Statutory Requirements for Federal Participation in Standards-Setting Bodies

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Title 1, Part D, Section 143 of the Higher Education Act of 1965, As Amended

`SEC. 143. ADMINISTRATIVE SIMPLIFICATION OF STUDENT AID DELIVERY.

`(a) IN GENERAL- In order to improve the efficiency and effectiveness of the student aid delivery system, the Secretary and the Chief Operating Officer shall encourage and participate in the establishment of voluntary consensus standards and requirements for the electronic transmission of information necessary for the administration of programs under title IV.

`(b) PARTICIPATION IN STANDARD SETTING ORGANIZATIONS-

`(1) The Chief Operating Officer shall participate in the activities of standard setting organizations in carrying out the provisions of this section.

` (2) The Chief Operating Officer shall encourage higher education groups seeking to develop common forms, standards, and procedures in support of the delivery of Federal student financial assistance to conduct these activities within a standard setting organization.

` (3) The Chief Operating Officer may pay necessary dues and fees associated with participating in standard setting organizations pursuant to this subsection.

`(c) ADOPTION OF VOLUNTARY CONSENSUS STANDARDS- Except with respect to the common financial reporting form under section 483(a), the Secretary shall consider adopting voluntary consensus standards agreed to by the organization described in subsection (b) for transactions required under title IV, and common data elements for such transactions, to enable information to be exchanged electronically between systems administered by the Department and among participants in the Federal student aid delivery system.

`(d) USE OF CLEARINGHOUSES- Nothing in this section shall restrict the ability of participating institutions and lenders from using a clearinghouse or servicer to comply with the standards for the exchange of information established under this section.

`(e) DATA SECURITY- Any entity that maintains or transmits information under a transaction covered by this section shall maintain reasonable and appropriate administrative, technical, and physical safeguards--
(1) to ensure the integrity and confidentiality of the information; and

(2) to protect against any reasonably anticipated security threats, or unauthorized uses or disclosures of the information.

(f) DEFINITIONS-

(1) CLEARINGHOUSE- The term "clearinghouse" means a public or private entity that processes or facilitates the processing of nonstandard data elements into data elements conforming to standards adopted under this section.

(2) STANDARD SETTING ORGANIZATION- The term "standard setting organization" means an organization that--

(A) is accredited by the American National Standards Institute;

(B) develops standards for information transactions, data elements, or any other standard that is necessary to, or will facilitate, the implementation of this section; and

(C) is open to the participation of the various entities engaged in the delivery of Federal student financial assistance.

(3) VOLUNTARY CONSENSUS STANDARD- The term "voluntary consensus standard" means a standard developed or used by a standard setting organization described in paragraph (2).

Office of Management and Budget (OMB) Circular No. A-119

CIRCULAR NO. A-119
Revised

February 10, 1998

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Federal Participation in the Development and Use of Voluntary Consensus Standards and in Conformity Assessment Activities

Revised OMB Circular A-119 establishes policies on Federal use and development of voluntary consensus standards and on conformity assessment activities. Pub. L. 104-113, the "National Technology Transfer and Advancement Act of 1995," codified existing policies in A-119, established reporting requirements, and authorized the National Institute of Standards and Technology to coordinate conformity assessment activities of the agencies. OMB is issuing this revision of the Circular in order to make the terminology of the Circular consistent with the National Technology Transfer and Advancement Act of 1995, to issue guidance to the agencies on making their reports to OMB, to direct the Secretary of Commerce to issue policy guidance for conformity assessment, and to make changes for clarity.
1. What Is The Purpose Of This Circular?

This Circular establishes policies to improve the internal management of the Executive Branch. Consistent with Section 12(d) of P.L. 104-113, the "National Technology Transfer and Advancement Act of 1995" (hereinafter "the Act"), this Circular directs agencies to use voluntary consensus standards in lieu of government-unique standards except where inconsistent with law or otherwise impractical. It also provides guidance for agencies participating in voluntary consensus standards bodies and describes procedures for satisfying the reporting requirements in the Act. The policies in this Circular are intended to reduce to a minimum the reliance by agencies on government-unique standards. These policies do not create the bases for discrimination in agency procurement or regulatory activities among standards developed in the private sector, whether or not they are developed by voluntary consensus standards bodies. Consistent with Section 12(b) of the Act, this Circular directs the Secretary of Commerce to issue guidance to the agencies in order to coordinate conformity assessment activities. This Circular replaces OMB Circular No. A-119, dated October 20, 1993.

2. What Are The Goals Of The Government In Using Voluntary Consensus Standards?

Many voluntary consensus standards are appropriate or adaptable for the Government's purposes. The use of such standards, whenever practicable and appropriate, is intended to achieve the following goals:

a. Eliminate the cost to the Government of developing its own standards and decrease the cost of goods procured and the burden of complying with agency regulation.

b. Provide incentives and opportunities to establish standards that serve national needs.

c. Encourage long-term growth for U.S. enterprises and promote efficiency and economic competition through harmonization of standards.

d. Further the policy of reliance upon the private sector to supply Government needs for goods and services.

WHAT DEFINITIONS OF STANDARDS

3. What Is A Standard?

a. The term "standard," or "technical standard" as cited in the Act, includes all of the following:

   (1) Common and repeated use of rules, conditions, guidelines or characteristics for products or related processes and production methods, and related management systems practices.

   (2) The definition of terms; classification of components; delineation of procedures; specification of dimensions, materials, performance, designs, or operations; measurement of quality and quantity in describing materials, processes, products, systems, services, or practices; test methods and sampling procedures; or descriptions of fit and measurements of size or strength.

b. The term "standard" does not include the following:
(1) Professional standards of personal conduct.

(2) Institutional codes of ethics.

c. "Performance standard" is a standard as defined above that states requirements in terms of required results with criteria for verifying compliance but without stating the methods for achieving required results. A performance standard may define the functional requirements for the item, operational requirements, and/or interface and interchangeability characteristics. A performance standard may be viewed in juxtaposition to a prescriptive standard which may specify design requirements, such as materials to be used, how a requirement is to be achieved, or how an item is to be fabricated or constructed.

d. "Non-government standard" is a standard as defined above that is in the form of a standardization document developed by a private sector association, organization or technical society which plans, develops, establishes or coordinates standards, specifications, handbooks, or related documents.

4. What Are Voluntary, Consensus Standards?

a. For purposes of this policy, "voluntary consensus standards" are standards developed or adopted by voluntary consensus standards bodies, both domestic and international. These standards include provisions requiring that owners of relevant intellectual property have agreed to make that intellectual property available on a non-discriminatory, royalty-free or reasonable royalty basis to all interested parties. For purposes of this Circular, "technical standards that are developed or adopted by voluntary consensus standard bodies" is an equivalent term.

(1) "Voluntary consensus standards bodies" are domestic or international organizations which plan, develop, establish, or coordinate voluntary consensus standards using agreed-upon procedures. For purposes of this Circular, "voluntary, private sector, consensus standards bodies," as cited in Act, is an equivalent term. The Act and the Circular encourage the participation of federal representatives in these bodies to increase the likelihood that the standards they develop will meet both public and private sector needs. A voluntary consensus standards body is defined by the following attributes:

(i) Openness.

(ii) Balance of interest.

(iii) Due process.

(iv) An appeals process.

(v) Consensus, which is defined as general agreement, but not necessarily unanimity, and includes a process for attempting to resolve objections by interested parties, as long as all comments have been fairly considered, each objector is advised of the disposition of his or her objection(s) and the reasons why, and the consensus body members are given an opportunity to change their votes after reviewing the comments.

b. Other types of standards, which are distinct from voluntary consensus standards, are the following:

(1) "Non-consensus standards," "Industry standards," "Company standards," or "de facto standards," which are developed in the private sector but not in the full consensus process.
5. **Who Does This Policy Apply To?**

This Circular applies to all agencies and agency employees who use standards and participate in voluntary consensus standards activities, domestic and international, except for activities carried out pursuant to treaties. "Agency" means any executive department, independent commission, board, bureau, office, agency, Government-owned or controlled corporation or other establishment of the Federal Government. It also includes any regulatory commission or board, except for independent regulatory commissions insofar as they are subject to separate statutory requirements regarding the use of voluntary consensus standards. It does not include the legislative or judicial branches of the Federal Government.

6. **What Is The Policy For Federal Use Of Standards?**

All federal agencies must use voluntary consensus standards in lieu of government-unique standards in their procurement and regulatory activities, except where inconsistent with law or otherwise impractical. In these circumstances, your agency must submit a report describing the reason(s) for its use of government-unique standards in lieu of voluntary consensus standards to the Office of Management and Budget (OMB) through the National Institute of Standards and Technology (NIST).

   a. **When must my agency use voluntary consensus standards?**

   Your agency must use voluntary consensus standards, both domestic and international, in its regulatory and procurement activities in lieu of government-unique standards, unless use of such standards would be inconsistent with applicable law or otherwise impractical. In all cases, your agency has the discretion to decline to use existing voluntary consensus standards if your agency determines that such standards are inconsistent with applicable law or otherwise impractical.

   (1) "Use" means incorporation of a standard in whole, in part, or by reference for procurement purposes, and the inclusion of a standard in whole, in part, or by reference in regulation(s).

   (2) "Impractical" includes circumstances in which such use would fail to serve the agency's program needs; would be infeasible; would be inadequate, ineffectual, inefficient, or inconsistent with agency mission; or would impose more burdens, or would be less useful, than the use of another standard.

   b. **What must my agency do when such use is determined by my agency to be inconsistent with applicable law or otherwise impractical?**

   The head of your agency must transmit to the Office of Management and Budget (OMB), through the National Institute of Standards and Technology (NIST), an explanation of the reason(s) for using government-unique standards in lieu of voluntary consensus standards. For more information on reporting, see section 9.

   c. **How does this policy affect my agency's regulatory authorities and responsibilities?**
This policy does not preempt or restrict agencies' authorities and responsibilities to make regulatory decisions authorized by statute. Such regulatory authorities and responsibilities include determining the level of acceptable risk; setting the level of protection; and balancing risk, cost, and availability of technology in establishing regulatory standards. However, to determine whether established regulatory limits or targets have been met, agencies should use voluntary consensus standards for test methods, sampling procedures, or protocols.

d. How does this policy affect my agency's procurement authority?

This policy does not preempt or restrict agencies' authorities and responsibilities to identify the capabilities that they need to obtain through procurements. Rather, this policy limits an agency's authority to pursue an identified capability through reliance on a government-unique standard when a voluntary consensus standard exists (see Section 6a).

e. What are the goals of agency use of voluntary consensus standards?

Agencies should recognize the positive contribution of standards development and related activities. When properly conducted, standards development can increase productivity and efficiency in Government and industry, expand opportunities for international trade, conserve resources, improve health and safety, and protect the environment.

f. What considerations should my agency make when it is considering using a standard?

When considering using a standard, your agency should take full account of the effect of using the standard on the economy, and of applicable federal laws and policies, including laws and regulations relating to antitrust, national security, small business, product safety, environment, metrification, technology development, and conflicts of interest. Your agency should also recognize that use of standards, if improperly conducted, can suppress free and fair competition; impede innovation and technical progress; exclude safer or less expensive products; or otherwise adversely affect trade, commerce, health, or safety. If your agency is proposing to incorporate a standard into a proposed or final rulemaking, your agency must comply with the "Principles of Regulation" (enumerated in Section 1(b)) and with the other analytical requirements of Executive Order 12866, "Regulatory Planning and Review."

g. Does this policy establish a preference between consensus and non-consensus standards that are developed in the private sector?

This policy does not establish a preference among standards developed in the private sector. Specifically, agencies that promulgate regulations referencing non-consensus standards developed in the private sector are not required to report on these actions, and agencies that procure products or services based on non-consensus standards are not required to report on such procurements. For example, this policy allows agencies to select a non-consensus standard developed in the private sector as a means of establishing testing methods in a regulation and to choose among commercial-off-the-shelf products, regardless of whether the underlying standards are developed by voluntary consensus standards bodies or not.

h. Does this policy establish a preference between domestic and international voluntary consensus standards?

This policy does not establish a preference between domestic and international voluntary consensus standards. However, in the interests of promoting trade and implementing the provisions of international
treaty agreements, your agency should consider international standards in procurement and regulatory applications.

i. Should my agency give preference to performance standards?

In using voluntary consensus standards, your agency should give preference to performance standards when such standards may reasonably be used in lieu of prescriptive standards.

j. How should my agency reference voluntary consensus standards?

Your agency should reference voluntary consensus standards, along with sources of availability, in appropriate publications, regulatory orders, and related internal documents. In regulations, the reference must include the date of issuance. For all other uses, your agency must determine the most appropriate form of reference, which may exclude the date of issuance as long as users are elsewhere directed to the latest issue. If a voluntary standard is used and published in an agency document, your agency must observe and protect the rights of the copyright holder and any other similar obligations.

k. What if no voluntary consensus standard exists?

In cases where no voluntary consensus standards exist, an agency may use government-unique standards (in addition to other standards, see Section 6g) and is not required to file a report on its use of government-unique standards. As explained above (see Section 6a), an agency may use government-unique standards in lieu of voluntary consensus standards if the use of such standards would be inconsistent with applicable law or otherwise impractical; in such cases, the agency must file a report under Section 9a regarding its use of government-unique standards.

l. How may my agency identify voluntary consensus standards?

Your agency may identify voluntary consensus standards through databases of standards maintained by the National Institute of Standards and Technology (NIST), or by other organizations including voluntary consensus standards bodies, other federal agencies, or standards publishing companies.

7. What Is The Policy For Federal Participation In Voluntary Consensus Standards Bodies?

Agencies must consult with voluntary consensus standards bodies, both domestic and international, and must participate with such bodies in the development of voluntary consensus standards when consultation and participation is in the public interest and is compatible with their missions, authorities, priorities, and budget resources.

a. What are the purposes of agency participation?

Agency representatives should participate in voluntary consensus standards activities in order to accomplish the following purposes:

(1) Eliminate the necessity for development or maintenance of separate Government-unique standards.

(2) Further such national goals and objectives as increased use of the metric system of measurement; use of environmentally sound and energy efficient materials, products, systems, services, or practices; and improvement of public health and safety.
b. What are the general principles that apply to agency support?

Agency support provided to a voluntary consensus standards activity must be limited to that which clearly furthers agency and departmental missions, authorities, priorities, and is consistent with budget resources. Agency support must not be contingent upon the outcome of the standards activity. Normally, the total amount of federal support should be no greater than that of other participants in that activity, except when it is in the direct and predominant interest of the Government to develop or revise a standard, and its timely development or revision appears unlikely in the absence of such support.

c. What forms of support may my agency provide?

The form of agency support, may include the following:

1. Direct financial support; e.g., grants, memberships, and contracts.

2. Administrative support; e.g., travel costs, hosting of meetings, and secretarial functions.

3. Technical support; e.g., cooperative testing for standards evaluation and participation of agency personnel in the activities of voluntary consensus standards bodies.

4. Joint planning with voluntary consensus standards bodies to promote the identification and development of needed standards.

5. Participation of agency personnel.

d. Must agency participants be authorized?

Agency employees who, at Government expense, participate in standards activities of voluntary consensus standards bodies on behalf of the agency must do so as specifically authorized agency representatives. Agency support for, and participation by agency personnel in, voluntary consensus standards bodies must be in compliance with applicable laws and regulations. For example, agency support is subject to legal and budgetary authority and availability of funds. Similarly, participation by agency employees (whether or not on behalf of the agency) in the activities of voluntary consensus standards bodies is subject to the laws and regulations that apply to participation by federal employees in the activities of outside organizations. While we anticipate that participation in a committee that is developing a standard would generally not raise significant issues, participation as an officer, director, or trustee of an organization would raise more significant issues. An agency should involve its agency ethics officer, as appropriate, before authorizing support for or participation in a voluntary consensus standards body.

e. Does agency participation indicate endorsement of any decisions reached by voluntary consensus standards bodies?

Agency participation in voluntary consensus standards bodies does not necessarily connote agency agreement with, or endorsement of, decisions reached by such organizations.

f. Do agency representatives participate equally with other members?

Agency representatives serving as members of voluntary consensus standards bodies should participate actively and on an equal basis with other members, consistent with the procedures of those bodies, particularly in matters such as establishing priorities, developing procedures for preparing, reviewing, and approving standards, and developing or adopting new standards. Active participation includes full
involvement in discussions and technical debates, registering of opinions and, if selected, serving as chairpersons or in other official capacities. Agency representatives may vote, in accordance with the procedures of the voluntary consensus standards body, at each stage of the standards development process unless prohibited from doing so by law or their agencies.

g. Are there any limitations on participation by agency representatives?

In order to maintain the independence of voluntary consensus standards bodies, agency representatives must refrain from involvement in the internal management of such organizations (e.g., selection of salaried officers and employees, establishment of staff salaries, and administrative policies). Agency representatives must not dominate such bodies, and in any case are bound by voluntary consensus standards bodies’ rules and procedures, including those regarding domination of proceedings by any individual. Regardless, such agency employees must avoid the practice or the appearance of undue influence relating to their agency representation and activities in voluntary consensus standards bodies.

h. Are there any limits on the number of federal participants in voluntary consensus standards bodies?

The number of individual agency participants in a given voluntary standards activity should be kept to the minimum required for effective representation of the various program, technical, or other concerns of federal agencies.

i. Is there anything else agency representatives should know?

This Circular does not provide guidance concerning the internal operating procedures that may be applicable to voluntary consensus standards bodies because of their relationships to agencies under this Circular. Agencies should, however, carefully consider what laws or rules may apply in a particular instance because of these relationships. For example, these relationships may involve the Federal Advisory Committee Act, as amended (5 U.S.C. App. I), or a provision of an authorizing statute for a particular agency.

j. What if a voluntary consensus standards body is likely to develop an acceptable, needed standard in a timely fashion?

If a voluntary consensus standards body is in the process of developing or adopting a voluntary consensus standard that would likely be lawful and practical for an agency to use, and would likely be developed or adopted on a timely basis, an agency should not be developing its own government-unique standard and instead should be participating in the activities of the voluntary consensus standards body.

8. What Is The Policy On Conformity Assessment?

Section 12(b) of the Act requires NIST to coordinate Federal, State, and local standards activities and conformity assessment activities with private sector standards activities and conformity assessment activities, with the goal of eliminating unnecessary duplication and complexity in the development and promulgation of conformity assessment requirements and measures. To ensure effective coordination, the Secretary of Commerce must issue guidance to the agencies.

MANAGEMENT AND REPORTING OF STANDARDS USE

a. As required by the Act, your agency must report to NIST, no later than December 31 of each year, the decisions by your agency in the previous fiscal year to use government-unique standards in lieu of voluntary consensus standards. If no voluntary consensus standard exists, your agency does not need to report its use of government-unique standards. (In addition, an agency is not required to report on its use of other standards. See Section 6g.) Your agency must include an explanation of the reason(s) why use of such voluntary consensus standard would be inconsistent with applicable law or otherwise impractical, as described in Sections 11b(2), 12a(3), and 12b(2) of this Circular. Your agency must report in accordance with format instructions issued by NIST.

b. Your agency must report to NIST, no later than December 31 of each year, information on the nature and extent of agency participation in the development and use of voluntary consensus standards from the previous fiscal year. Your agency must report in accordance with format instructions issued by NIST. Such reporting must include the following:

   (1) The number of voluntary consensus standards bodies in which there is agency participation, as well as the number of agency employees participating.

   (2) The number of voluntary consensus standards the agency has used since the last report, based on the procedures set forth in sections 11 and 12 of this Circular.

   (3) Identification of voluntary consensus standards that have been substituted for government-unique standards as a result of an agency review under section 15b(7) of this Circular.

   (4) An evaluation of the effectiveness of this policy and recommendations for any changes.

c. No later than the following January 31, NIST must transmit to OMB a summary report of the information received.


Your agency must establish a process to identify, manage, and review your agency's development and use of standards. At minimum, your agency must have the ability to (1) report to OMB through NIST on the agency's use of government-unique standards in lieu of voluntary consensus standards, along with an explanation of the reasons for such non-usage, as described in section 9a, and (2) report on your agency's participation in the development and use of voluntary consensus standards, as described in section 9b. This policy establishes two ways, category based reporting and transaction based reporting, for agencies to manage and report their use of standards. Your agency must report all uses of standards in one or both ways.

11. What Are The Procedures For Reporting My Agency's Use Of Standards In Regulations?

Your agency should use transaction based reporting if your agency issues regulations that use or reference standards. If your agency is issuing or revising a regulation that contains a standard, your agency must follow these procedures:

   a. Publish a request for comment within the preamble of a Notice of Proposed Rulemaking (NPRM) or Interim Final Rule (IFR). Such request must provide the appropriate information, as follows:

      (1) When your agency is proposing to use a voluntary consensus standard, provide a statement which identifies such standard.
(2) When your agency is proposing to use a government-unique standard in lieu of a voluntary consensus standard, provide a statement which identifies such standards and provides a preliminary explanation for the proposed use of a government-unique standard in lieu of a voluntary consensus standard.

(3) When your agency is proposing to use a government-unique standard, and no voluntary consensus standard has been identified, a statement to that effect and an invitation to identify any such standard and to explain why such standard should be used.

b. Publish a discussion in the preamble of a Final Rulemaking that restates the statement in the NPRM or IFR, acknowledges and summarizes any comments received and responds to them, and explains the agency’s final decision. This discussion must provide the appropriate information, as follows:

(1) When a voluntary consensus standard is being used, provide a statement that identifies such standard and any alternative voluntary consensus standards which have been identified.

(2) When a government-unique standard is being used in lieu of a voluntary consensus standard, provide a statement that identifies the standards and explains why using the voluntary consensus standard would be inconsistent with applicable law or otherwise impractical. Such explanation must be transmitted in accordance with the requirements of Section 9a.

(3) When a government-unique standard is being used, and no voluntary consensus standard has been identified, provide a statement to that effect.

12. What Are The Procedures For Reporting My Agency's Use Of Standards In Procurements?

To identify, manage, and review the standards used in your agency’s procurements, your agency must either report on a categorical basis or on a transaction basis.

a. How does my agency report the use of standards in procurements on a categorical basis?

Your agency must report on a category basis when your agency identifies, manages, and reviews the use of standards by group or category. Category based reporting is especially useful when your agency either conducts large procurements or large numbers of procurements using government-unique standards, or is involved in long-term procurement contracts which require replacement parts based on government-unique standards. To report use of government-unique standards on a categorical basis, your agency must:

(1) Maintain a centralized standards management system that identifies how your agency uses both government-unique and voluntary consensus standards.

(2) Systematically review your agency's use of government-unique standards for conversion to voluntary consensus standards.

(3) Maintain records on the groups or categories in which your agency uses government-unique standards in lieu of voluntary consensus standards, including an explanation of the reasons for such use, which must be transmitted according to Section 9a.

(4) Enable potential offerors to suggest voluntary consensus standards that can replace government-unique standards.
b. How does my agency report the use of standards in procurements on a transaction basis?

Your agency should report on a transaction basis when your agency identifies, manages, and reviews the use of standards on a transaction basis rather than a category basis. Transaction based reporting is especially useful when your agency conducts procurement mostly through commercial products and services, but is occasionally involved in a procurement involving government-unique standards. To report use of government-unique standards on a transaction basis, your agency must follow the following procedures:

1. In each solicitation which references government-unique standards, the solicitation must:
   - Identify such standards.
   - Provide potential offerors an opportunity to suggest alternative voluntary consensus standards that meet the agency’s requirements.

2. If such suggestions are made and the agency decides to use government-unique standards in lieu of voluntary consensus standards, the agency must explain in its report to OMB as described in Section 9a why using such voluntary consensus standards is inconsistent with applicable law or otherwise impractical.

c. For those solicitations that are for commercial-off-the-shelf products (COTS), or for products or services that rely on voluntary consensus standards or non-consensus standards developed in the private sector, or for products that otherwise do not rely on government-unique standards, the requirements in this section do not apply.

AGENCY RESPONSIBILITIES

13. What Are The Responsibilities Of The Secretary Of Commerce?

The Secretary of Commerce:

a. Coordinates and fosters executive branch implementation of this Circular and, as appropriate, provides administrative guidance to assist agencies in implementing this Circular including guidance on identifying voluntary consensus standards bodies and voluntary consensus standards.

b. Sponsors and supports the Interagency Committee on Standards Policy (ICSP), chaired by the National Institute of Standards and Technology, which considers agency views and advises the Secretary and agency heads on the Circular.

c. Reports to the Director of OMB concerning the implementation of the policy provisions of this Circular.

d. Establishes procedures for agencies to use when developing directories described in Section 15b(5) and establish procedures to make these directories available to the public.

e. Issues guidance to the agencies to improve coordination on conformity assessment in accordance with section 8.

14. What Are The Responsibilities Of The Heads Of Agencies?

The Heads of Agencies:
a. Implement the policies of this Circular in accordance with procedures described.

b. Ensure agency compliance with the policies of the Circular.

c. In the case of an agency with significant interest in the use of standards, designate a senior level official as the Standards Executive who will be responsible for the agency's implementation of this Circular and who will represent the agency on the ICSP.

d. Transmit the annual report prepared by the Agency Standards Executive as described in Sections 9 and 15b(6).

15. What Are The Responsibilities Of Agency Standards Executives?

An Agency Standards Executive:

a. Promotes the following goals:

(1) Effective use of agency resources and participation.

(2) The development of agency positions that are in the public interest and that do not conflict with each other.

(3) The development of agency positions that are consistent with administration policy.

(4) The development of agency technical and policy positions that are clearly defined and known in advance to all federal participants on a given committee.

b. Coordinates his or her agency's participation in voluntary consensus standards bodies by:

(1) Establishing procedures to ensure that agency representatives who participate in voluntary consensus standards bodies will, to the extent possible, ascertain the views of the agency on matters of paramount interest and will, at a minimum, express views that are not inconsistent or in conflict with established agency views.

(2) To the extent possible, ensuring that the agency's participation in voluntary consensus standards bodies is consistent with agency missions, authorities, priorities, and budget resources.

(3) Ensuring, when two or more agencies participate in a given voluntary consensus standards activity, that they coordinate their views on matters of paramount importance so as to present, whenever feasible, a single, unified position and, where not feasible, a mutual recognition of differences.

(4) Cooperating with the Secretary in carrying out his or her responsibilities under this Circular.

(5) Consulting with the Secretary, as necessary, in the development and issuance of internal agency procedures and guidance implementing this Circular, including the development and implementation of an agency-wide directory identifying agency employees participating in voluntary consensus standards bodies and the identification of voluntary consensus standards bodies.

(6) Preparing, as described in Section 9, a report on uses of government-unique standards in lieu
of voluntary consensus standards and a report on the status of agency standards policy activities.

(7) Establishing a process for ongoing review of the agency's use of standards for purposes of updating such use.

(8) Coordinating with appropriate agency offices (e.g., budget and legal offices) to ensure that effective processes exist for the review of proposed agency support for, and participation in, voluntary consensus standards bodies, so that agency support and participation will comply with applicable laws and regulations.

SUPPLEMENTARY INFORMATION

16. When Will This Circular Be Reviewed?

This Circular will be reviewed for effectiveness by the OMB three years from the date of issuance.

17. What Is The Legal Effect Of This Circular?

Authority for this Circular is based on 31 U.S.C. 1111, which gives OMB broad authority to establish policies for the improved management of the Executive Branch. This Circular is intended to implement Section 12(d) of P.L. 104-113 and to establish policies that will improve the internal management of the Executive Branch. This Circular is not intended to create delay in the administrative process, provide new grounds for judicial review, or create new rights or benefits, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies or instrumentalities, or its officers or employees.

18. Do You Have Further Questions?

For information concerning this Circular, contact the Office of Management and Budget, Office of Information and Regulatory Affairs: Telephone 202/395-3785.

National Technology Transfer and Advancement Act (NTTAA)

PUBLIC LAW 104-113
NATIONAL TECHNOLOGY TRANSFER AND ADVANCEMENT ACT OF 1995

This law was introduced by Rep. Connie Morella, R-MD, as H.R. 2196. Following is the version presented to the President for signing on March 7, 1996

H.R.2196

One Hundred Fourth Congress
of the United States of America
AT THE SECOND SESSION

Begun and held at the City of Washington on Wednesday, the third day of January, one thousand nine hundred and ninety-six.
An Act to amend the Stevenson-Wydler Technology Innovation Act of 1980 with respect to inventions made under cooperative research and development agreements, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
This Act may be cited as the 'National Technology Transfer and Advancement Act of 1995'.

SEC. 2. FINDINGS.
The Congress finds the following:
(1) Bringing technology and industrial innovation to the marketplace is central to the economic, environmental, and social well-being of the people of the United States.
(2) The Federal Government can help United States business to speed the development of new products and processes by entering into cooperative research and development agreements which make available the assistance of Federal laboratories to the private sector, but the commercialization of technology and industrial innovation in the United States depends upon actions by business.
(3) The commercialization of technology and industrial innovation in the United States will be enhanced if companies, in return for reasonable compensation to the Federal Government, can more easily obtain exclusive licenses to inventions which develop as a result of cooperative research with scientists employed by Federal laboratories.

SEC. 3. USE OF FEDERAL TECHNOLOGY.
Subparagraph (B) of section 11(e)(7) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710(e)(7)(B)) is amended to read as follows:
``(B) A transfer shall be made by any Federal agency under subparagraph (A), for any fiscal year, only if the amount so transferred by that agency (as determined under such subparagraph) would exceed $10,000.''

SEC. 4. TITLE TO INTELLECTUAL PROPERTY ARISING FROM COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.
Subsection (b) of section 12 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(b)) is amended to read as follows:
``(b) ENUMERATED AUTHORITY- (1) Under an agreement entered into pursuant to subsection (a)(1), the laboratory may grant, or agree to grant in advance, to a collaborating party patent licenses or assignments, or options thereto, in any invention made in whole or in part by a laboratory employee under the agreement, for reasonable compensation when appropriate. The laboratory shall ensure, through such agreement, that the collaborating party has the option to choose an exclusive license for a pre-negotiated field of use for any such invention under the agreement or, if there is more than one collaborating party, that the collaborating parties are offered the option to hold licensing rights that collectively encompass the rights that would be held under such an exclusive license by one party. In consideration for the Government's contribution under the agreement, grants under this paragraph shall be subject to the following explicit conditions: (A) A nonexclusive, nontransferable, irrevocable, paid-up license from the collaborating party to the laboratory to practice the invention or have the invention practiced throughout the world by or on behalf of the Government. In the exercise of such license, the Government shall not publicly disclose trade secrets...''
or commercial or financial information that is privileged or confidential within the meaning of section
552(b)(4) of title 5, United States Code, or which would be considered as such if it had been obtained from
a non-Federal party.
`(B) If a laboratory assigns title or grants an exclusive license to such an invention, the Government shall
retain the right--
`(i) to require the collaborating party to grant to a responsible applicant a nonexclusive, partially exclusive,
or exclusive license to use the invention in the applicant's licensed field of use, on terms that are
reasonable under the circumstances; or
`(ii) if the collaborating party fails to grant such a license, to grant the license itself.
`(C) The Government may exercise its right retained under subparagraph (B) only in exceptional
circumstances and only if the Government determines that--
`(i) the action is necessary to meet health or safety needs that are not reasonably satisfied by the
collaborating party;
`(ii) the action is necessary to meet requirements for public use specified by Federal regulations, and such
requirements are not reasonably satisfied by the collaborating party; or
`(iii) the collaborating party has failed to comply with an agreement containing provisions described in
subsection (c)(4)(B).
This determination is subject to administrative appeal and judicial review under section 203(2) of title 35,
United States Code.
`(2) Under agreements entered into pursuant to subsection (a)(1), the laboratory shall ensure that a
collaborating party may retain title to any invention made solely by its employee in exchange for normally
granting the Government a nonexclusive, nontransferable, irrevocable, paid-up license to practice the
invention or have the invention practiced throughout the world by or on behalf of the Government for
research or other Government purposes.
`(3) Under an agreement entered into pursuant to subsection (a)(1), a laboratory may--
`(A) accept, retain, and use funds, personnel, services, and property from a collaborating party and provide
personnel, services, and property to a collaborating party;
`(B) use funds received from a collaborating party in accordance with subparagraph (A) to hire personnel to
carry out the agreement who will not be subject to full-time-equivalent restrictions of the agency;
`(C) to the extent consistent with any applicable agency requirements or standards of conduct, permit an
employee or former employee of the laboratory to participate in an effort to commercialize an invention
made by the employee or former employee while in the employment or service of the Government; and
`(D) waive, subject to reservation by the Government of a nonexclusive, irrevocable, paid-up license to
practice the invention or have the invention practiced throughout the world by or on behalf of the
Government, in advance, in whole or in part, any right of ownership which the Federal Government may
have to any subject invention made under the agreement by a collaborating party or employee of a
collaborating party.
`(4) A collaborating party in an exclusive license in any invention made under an agreement entered into
pursuant to subsection (a)(1) shall have the right of enforcement under chapter 29 of title 35, United States
Code.
`(5) A Government-owned, contractor-operated laboratory that enters into a cooperative research and
development agreement pursuant to subsection (a)(1) may use or obligate royalties or other income
accruing to the laboratory under such agreement with respect to any invention only--
`(A) for payments to inventors;
`(B) for purposes described in clauses (i), (ii), (iii), and (iv) of section 14(a)(1)(B); and
`(C) for scientific research and development consistent with the research and development missions and
objectives of the laboratory.'.
SEC. 5. DISTRIBUTION OF INCOME FROM INTELLECTUAL PROPERTY RECEIVED BY FEDERAL LABORATORIES.

Section 14 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710c) is amended--
(1) by amending subsection (a)(1) to read as follows:
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(1) Except as provided in paragraphs (2) and (4), any royalties or other payments received by a Federal agency from the licensing and assignment of inventions under agreements entered into by Federal laboratories under section 12, and from the licensing of inventions of Federal laboratories under section 207 of title 35, United States Code, or under any other provision of law, shall be retained by the laboratory which produced the invention and shall be disposed of as follows:
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(A)(i) The head of the agency or laboratory, or such individual's designee, shall pay each year the first $2,000, and thereafter at least 15 percent, of the royalties or other payments to the inventor or coinventors.
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(A)(ii) An agency or laboratory may provide appropriate incentives, from royalties, or other payments, to laboratory employees who are not an inventor of such inventions but who substantially increased the technical value of such inventions.
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(A)(iii) The agency or laboratory shall retain the royalties and other payments received from an invention until the agency or laboratory makes payments to employees of a laboratory under clause (i) or (ii).
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(B) The balance of the royalties or other payments shall be transferred by the agency to its laboratories, with the majority share of the royalties or other payments from any invention going to the laboratory where the invention occurred. The royalties or other payments so transferred to any laboratory may be used or obligated by that laboratory during the fiscal year in which they are received or during the succeeding fiscal year--
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(i) to reward scientific, engineering, and technical employees of the laboratory, including developers of sensitive or classified technology, regardless of whether the technology has commercial applications;
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(ii) to further scientific exchange among the laboratories of the agency;
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(iii) for education and training of employees consistent with the research and development missions and objectives of the agency or laboratory, and for other activities that increase the potential for transfer of the technology of the laboratories of the agency;
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(iv) for payment of expenses incidental to the administration and licensing of intellectual property by the agency or laboratory with respect to inventions made at that laboratory, including the fees or other costs for the services of other agencies, persons, or organizations for intellectual property management and licensing services; or
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(v) for scientific research and development consistent with the research and development missions and objectives of the laboratory.
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(C) All royalties or other payments retained by the agency or laboratory after payments have been made pursuant to subparagraphs (A) and (B) that is unobligated and unexpended at the end of the second fiscal year succeeding the fiscal year in which the royalties and other payments were received shall be paid into the Treasury.';
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(2) in subsection (a)(2)--
(A) by inserting `or other payments' after `royalties'; and (B) by striking `for the purposes described in clauses (i) through (iv) of paragraph (1)(B) during that fiscal year or the succeeding fiscal year' and inserting in lieu thereof `under paragraph (1)(B)';
(3) in subsection (a)(3), by striking `$100,000' both places it appears and inserting `$150,000';
(4) in subsection (a)(4)--
(A) by striking `income' each place it appears and inserting in lieu thereof `payments';
(B) by striking `the payment of royalties to inventors' in the first sentence thereof and inserting in lieu thereof `payments to inventors';
(C) by striking `clause (i) of paragraph (1)(B)’ and inserting in lieu thereof `clause (iv) of paragraph (1)(B)’;
(D) by striking `payment of the royalties,’ in the second sentence thereof and inserting in lieu thereof
`offsetting the payments to inventors,’; and
(E) by striking `clauses (i) through (iv) of’; and
(5) by amending paragraph (1) of subsection (b) to read as follows:
`(1) by a contractor, grantee, or participant, or an employee of a contractor, grantee, or participant, in an
agreement or other arrangement with the agency, or’.

SEC. 6. EMPLOYEE ACTIVITIES.

Section 15(a) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710d(a)) is
amended--(1) by striking `the right of ownership to an invention under this Act’ and inserting in lieu thereof
`ownership of or the right of ownership to an invention made by a Federal employee’; and
(2) by inserting `obtain or’ after `the Government, to’.

SEC. 7. AMENDMENT TO BAYH-DOLE ACT.

Section 210(e) of title 35, United States Code, is amended by striking `’, as amended by the Federal
Technology Transfer Act of 1986,’.

SEC. 8. NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY ACT
AMENDMENTS.

The National Institute of Standards and Technology Act (15 U.S.C. 271 et seq.) is amended--
(1) in section 10(a)--
(A) by striking `nine’ and inserting in lieu thereof `15’; and
(B) by striking `five’ and inserting in lieu thereof `10’; (2) in section 15--
(A) by striking `Pay Act of 1945; and’ and inserting in lieu thereof `Pay Act of 1945;’; and
(B) by inserting `, and (h) the provision of transportation services for employees of the Institute between the
facilities of the Institute and nearby public transportation, notwithstanding section 1344 of title 31, United
States Code’ after `interests of the Government’; and (3) in section 19--
(A) by inserting `, subject to the availability of appropriations,’ after `post-doctoral fellowship program’; and
(B) by striking `nor more than forty’ and inserting in lieu thereof `nor more than 60’.

SEC. 9. RESEARCH EQUIPMENT.

Section 11(i) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710(i)) is amended
by inserting `loan, lease, or’ before `give’.

SEC. 10. PERSONNEL.

The personnel management demonstration project established under section 10 of the National Bureau of

SEC. 11. FASTENER QUALITY ACT AMENDMENTS.

[section not included here]

SEC. 12. STANDARDS CONFORMITY.
(a) USE OF STANDARDS- Section 2(b) of the National Institute of Standards and Technology Act (15 U.S.C. 272(b)) is amended--
(1) in paragraph (2), by striking ``, including comparing standards' and all that follows through `Federal Government';
(2) by redesignating paragraphs (3) through (11) as paragraphs (4) through (12), respectively; and
(3) by inserting after paragraph (2) the following new paragraph:
`'(3) to compare standards used in scientific investigations, engineering, manufacturing, commerce, industry, and educational institutions with the standards adopted or recognized by the Federal Government and to coordinate the use by Federal agencies of private sector standards, emphasizing where possible the use of standards developed by private, consensus organizations.';.
(b) CONFORMITY ASSESSMENT ACTIVITIES- Section 2(b) of the National Institute of Standards and Technology Act (15 U.S.C. 272(b)) is amended--
(1) by striking `and' at the end of paragraph (11), as so redesignated by subsection (a)(2) of this section;
(2) by striking the period at the end of paragraph (12), as so redesignated by subsection (a)(2) of this section, and inserting in lieu thereof `; and'; and
(3) by adding at the end the following new paragraph:
`'(13) to coordinate Federal, State, and local technical standards activities and conformity assessment activities, with private sector technical standards activities and conformity assessment activities, with the goal of eliminating unnecessary duplication and complexity in the development and promulgation of conformity assessment requirements and measures.';.
(c) TRANSMITTAL OF PLAN TO CONGRESS- The National Institute of Standards and Technology shall, within 90 days after the date of enactment of this Act, transmit to the Congress a plan for implementing the amendments made by this section.
(d) UTILIZATION OF CONSENSUS TECHNICAL STANDARDS BY FEDERAL AGENCIES; REPORTS-
(1) IN GENERAL- Except as provided in paragraph (3) of this subsection, all Federal agencies and departments shall use technical standards that are developed or adopted by voluntary consensus standards bodies, using such technical standards as a means to carry out policy objectives or activities determined by the agencies and departments.
(2) CONSULTATION; PARTICIPATION- In carrying out paragraph (1) of this subsection, Federal agencies and departments shall consult with voluntary, private sector, consensus standards bodies and shall, when such participation is in the public interest and is compatible with agency and departmental missions, authorities, priorities, and budget resources, participate with such bodies in the development of technical standards.
(3) EXCEPTION- If compliance with paragraph (1) of this subsection is inconsistent with applicable law or otherwise impractical, a Federal agency or department may elect to use technical standards that are not developed or adopted by voluntary consensus standards bodies if the head of each such agency or department transmits to the Office of Management and Budget an explanation of the reasons for using such standards. Each year, beginning with fiscal year 1997, the Office of Management and Budget shall transmit to Congress and its committees a report summarizing all explanations received in the preceding year under this paragraph.
(4) DEFINITION OF 'TECHNICAL STANDARDS'- As used in this subsection, the term `technical standards' means performance-based or design-specific technical specifications and related management systems practices.

SEC. 13. SENSE OF CONGRESS.
It is the sense of the Congress that the Malcolm Baldrige National Quality Award program offers substantial benefits to United States industry, and that all funds appropriated for such program should be spent in
support of the goals of the program. Speaker of the House of Representatives. Vice President of the United States and President of the Senate.