mean, with respect to any month, an individual "who has attained age 55 as the first day of such month, and \* \* \* is receiving a benefit for such month any portion of which is paid by the (PBGC)." 26 U.S.C. 35(c)(4).

The income tax credit and advance payment program are also open to any individual who is an "eligible TAA recipient" 26 U.S.C. 35(c) and 26 U.S.C. 7527(d)(2). The term eligible TAA recipient is defined to include, for any month, an individual who is receiving "a trade readjustment allowance under \* \* \* the Trade Act of 1974." The Department of Labor, with the states, is responsible for implementing the trade readjustment assistance program for eligible workers. 19 U.S.C. 2271-2296.

The Trade Act of 2002 also amended the Workforce Investment Act of 1988 to permit states to use National Emergency Grant funds from the Department of Labor to pay the cost of qualified health insurance coverage for eligible individuals during the initial start up period from September 1, 2002, (the first full month beginning after the date of enactment) until such time as the advance payment program is implemented. Public Law 107-210, sec. 203, 116 Stat. 933, 963 (to be codified at 29 U.S.C. 2918(a) and (f)). The new routine use permits the PBGC to disclose the names, addresses, social security numbers, and dates of birth of eligible PBGC pension recipients residing in a state to the state's workforce agency if the agency received a grant to provide health insurance coverage assistance and support services for state residents under section 203 of the Trade Act of 2002.

For the convenience of the public, PBGC-6, as amended, is published in full below with new routine use 15 italicized.

Issued in Washington, DC, this 11th day of March, 2003.

**Steven A. Kandarian,**

*Executive Director, Pension Benefit Guaranty Corporation.*

#### PBGC-6

##### SYSTEM NAME:

Plan Participant and Beneficiary Data—PBGC.

##### SECURITY CLASSIFICATION:

Not applicable.