and outcomes of different internal arrangements and agency decisions.

(d) Increased knowledge of ''best VR practices'' for prioritizing and providing services to individuals with the most significant disabilities. The RRTC must contribute to this outcome by conducting research on the extent to which individuals with the most significant disabilities are given priority for services from their respective State VR programs, and identifying best practices among the State VR programs in ensuring that individuals with the most significant disabilities receive services on a priority basis. Collection and analysis of data for this research must be coordinated with and informed by research on the disability employment service and VR structures described in paragraphs (b) and (c) of this priority. This coordination will allow ''best practices'' findings to be properly contextualized, and therefore more likely to be successfully applied in other States or agencies.

(e) Increased knowledge of ''best VR practices'' for individuals with developmental disabilities (DD) and individuals with mental illness (MI). The RRTC must contribute to this outcome by conducting research on best practices for placing or retaining individuals with DD and individuals with MI in jobs. Collection and analysis of data for this best practices research must be coordinated with and informed by research on the disability employment service and VR structures described in paragraphs (b) and (c) of this priority. This coordination will allow ''best practices'' findings to be properly contextualized, and therefore more likely to be successfully applied in other States or agencies.

(f) Enhancement of the knowledge base of State and Federal administrators of the VR program and other employment programs for individuals with disabilities, through disseminating research results and providing training and technical assistance based on the new knowledge about the disability employment service structures described in paragraphs (b) and (c) of this priority, and ''best practices'' knowledge described in paragraphs (d) and (e) of this priority.

In addition, this RRTC must:

- Collaborate with RSA's technical assistance mechanisms to effectively disseminate best practices materials developed in the research component of this RRTC.
- Coordinate its research, dissemination, training, and technical assistance efforts with grantees in NIDRR's Employment domain, as appropriate.

Executive Order 12866

This notice of proposed priority has been reviewed in accordance with Executive Order 12866. Under the terms of the order, we have assessed the potential costs and benefits of this regulatory action.

The potential costs associated with the notice of proposed priority are those resulting from statutory requirements and those we have determined as necessary for administering these programs effectively and efficiently.

In assessing the potential costs and benefits—both quantitative and qualitative—of this notice of proposed priority, we have determined that the benefits of the proposed priority justify the costs.

Summary of potential costs and benefits: The potential costs associated with this proposed priority are minimal while the benefits are significant.

The benefits of the Rehabilitation Research and Training Centers have been well established over the years in that similar projects have been completed successfully. This proposed priority will generate new knowledge and technologies through research, development, dissemination, utilization, and technical assistance projects.

Another benefit of this proposed priority is that the establishment of a new RRTC conducting research projects will support the President's NFI and will improve the lives of persons with disabilities. This RRTC will generate, disseminate, and promote the use of new information that will improve the options for individuals with disabilities to perform regular activities in the community.

Applicable Program Regulations: 34 CFR part 350.

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(Catalog of Federal Domestic Assistance Number 84.133B, Rehabilitation Research and Training Centers Program.)

Program Authority: 29 U.S.C. 762(g) and 764(b)(2).

Dated: March 22, 2007.

John H. Hager,

Assistant Secretary for Special Education and Rehabilitative Services.

[FR Doc. E7–5590 Filed 3–26–07; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF ENERGY

Office of Management; Request for Public Comment on Department of Energy Contractor Employee Pension and Medical Benefits Challenge

ACTION: Request for public comments.

SUMMARY: The Department of Energy (DOE) is seeking public comments and/or recommendations on how to address the challenge it faces due to increasing costs and liabilities associated with contractor employee pension and medical benefits. Under the Department's unique Management and Operating (M&O) and other site management contracts, DOE reimburses its contractors for allowable costs incurred in providing employee pension and medical benefits to current employees and retirees who are eligible to participate in the contractors' pension and medical benefit plans. DOE has established a Web site for the public to submit comments and/or recommendations on how it should address the financial challenge it faces on contractor employee pension and medical benefits.

DATES: Comments are due on or before May 11, 2007.

ADDRESSES: Interested parties may submit comments electronically, via traditional mail service, or by facsimile to the addresses identified below. The Internet address for the Web site is *http://management.energy.gov/request_for_comments.htm.* E-mail comments to *contractorpensions@hq.doe.gov.* Transmit submissions by facsimile to Stephanie Weakley, Director, Office of Resource Management, at 202–287–1305. Public comments and other information received from the public will be posted on this Web site. To the extent your comments contain proprietary or business sensitive information, please so indicate and include a redacted version of your comments.

FOR FURTHER INFORMATION CONTACT: Stephanie Weakley, Office of

Procurement and Assistance Management, U.S. Department of Energy, 1000 Independence Avenue, SW., Washington, DC 20585, telephone 202–287–1645.

SUPPLEMENTARY INFORMATION:

I. Introduction

Under the Department's unique Management and Operating (M&O) and other site management contracts, DOE reimburses its contractors for allowable costs incurred in providing employee pension and medical benefits to current employees and retirees who are eligible to participate in the contractors' pension and medical benefit plans. DOE intends to continue its approach to reimbursing costs incurred by its contractors for these benefits consistent with Government-wide rules on cost allowability; however, DOE believes an examination of its policies and practices is appropriate to ensure prudent fiscal management of taxpayer dollars.

In FY 2006, DOE reimbursed 46 contractors a total of $1.077 billion for contractor employee pension and medical benefits—more than a 226 percent increase since FY 2000. In addition, the Department in its FY 2006 financial statement reported $11.9 billion in accrued unfunded liabilities for contractor employee pension and medical benefits—a 68 percent increase since FY 2000. Costs and liabilities associated with these benefits are projected to grow over the next several years at a rate that significantly exceeds likely increases in the Department's budget.

To address these rising costs and liabilities, on April 27, 2006, DOE issued Department of Energy Notice 351.1, Contractor Employee Pension and Medical Benefits Policy. This Notice updated and revised the Department's policy concerning reimbursement of M&O and site management contractor pension and medical benefit costs. On June 19, 2006, the Secretary of Energy suspended implementation of the revised policy to permit consultation with stakeholders.

II. Challenge Presented by Increasing Departmental Obligations to Reimburse Contractor Employee Benefits

The Department of Energy is faced with the growing challenge of determining how to best balance its responsibility for funding important national missions, including energy and nuclear security, scientific discovery and innovation and environmental clean-up—with providing contractors sufficient flexibility to offer benefits that will attract and retain highly qualified workers and to treat incumbent contractor employees, retirees and dependents fairly.

A. Background

The Department of Energy relies on contractors to manage and operate its specialized scientific, engineering, production and clean-up sites and facilities. DOE is the only Federal agency that uses these unique M&O contracts to conduct its missions.

The Department obligates approximately 80 percent of its estimated annual $24 billion budget to 46 major cost-reimbursement contracts for management of DOE sites and facilities in 20 states. Pension and post retirement benefit programs sponsored by contractors include 45 contractor defined benefit pension plans, 37 contractor defined contribution pension plans, 23 contractor life insurance plans, and approximately 260 contractor medical benefit plans. These benefits are provided to approximately 100,000 active employees and 100,000 retirees, dependents and beneficiaries. Although DOE reimburses its contractors for certain costs associated with contractor employee benefits, DOE contractors employ their own workforces and sponsor and serve as fiduciaries for all benefit plans.

Most DOE M&O and site management contractors provide defined benefit plans that are supplemented by defined contribution plans and generously subsidized medical benefit plans. According to Department of Energy market comparisons, on average, the pension benefits received by DOE contractor employees are higher than the benefits earned by Federal or private sector employees. In addition, on average, DOE contractor employees contribute less for their medical benefit costs than Federal employees or private sector workers.

The scope of DOE's obligations for contractor employee benefit costs is significant and growing. In FY 2006, the Department's accrued unfunded liabilities associated with contractor employee pension and medical benefits were $11.9 billion. In FY 2006, DOE reimbursed its contractors $1.077 billion for pension and medical benefit plans.

Costs and liabilities for these benefits are projected to grow at a rate that significantly exceeds projected increases in the Department's budget. Absent actions to control benefit escalation, contractor benefit cost reimbursements will continue to increase. Further, the volatility and unpredictability of contractor benefit cost reimbursements will continue to make it difficult for the Department to plan and execute budgets. The Pension Protection Act of 2006 generally accelerates required contributions to defined benefit pension plans and is expected to increase the amount that DOE reimburses contractors for pension benefits over the next 5 to 7 years.

B. Description of DOE Notice 351.1

In April 2006, the Department of Energy issued Notice 351.1 to address concerns about contractor employee pension and medical benefits. However, due to concerns raised about the policy, in June 2006, it was suspended pending consultation with stakeholders.

The goals of the Notice were to improve the Department's stewardship of taxpayer dollars by mitigating the cost growth associated with benefit liabilities, moderating the volatility and improving the predictability of the Department's cost reimbursement obligations for benefits, ensuring that costs for contractor employee pension and medical benefits are more consistent with market trends, and ensuring fairness to incumbent contractor employees.

The major provisions of the Notice included continuing to reimburse contractors for costs for current and retired contractor employee pension and medical plans under existing contract provisions; requiring market-based defined contribution pension plans and market-based medical plans for new employees, except where to do so would be inconsistent with the terms of a collective bargaining agreement; requiring the Secretary of Energy to approve the costs of contractor proposed benefit augmentations; and separately assessing the value of pension and medical benefits to ensure that both are market-based. The policy also provided for the continuation of pension and medical benefit commitments made by contractors through collective bargaining agreements.

Issued in Washington, DC on March 19, 2007.

Ingrid A.C. Kolb,

Director of Management, U.S. Department of Energy.

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