

DEPARTMENT OF AGRICULTURE**Rural Utilities Service****Announcement of Grant Application Deadlines**

AGENCY: Rural Utilities Service, USDA.

ACTION: Notice of Funds Availability (NOFA).

SUMMARY: The Rural Utilities Service (RUS) is announcing a special Fiscal Year (FY) 2014 application window for a Colonias Needs Assessment to be completed through the Technical Assistance and Training Grant Program (TAT). In 2013, RUS partnered with EPA to launch a USDA/EPA Mexico Border Needs Assessment and Support Project. The five-phased project intends to identify small communities' gaps in water and wastewater infrastructure development and in technical capacity in the Mexico Border region. Once the gaps are identified, the project intends to support appropriate water and wastewater infrastructure projects that meet the specific needs of small communities. The ultimate goal would be to reduce health risks and increase economic development in Colonias regions. Phase 1 is completed and consisted of RUS/EPA research and collection of data related to socio-economic factors, public health and Federal and State investments in infrastructure in Colonias regions. Phase 2 of the project is to conduct a detailed assessment of water and wastewater infrastructure needs in select Colonias areas in four states, including California, New Mexico, Arizona and Texas. The areas of focus for the study are further defined in the application guide and are those where Phase I data showed highest health, environmental and economic challenges. Through this announcement RUS seeks applications to conduct the needs assessment and provide a detailed accounting of results that will enable RUS and EPA to advance to Phase 3 of the project. The grant will have a start date of July 1, 2014 and end on December 31, 2014.

The study will be done only in the colonias areas. For RUS programs, Colonia is defined as a community that (1) is in the state of Arizona, California, New Mexico, or Texas; (2) is within 150 miles of the U.S.-Mexico border, except for any metropolitan area exceeding one million people; (3) on the basis of objective criteria, lacks adequate sewage systems and lacks decent, safe, and sanitary housing; and (4) existed as a colonia before October 1, 1989. However, the needs assessment may include other rural areas classified as

Colonias by other state and Federal agencies. RUS intends to award one grant to an eligible entity for up to \$500,000. The grantee will be expected to commence work July 1, 2014 and submit all deliverables by December 31, 2014

DATES: You may submit completed applications for the Colonias Water and Waste Disposal Needs Assessment grants on paper or electronically according to the following deadlines:

Paper submissions: Paper submission of an application must be postmarked and mailed, shipped, or sent overnight from the date this NOFA is published through June 3, 2014, to be eligible for grant funding. Late or incomplete applications will not be eligible for grant funding.

Electronic Submissions: Submit electronic grant applications at <http://www.grants.gov> (Grants.gov) and follow the instructions you find on that Web site. Electronic submissions of applications must be received from the date this NOFA is published through June 3, 2014, to be eligible for grant funding. Late or incomplete applications will not be eligible for grant funding.

ADDRESSES: You may obtain application guides and materials for the Technical Assistance and Training grants the following ways:

- The Internet at the RUS Water and Environmental Programs (WEP) Web site: <http://www.rurdev.usda.gov/UWP-wwwat.htm>
- You may also request application guides and materials from RUS by contacting WEP at (202) 720-9589.

FOR FURTHER INFORMATION CONTACT: Anita O'Brien, Community Program Specialist, Water & Environmental Programs, Rural Utilities Service, U.S. Department of Agriculture (USDA), Room 2231 South Building, Stop 1570, 1400 Independence Ave. SW., Washington, DC 20250-1570. Telephone: (202) 690-3789, FAX: (202) 690-0649, Email: anita.obrien@wdc.usda.gov.

SUPPLEMENTARY INFORMATION:**Overview**

Federal Agency: Rural Utilities Service (RUS).

Funding Opportunity Title: Colonias Water Resource Studies Grant.

Announcement Type: Funding Level Announcement, and Solicitation of Applications.

Authority: 7 U.S.C. 1926 (a)(14); Public Law 111-5, 123 Stat. 115.

Catalog of Federal Domestic Assistance (CFDA) Number: 10.761.

Due Dates for Applications: Completed Colonias Water Resource Studies grant applications must be mailed, shipped or submitted electronically through Grants.gov no later than June 3, 2014 to be eligible for funding.

Items in Supplementary Information

I. *Funding Opportunity:* Brief introduction to the Technical Assistance and Training Grants.

II. *Award Information:* Available funds, maximum amounts. \$500,000.

III. *Eligibility Information:* Who is eligible, what kinds of projects are eligible, what criteria determine basic eligibility.

IV. *Application and Submission Information:* Where to get application materials, what constitutes a completed application, how and where to submit applications, deadlines and items that are eligible.

V. *Application Review Information:* Considerations and preferences, scoring criteria, review standards and selection information.

VI. *Award Administration Information:* Award notice information and award recipient reporting requirements.

VII. *Agency Contacts:* Web, phone, fax, email, and contact name.

I. Funding Opportunity

The U.S.-Mexico Border Region is a dynamic area where public health and environmental challenges are interconnected, populations intermingle, and water resources are shared by both countries. USDA and EPA work collaboratively with partners to address critical public health and environmental problems at the source by providing often first-time drinking and wastewater services to underserved communities. The agencies have embarked on a joint project to improve estimates of gaps in community infrastructure and to pilot approaches to technical assistance and capacity building that can be applied more broadly and be provided in a manner that can be sustained long term by building capacity in the communities to improve and maintain adequate infrastructure. Ultimately, the project will identify and vet approaches to support small communities that can be supported cooperatively by all stakeholders.

The Rural Utilities Service (RUS) supports the sound development of rural communities and the growth of our economy without endangering the environment. RUS provides financial and technical assistance to help communities bring safe drinking water and sanitary, environmentally sound waste disposal facilities to rural Americans in greatest need.

The additional funding for the Colonias Studies, under the TAT Grant Program, will allow colonias communities to better plan and secure dependable water supplies for rebuilding their community's health and economic development. Qualified private non-profit organizations may apply to receive a grant to conduct water infrastructure studies to evaluate infrastructure gaps, determine local stakeholders and institutions, access community funding opportunities and provide technical support to colonias communities.

Deliverables required under this colonias TAT grant are:

1. Creation of a searchable database of information required to be collected as part of the needs assessment. A full list of the information collection requirements is detailed in the application guide, and includes such data as population, general demographics, existing water and waste disposal infrastructure, incidence rate of water borne infectious disease, assessment of access to indoor plumbing, etc. The database must include geospatial information that allows for mapping.

2. A report (in electronic and paper form) summarizing and analyzing the data collected that:
 - Identifies areas of greatest need and where investment will have highest economic and public health impact (including maps).
 - Identifies areas that lack access to water and/or waste disposal infrastructure.
 - Estimates the capital investment needed in water and waste disposal infrastructure in the study area (modest in scope and design). The estimate should include a listing of each colonia assessed, identification of the type of infrastructure required and the recommended approach (i.e., connection to existing system, new cluster system, centralized system and estimated capital costs).
 - Provides information on communities' capacity to apply for funding, and operate and maintain utilities.
 - Identifies the areas where other technical assistance is needed and for what purposes;

3. Lists of local institutions/ community leaders that can serve as points of contacts for the targeted communities.
4. Recommends approaches for technical assistance and outreach to communities in high needs areas.
5. This report is due by December 31, 2014.

II. Award Information

Available funds: \$500,000.

III. Eligibility Information

A. What are the basic eligibility requirements for applying? (For more specific information see 7 CFR 1775, Section 1775.35.) The applying entity (Applicant) must:

1. Have an active registration with current information in the System for Award Management (SAM) (previously the Central Contractor Registry (CCR) at <https://www.sam.gov> and have a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number.
2. Be legally established, located within a state within the United States, the District of Columbia, the Commonwealth of Puerto Rico or a United States territory and have the proven ability, background, experience, legal authority and actual capacity to provide technical assistance and/or training to carry out the grant purpose.
3. Have no delinquent debt to the Federal Government or no outstanding judgments to repay a Federal debt.

B. *What are the basic eligibility requirements for a project?*

The project must be a colonias water resource study that will evaluate and recommend sources of dependable water supply and infrastructure that can be developed and used by colonias communities in one or more of the colonias states of Arizona, California, New Mexico, or Texas.

C. Other-Requirements

1. DUNS numbers and SAM Registration. Applicants must have Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) numbers and be registered in System for Award Management (SAM) at <https://www.sam.gov> prior to submitting an electronic or paper application. The DUNS numbers and SAM requirements are contained in 2 CFR part 25. SAM is the repository for standard information about applicants and recipients.

2. DUNS Number. As required by the OMB, all applicants for grants must supply a Dun and Bradstreet Data Universal Numbering System (DUNS) number when applying. The Standard Form 424 (SF-424) contains a field for you to use when supplying your DUNS number. Obtaining a DUNS number costs nothing and requires a short telephone call to Dun and Bradstreet. Please see http://www.grants.gov/applicants/request_duns_number.jsp for more information on how to obtain a DUNS number or how to verify your organization's number.

3. System for Award Management (SAM). In accordance with 2 CFR part 25, applicants, whether applying electronically or by paper, must be registered in SAM prior to submitting an application. Applicants may register for the SAM at <https://www.sam.gov>. The SAM registration must remain active, with current information, at all times during which an entity has an application under consideration by an agency or has an active Federal Award. To remain registered in the SAM database after the initial registration, the applicant is required to review and update on an annual basis from the date of initial registration or subsequent updates of its information in the SAM database at <https://www.sam.gov> to ensure it is current, accurate and complete.

IV. Application and Submission Information

A. Where to get application information. The grant application guide, copies of necessary forms and samples, and the Technical Assistance Grants regulation (7 CFR 1775) are available from these sources:

- The Internet: <http://www.rurdev.usda.gov/UWP-wwtat.htm>.
- <http://www.grants.gov>, or,
- Water and Environmental Programs for paper copies of these materials: Telephone: (202) 720-9589

1. You may file an application in either paper or electronic format. Whether you file a paper or an electronic application, you will need a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number. You must provide your DUNS number on the SF-424, "Application for Federal Assistance". To verify that your organization has a DUNS number or to receive one at no cost, call the dedicated toll-free request line at 1-866-705-5711 or access the Web site <http://www.dunandbradstreet.com>. You will need the following information when requesting a DUNS number:
 - a. Legal Name of the Applicant;
 - b. Headquarters name and address of the Applicant;
 - c. The names under which the Applicant is doing business as (dba) or other name by which the organization is commonly recognized;
 - d. Physical address of the Applicant;
 - e. Mailing address (if separate from headquarters and/or physical address) of the Applicant;
 - f. Telephone number;
 - g. Contact name and title;
 - h. Number of employees at the physical location.
2. Send or deliver paper applications by the U.S. Postal Service (USPS) or

courier delivery services to the RUS receipt point set forth below. RUS will not accept applications by fax or email. For paper applications mail or ensure delivery of an original paper application (no stamped, photocopied, or initialed signatures) and two copies by June 3, 2014 to the following address: Assistant Administrator, Water and Environmental Programs, Rural Utilities Service, 1400 Independence Avenue SW., STOP 1548, Room 5145 South, Washington, DC 20250-1548.

The application and any materials sent with it become Federal records by law and cannot be returned to you.

3. For electronic applications, you must file an electronic application at the Web site: www.grants.gov. You must be preregistered with Grants.gov before you can submit a grant application. If you have not used Grants.gov before, you will need to register with the SAM at <https://www.sam.gov>. You will need a DUNS number to access or register at any of the services. The registration processes may take several business days to complete. Follow the instructions at Grants.gov for registering and submitting an electronic application. RUS may request original signatures on electronically submitted documents later.

The Credential Provider gives you or your representative a username and password, as part of the Federal Government's e-Authentication to ensure a secure transaction. You will need the username and password when you register with Grants.gov or use Grants.gov to submit your application. You must register with the Central Provider through Grants.gov: <https://apply.grants.gov/OrcRegister>.

B. What constitutes a completed application?

1. To be considered for assistance, you must be an eligible entity and must submit a complete application by the deadline date.

You must consult the cost principles and general administrative requirements for grants pertaining to their organizational type in order to prepare the budget and complete other parts of the application.

You also must demonstrate compliance (or intent to comply), through certification or other means, with a number of public policy requirements.

2. Applicants must complete and submit the following forms to apply for a Technical Assistance and Training grant:

(a) Standard Form 424, "Application for Federal Assistance (For Non-Construction)".

(b) Standard Form 424A, "Budget Information—Non-Construction Programs".

(c) Standard Form 424B, "Assurances—Non-Construction Programs".

(d) SF-LLL, "Disclosure of Lobbying Activity".

(e) Form AD 1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters—Primary Covered Transaction".

(f) Form AD 1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I—For Grantees Other Than Individuals".

(g) Form AD 1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions".

(h) Form RD 400-1, "Equal Opportunity Agreement".

(i) Form RD 400-4, "Assurance Agreement (Under Title VI, Civil Rights Act of 1964)".

(j) AD-3030, "Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicant".

(k) AD-3031, "Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicant".

(l) Indirect Cost Rate Agreement (if applicable, applicant must include approved cost agreement rate schedule).

(m) Certification regarding Forest Service grant.

(n) Attachment regarding assistance provided to Rural Development Employees as required by RD Instruction 1900-D.

3. All applications shall be accompanied by the following supporting documentation:

(a) Evidence of applicant's legal existence and authority in the form of:

(i) Certified copies of current authorizing and organizational documents for new applicants or former grantees where changes were made since the last legal opinion was obtained in conjunction with receipt of an RUS grant, or, certification that no changes have been made in authorizing or organizing documents since receipt of last RUS grant by applicant;

(ii) Current annual corporation report and Certificate of Good Standing. If the jurisdiction in which the applicant is organized does not require or issue such documentation, or the applicant otherwise cannot provide it, the applicant must submit a statement explaining why the supporting documentation is not included with the application; and;

(iii) Certified list of directors/officers with their respective terms.

(b) Evidence of tax exempt status from the Internal Revenue Service (IRS).

(c) Narrative of applicant's experience in providing services similar to those proposed. Provide brief description of successfully completed projects including the need that was identified and objectives accomplished.

(d) Latest financial information to show the applicant's financial capacity to carry out the proposed work. A current audit report is preferred; however applicants can submit a balance sheet and an income statement in lieu of an audit report.

(e) List of proposed services to be provided.

(f) Estimated breakdown of costs (direct and indirect) including those to be funded by grantee as well as other sources. Sufficient detail should be provided to permit the approval official to determine reasonableness, applicability, and allowability.

(g) Evidence that a Financial Management System is in place or proposed.

(h) Documentation on each of the priority ranking criteria listed in 7 CFR 1775, § 1775.11 as modified in the application guide and listed below:

(i) Methodology: Describe the method by which you will conduct the study and complete deliverables.

(ii) Experience of the applicant in conducting similar types of work or in assessing needs in Colonias areas.

(iii) Personnel on staff or to be contracted to conduct the assessment and complete deliverables and their experience with similar projects. Also describe any existing partnerships that will be leveraged to meet the deliverables.

(iv) Documentation on cost effectiveness of methodology and approach proposed to complete the project.

4. Applicants must also submit a work plan/project proposal that will outline the project in sufficient detail to provide a reader with a complete understanding of how the proposed Colonias Water and Waste Disposal Assessment will be conducted and how deliverables will be met. The proposal should cover the following elements (in addition to information contained in 7 CFR 1775 Sections 1775.10 and 1775.11).

(a) Present a brief project overview. Explain your understanding of the purpose of the project, how it relates to the RUS goals, how you will carry out the project, what the project will produce, and who will direct it.

(b) Prepare a detailed timeline of activities proposed that clearly defines when work will be completed, and deliverables submitted for review and final approval.

(c) In addition to completing the standard application forms, you must also submit supplementary materials, as follows:

(i) Demonstrate that your organization is legally recognized under state and Federal law. Satisfactory documentation includes, but is not limited to, certificates from the Secretary of State, or copies of state statutes or laws establishing your organization. Letters from the IRS awarding tax-exempt status are not considered adequate evidence.

(ii) Submit a certified list of directors and officers with their respective terms.

(iii) Submit evidence of tax-exempt status from the Internal Revenue Service.

(iv) You must disclose debarment and suspension information required in accordance with 2 CFR 417 if it applies. The section heading is "What information must I provide before entering into a covered transaction with the Department of Agriculture?" It is part of the Department of Agriculture's

rules on Government-wide Debarment and Suspension. Corporations that have been convicted of a felony (or had an officer or agent acting on behalf of the corporation convicted of a felony) within the past 24 months are not eligible. Any Corporation that has any unpaid federal tax liability that has been assessed for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, is not eligible.

(v) Submit the most recent audit of your organization.

V. Application Review Information

A. Within 30 days of receiving your application, RUS will acknowledge the application's receipt by letter to the Applicant. The application will be reviewed for completeness to determine if it contains all of the items required.

If the application is incomplete or ineligible, RUS will return it to the Applicant with an explanation.

B. A review team, composed of at least two members, will evaluate all applications and proposals. They will make overall recommendations based on factors such as eligibility, application completeness, and conformity to application requirements. They will score the applications based on criteria in paragraph C of this section.

C. Low Priority Applications

Applications that cannot be funded in the fiscal year received will not be retained for consideration in the following fiscal year.

D. All applications that are complete and eligible will be scored based on the criteria outlined in 7 CFR 1775, 1775.10, 1775.11 and RUS Guide 1775-2. After each application is scored they will be ranked competitively. The categories for scoring criteria used are the following:

	Scoring criteria
1. Applicant Status: National Organization, Multi-State, State	Up to 10.
2. Degree of expertise in conducting similar assessments and producing deliverables such as those specified in grant	Up to 5.
3. Applicant Resource (staff vs. contract personnel)	Up to 10.
Applicant may not contract with a nonaffiliated organization for more than 49 percent of the grant to provide the proposed assistance.	
4. Description of the service area: Particularly of the governance structures in place and opportunities to leverage existing partnerships. (Medium Household Income and Population are considered in this scoring criterion).	Up to 25.
5. Project Duration: Points are awarded for projects that accomplish objectives within a 12 month period	Up to 5.
6. Needs Assessment: Extent of understanding of the purpose of the project	Up to 15.
7. Goals/Objectives: Goals and objectives should be clearly defined, tied to the need as defined in the work plan, and are measurable.	Up to 15.
8. Work plan: Extent to which the work plan clearly articulates a well thought out approach and methodology to accomplishing objectives.	Up to 40.
9. Actual assistance provided:	Up to 20.
Scope of assistance (ability to conduct assistance in the colonias areas in Arizona, California, New Mexico, or Texas) as defined in this NOFA.	
10. Methodology: Extent to which the evaluation methods are specific to the program, clearly defined, measurable, with expected project outcomes.	Up to 20.
11. Percentage of applicant's contributions (in-kind support)	Up to 10.
12. Sustainability: Applicant demonstrates ability to sustain project without federal award using a thorough financial analysis to include: Cash on hand, projected revenues, outside source contributions, and show a steady increase to sustainability within 5 years.	Up to 10.
13. Prior Grant/Years Funded	Up to 15.
10. Administrative Discretion	Up to 15.

VI. Award Administration Information

A. RUS will rank all qualifying applications by their final score. Applications will be selected for funding, based on the highest scores and the availability of funding for the Colonias Water Resource Studies grants.

B. In making our decision about your application, RUS may determine that your application is:

1. Eligible and selected for funding;
2. Eligible but offered fewer funds than requested;
3. Eligible but not selected for funding; or
4. Ineligible for the grant.

C. In accordance with 7 CFR part 1900, subpart B, you generally have the right to appeal adverse decisions. Some adverse decisions cannot be appealed. For example, if you are denied RUS funding due to a lack of funds available for the grant program, this decision cannot be appealed. However, you may make a request to the National Appeals Division (NAD) to review the accuracy of our finding that the decision cannot be appealed. The appeal must be in writing and filed at the appropriate Regional Office, which can be found at <http://www.nad.usda.gov/offices.htm> or by calling (703) 305-1166.

D. Applicants selected for funding will complete a grant agreement, which outlines the terms and conditions of the grant award.

E. Grantees will be reimbursed as follows:

1. SF-270, "Request for Advance or Reimbursement," will be completed by the grantee and submitted to either the State or National Office not more frequently than monthly.

2. Upon receipt of a properly completed SF-270, payment will ordinarily be made within 30 days.

F. Any change in the scope of the project, budget adjustments of more

than 10 percent of the total budget, or any other significant change in the project must be reported to and approved by the approval official by written amendment to RUS Guide 1775-1 (Grant Agreement). Any change not approved may be cause for termination of the grant.

G. Project reporting.

1. Grantees shall constantly monitor performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved.

2. SF-425, "Federal Financial Report," and a project performance activity report will be required of all grantees on a quarterly basis, due 30 days after the end of each quarter.

3. A final project performance report will be required with the last SF-269 due 90 days after the end of the last quarter in which the project is completed. The final report may serve as the last quarterly report.

4. All grantees are to submit an original of each report to the National Office. The project performance reports should detail, preferably in a narrative format, activities that have transpired for the specific time period.

H. Recipient and Subrecipient Reporting.

The applicant must have the necessary processes and systems in place to comply with the reporting requirements for first-tier sub-awards and executive compensation under the Federal Funding Accountability and Transparency Act of 2006 in the event the applicant receives funding unless such applicant is exempt from such reporting requirements pursuant to 2 CFR part 170, § 170.110(b). The reporting requirements under the Transparency Act pursuant to 2 CFR part 170 are as follows:

1. First Tier Sub-Awards of \$25,000 or more in non-Recovery Act funds (unless they are exempt under 2 CFR part 170) must be reported by the Recipient to <http://www.fsrs.gov> no later than the end of the month following the month the obligation was made.

2. The Total Compensation of the Recipient's Executives (5 most highly compensated executives) must be reported by the Recipient (if the Recipient meets the criteria under 2 CFR part 170) to <http://www.sam.gov> by the end of the month following the month in which the award was made.

3. The Total Compensation of the Subrecipient's Executives (5 most highly compensated executives) must be reported by the Subrecipient (if the Subrecipient meets the criteria under 2 CFR part 170) to the Recipient by the

end of the month following the month in which the subaward was made.

I. The grantee will provide an audit report or financial statements as follows:

1. Grantees expending \$500,000 or more Federal funds per fiscal year will submit an audit conducted in accordance with OMB Circular A-133. The audit will be submitted within 9 months after the grantee's fiscal year. Additional audits may be required if the project period covers more than one fiscal year.

2. Grantees expending less than \$500,000 will provide annual financial statements covering the grant period, consisting of the Grantee's statement of income and expense and balance sheet signed by an appropriate official of the Grantee. Financial statements will be submitted within 90 days after the grantee's fiscal year.

VII. Agency Contacts

A. Web site: <http://www.rurdev.usda.gov/UWP-wwtat.htm>. The RUS' Web site maintains up-to-date resources and contact information for Technical Assistance and Training Grants program.

B. Phone: 202-720-9589

C. Fax: 202-690-0649.

D. Email: anita.obrien@wdc.usda.gov.

E. Main point of contact: Anita O'Brien, Community Program Specialist, Water and Environmental Programs, Water Programs Division, Rural Utilities Service, U.S. Department of Agriculture.

Dated: February 12, 2014.

John Charles Padalino,

Acting Administrator, Rural Utilities Service.

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DEPARTMENT OF COMMERCE

Bureau of Industry and Security

[Docket No. 140312238-4238-01]

RIN 0694-XC013

Reporting for Calendar Year 2013 on Offsets Agreements Related to Sales of Defense Articles or Defense Services to Foreign Countries or Foreign Firms

AGENCY: Bureau of Industry and Security, Department of Commerce.

ACTION: Notice; annual reporting requirements.

SUMMARY: This notice is to remind the public that U.S. firms are required to report annually to the Department of Commerce (Commerce) information on contracts for the sale of defense articles

or defense services to foreign countries or foreign firms that are subject to offsets agreements exceeding \$5,000,000 in value. U.S. firms are also required to report annually to Commerce information on offsets transactions completed in performance of existing offsets commitments for which offsets credited of \$250,000 or more has been claimed from the foreign representative. This year, such reports must include relevant information from calendar year 2013 and must be submitted to Commerce no later than June 15, 2014.

ADDRESSES: Reports should be addressed to "Offsets Program Manager, U.S. Department of Commerce, Office of Strategic Industries and Economic Security, Bureau of Industry and Security, Room 3878, Washington, DC 20230."

FOR FURTHER INFORMATION CONTACT: Ronald DeMarines, Office of Strategic Industries and Economic Security, Bureau of Industry and Security, U.S. Department of Commerce, telephone: 202-482-3755; fax: 202-482-5650; email: ronald.demarines@bis.doc.gov.

SUPPLEMENTARY INFORMATION:

Background

Section 723(a)(1) of the Defense Production Act of 1950, as amended (DPA) (50 U.S.C. app. § 2172 (2009)) requires the President to submit an annual report to Congress on the impact of offsets on the U.S. defense industrial base. Section 723(a)(2) directs the Secretary of Commerce (Secretary) to prepare the President's report and to develop and administer the regulations necessary to collect offsets data from U.S. defense exporters.

The authorities of the Secretary regarding offsets have been delegated to the Under Secretary of Commerce for Industry and Security. The regulations associated with offsets reporting are set forth in part 701 of title 15 of the Code of Federal Regulations. Offsets are compensation practices required as a condition of purchase in either government-to-government or commercial sales of defense articles and/or defense services, as defined by the Arms Export Control Act and the International Traffic in Arms Regulations. For example, a company that is selling a fleet of military aircraft to a foreign government may agree to offset the cost of the aircraft by providing training assistance to plant managers in the purchasing country. Although this distorts the true price of the aircraft, the foreign government may require this sort of extra compensation as a condition of awarding the contract to purchase the aircraft. As described in