PREFACE

This 2-volume compilation contains historical documents pertaining to P.L. 103-296, the "Social Security Independence and Program Improvements Act of 1994." The book contains congressional debates, a chronological compilation of documents pertinent to the legislative history of the public law and listings of relevant reference materials.

Pertinent documents include:

- Committee reports
- Differing versions of key bills
- The Public Law
- Legislative history

The books are prepared by the Office of Legislation and Congressional Affairs and are designed to serve as helpful resource tools for those charged with interpreting laws administered by the Social Security Administration.
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Listing of Reference Materials
To establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program.

IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 1994

Mr. JACOBS (for himself and Mr. FORD of Tennessee) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Social Security Administrative Reform Act of 1994”.


(b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.
Sec. 2. Declaration of purposes.

TITLE I—ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

Sec. 101. Establishment of the Social Security Administration as a separate, independent agency; responsibilities of the agency.
Sec. 102. Social Security Board, Executive Director, Deputy Director, Beneficiary Ombudsman; other officers.
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Sec. 104. Transfers to the new Social Security Administration.
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Sec. 106. Conforming amendments to titles II and XVI of the Social Security Act.
Sec. 107. Other conforming amendments.
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TITLE II—MISCELLANEOUS IMPROVEMENTS TO THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

Sec. 201. Restrictions on benefits based on disability of substance abusers.
Sec. 203. Issuance of physical documents in the form of bonds, notes, or certificates to the Social Security trust funds.
Sec. 204. Explicit requirements for maintenance of telephone access to local offices of the Social Security Administration.
Sec. 205. Expansion of State option to exclude service of election officials or election workers from coverage.
Sec. 206. Use of social security numbers by States and local governments and Federal district courts for jury selection purposes.
Sec. 207. Authorization for all States to extend coverage to State and local policemen and firemen under existing coverage agreements.
Sec. 208. Limited exemption for Canadian ministers from certain self-employment tax liability.
Sec. 209. Exclusion of totalization benefits from the application of the windfall elimination provision.
Sec. 211. Repeal of the facility-of-payment provision.
Sec. 212. Maximum family benefits in guarantee cases.
Sec. 213. Authorization for disclosure by the Secretary of Health and Human Services of information for purposes of public or private epidemiological and similar research.
Sec. 214. Misuse of symbols, emblems, or names in reference to social security programs and agencies.
Sec. 215. Increased penalties for unauthorized disclosure of social security information.
Sec. 216. Increase in authorized period for extension of time to file annual earnings report.
Sec. 217. Extension of disability insurance program demonstration project authority.
Sec. 218. Cross-matching of social security account number information and employer identification number information maintained by the Department of Agriculture.

Sec. 219. Certain transfers to railroad retirement account made permanent.

Sec. 220. Authorization for use of social security account numbers by Department of Labor in administration of Federal workers' compensation laws.

Sec. 221. Retirement eligibility for Federal employees transferred to international organizations.

Sec. 222. Treatment of certain visas.

Sec. 223. Commission on Childhood Disability.

Sec. 224. Technical and clerical amendments.

SEC. 2. DECLARATION OF PURPOSES.

The purposes of this Act are as follows:

(1) to establish the Social Security Administration as an independent agency, separate from the Department of Health and Human Services;

(2) to charge the Social Security Administration with administration of the old-age, survivors, and disability insurance program and supplemental security income program;

(3) to establish a Social Security board as head of the Social Security Administration and define the powers and duties of such Board;

(4) to establish an Executive Director of the Administration and define the powers and duties of the Executive Director;

(5) to provide for delegating major authorities to the Board and the Executive Director; and

(6) to make other improvements in the old-age, survivors, and disability insurance program under title II of the Social Security Act.
TITLE I—ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

SEC. 101. ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS A SEPARATE, INDEPENDENT AGENCY; RESPONSIBILITIES OF THE AGENCY.

Section 701 of the Social Security Act (42 U.S.C. 901) is amended to read as follows:

"SOCIAL SECURITY ADMINISTRATION

"Sec. 701. There is hereby established, as an independent agency in the executive branch of the Government, a Social Security Administration. It shall be the duty of the Administration to administer the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI."

SEC. 102. SOCIAL SECURITY BOARD, EXECUTIVE DIRECTOR, DEPUTY DIRECTOR, BENEFICIARY OMBUDSMAN; OTHER OFFICERS.

(a) IN GENERAL.—Section 702 of the Social Security Act (42 U.S.C. 902) is amended to read as follows:
SOCIAL SECURITY BOARD; EXECUTIVE DIRECTOR;

OTHER OFFICERS

"Social Security Board

"Sec. 702. (a)(1)(A) The Administration shall be
governed by a Social Security Board. The Board shall be
composed of three members appointed by the President,
by and with the advice and consent of the Senate. The
members shall be chosen on the basis of their integrity,
impartiality, and good judgment, and shall be individuals
who are, by reason of their education, experience, and at-
tainments, exceptionally qualified to perform the duties of
members of the Board.

"(B)(i) Except as provided in clauses (ii) and (iii),
members of the Board shall be appointed for terms of six
years. A member of the Board may be removed only pur-
suant to a finding by the President of neglect of duty or
malfeasance in office. The President shall transmit any
such finding to the Speaker of the House of Representa-
tives and the majority leader of the Senate not later than
five days after the date on which such finding is made.

"(ii) Of the members first appointed—

"(I) one shall be appointed for a term of 2
years,

"(II) one shall be appointed for a term of 4
years, and
“(III) one shall be appointed for a term of 6 years,
as designated by the President at the time of appointment.
Such members shall be appointed after active consider-
ation of recommendations made by the chairman of the
Committee on Ways and Means of the House of Rep-
resentatives and of recommendations made by the chair-
man of the Committee on Finance of the Senate.
“(iii) The President may not nominate an individual
for appointment to a term of office as member of the
Board before the commencement of the President’s term
of office in which the member’s term of office commences.
Any member appointed to a term of office after the com-
menement of such term may serve under such appoint-
ment only for the remainder of such term. A member may,
at the request of the President, serve for not more than
one year after the expiration of his or her term until his
or her successor has taken office. A member of the Board
may be appointed for additional terms.
“(C) Not more than two members of the Board shall
be of the same political party.
“(D) A member of the Board may not, during his
or her term as member, engage in any other business, vo-
cation, profession, or employment. A member of the Board
may continue as a member of the Board for not longer
than the 30-day period beginning on the date such mem-
ber first fails to meet the requirements of the preceding
sentence.

"(E) Two members of the Board shall constitute a
quorum, except that one member may hold hearings.

"(F) A member of the Board shall be designated by
the President to serve as Chairperson of the Board for
a term of 4 years.

"(G) The Board shall meet at the call of the Chair-
person or two members of the Board.

"(2) Each member of the Board shall be compensated
at the rate provided for level II of the Executive Schedule.

"(3) The Board shall—

"(A) govern by regulation the old-age, survi-
vors, and disability insurance program under title II
and the supplemental security income program
under title XVI,

"(B) establish the Administration and oversee
its efficient and effective operation,

"(C) establish policy and devise long-term plans
to promote and maintain the effective implementa-
tion of programs referred to in subparagraph (A),

"(D) appoint an Executive Director of the Ad-
ministration, as described in subsection (b), to act as
the chief operating officer of the Administration re-
sponsible for administering the programs referred to in subparagraph (A),

"(E) constitute three of the members of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, with the Chairperson of the Social Security Board serving as Chairperson of such Board of Trustees,

"(F) prepare an annual budget for the Administration, which shall be submitted by the President to the Congress without revision, together with the President's annual budget for the Administration,

"(G) study and make recommendations to the Congress and the President as to the most effective methods of providing economic security through social insurance, supplemental security income, and related programs and as to legislation and matters of administrative policy concerning the programs referred to in subparagraph (A),

"(H) provide the Congress and the President with the ongoing actuarial and other analysis undertaken by the Administration with respect to the programs referred to in subparagraph (A) and any other information relating to such programs, and
"(I) conduct policy analysis and research relating to the programs referred to in subparagraph (A).

"(4)(A) The Board may prescribe such rules and regulations as the Board determines necessary or appropriate to carry out the functions of the Administration. The regulations prescribed by the Board shall be subject to the rulemaking procedures established under section 553 of title 5, United States Code.

"(B) The Board may establish, alter, consolidate, or discontinue such organizational units or components within the Administration as the Board considers necessary or appropriate to carry out its functions, except that this subparagraph shall not apply with respect to any unit, component, or position provided for by this Act.

"(C) The Board may, with respect to the administration of the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI, assign duties, and delegate, or authorize successive redelegations of, authority to act and to render decisions, to such officers and employees as the Board may find necessary. Within the limitations of such delegations, redelegations, or assignments, all official acts and decisions of such officers and employees shall have
the same force and effect as though performed or rendered by the Board.

"Executive Director

"(b)(1) There shall be in the Administration an Executive Director who shall be appointed by the Social Security Board.

"(2)(A) The Executive Director shall be appointed for a term of four years. An individual appointed to a term of office as Executive Director after the commencement of such term of office may serve under such appointment only for the remainder of such term. An individual may, at the request of the Chairperson of the Board, serve as Executive Director after the expiration of his or her term for not more than one year until his or her successor has taken office. An individual may be appointed as Executive Director for additional terms.

"(B) An individual may be removed from the office of Executive Director before completion of his or her term only for cause found by the Board.

"(3) The Executive Director shall be compensated at the rate provided for level II of the Executive Schedule.

"(4) The Executive Director shall—

"(A) constitute the chief operating officer of the Administration, responsible for administering, in accordance with applicable statutes and regulations,
the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI,

"(B) maintain an efficient and effective operational structure for the Administration,

"(C) implement the long-term plans of the Board to promote and maintain the effective implementation of such programs,

"(D) report annually to the Board on program costs under titles II and XVI, make annual budgetary recommendations to the Board for the ongoing administrative costs of the Administration under this Act, and defend the recommendations before the Board,

"(E) advise the Board and the Congress on the effect on the administration of such programs of proposed legislative changes in such programs,

"(F) serve as Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund,

"(G) report in December of each year to the Board for transmittal to the Congress concerning the administrative endeavors and accomplishments of the Administration, and
“(H) carry out such additional duties as are assigned by the Board from time to time.

Any reference to the Board in this Act or any other provision of law in connection with the exercise of a function of the Board which is delegated to the Executive Director pursuant to this section shall be considered a reference to the Executive Director.

“Deputy Director of Social Security

“(c)(1) There shall be in the Office of the Executive Director a Deputy Director, who shall be appointed by and serve at the pleasure of the Executive Director.

“(2) The Deputy Director shall be compensated at the rate provided for level III of the Executive Schedule.

“(3) The Deputy Director shall perform such duties and exercise such powers as the Executive Director shall from time to time assign or delegate. The Deputy Director shall be Acting Executive Director of the Administration during the absence or disability of the Executive Director and, unless the Board designates another officer of the Government as Acting Executive Director, in the event of a vacancy in the office of the Executive Director.

“General Counsel

“(d)(1) There shall be in the Administration a General Counsel, who shall be appointed by and serve at the
pleasure of the Board. The General Counsel shall be the principal legal officer in the Administration.

"(2) The General Counsel shall be compensated at the rate provided for level IV of the Executive Schedule.

"Inspector General


"(2) The Inspector General shall be compensated at the rate provided for level IV of the Executive Schedule.

"Beneficiary Ombudsman

"(f)(1) There shall be in the Administration an Office of the Beneficiary Ombudsman, to be headed by a Beneficiary Ombudsman appointed by the Board.

"(2)(A) The Beneficiary Ombudsman shall be appointed for a term of five years, except that the individual first appointed to the Office of Beneficiary Ombudsman shall be appointed for a term ending September 30, 2000. An individual appointed to a term of office as Beneficiary Ombudsman after the commencement of such term may serve under such appointment only for the remainder of such term. An individual may, at the request of the Chairperson of the Board, serve as Beneficiary Ombudsman after the expiration of his or her term for not more than
one year until his or her successor has taken office. An
individual may be appointed as Beneficiary Ombudsman
for additional terms.

"(B) An individual may be removed from the office
of Beneficiary Ombudsman before completion of his or her
term only for cause found by the Board.

"(3) The Beneficiary Ombudsman shall be com-
penated at the rate provided for level V of the Executive
Schedule.

"(4) The duties of the Beneficiary Ombudsman are
as follows:

"(A) to represent within the Administration’s
decisionmaking process the interests and concerns of
beneficiaries under the old-age, survivors, and dis-
ability insurance program under title II and the sup-
plemental security income program under title XVI;

"(B) to review the Administration’s policies and
procedures for possible adverse effects on such bene-

vicaries;

"(C) to recommend within the Administration’s
decisionmaking process changes in policies which
have caused problems for such beneficiaries;

"(D) to help resolve the problems under such
programs of individual beneficiaries in unusual or
difficult circumstances, as determined by the Administration; and

"(E) to represent within the Administration's decisionmaking process the views of beneficiaries in the design of forms and the issuance of instructions.

"(5) The Board shall assure that the Office of the Beneficiary Ombudsman has staff sufficient to enable the Beneficiary Ombudsman to efficiently carry out his or her duties. Such staff shall be located in the regional offices, program centers, and central office of the Administration.

"(6) The annual report of the Board under section 704 shall include a description of the activities of the Beneficiary Ombudsman.

"Administrative Law Judge

"(g)(1) There shall be in the Administration an Office of the Chief Administrative Law Judge, who shall be appointed by the Board. The duty of the Chief Administrative Law Judge shall be to administer the affairs of the administrative law judges serving in the Administration in a manner so as to ensure that hearings and other business are conducted by the administrative law judges in accordance with applicable law and regulations.

"(2) The Chief Administrative Law Judge shall report directly to the Board."
(b) Conforming Amendments Relating to Composition of Board of Trustees of OASDI Trust Funds.—Section 201(c) of such Act (42 U.S.C. 401(c)) is amended—

(1) in the first sentence, by striking “shall be composed of” and all that follows down through “ex officio” and inserting the following: “shall be composed of the members of the Social Security Board, the Secretary of the Treasury, the Secretary of Health and Human Services, all ex officio”;

(2) by inserting after the first sentence the following new sentence: “The Chairperson of the Social Security Board shall be the Chairperson of the Board of Trustees.”; and

(3) by striking “Commissioner of Social Security” and inserting “Executive Director of the Social Security Administration”.

(c) Interim Authority of the Commissioner.—The President shall nominate for appointment the initial members of the Social Security Board not later than April 1, 1995. In the event that, as of October 1, 1995, all members of the Social Security Board have not entered upon office, until all members of the Board have entered upon office, the officer serving on October 1, 1995, as Commissioner of Social Security in the Department of Health and
1 Human Services (or Acting Commissioner, if applicable),
2 or such officer's successor, shall, while continuing to serve
3 as Commissioner of Social Security (or Acting Commis-
4 sioner) in such Department, serve as head of the Social
5 Security Administration established under section 701 of
6 the Social Security Act (as amended by this Act) and shall
7 assume the powers and duties of such Board and of the
8 Executive Director under such Act (as amended by this
9 Act).

10 SEC. 103. PERSONNEL; BUDGETARY MATTERS; FACILITIES;
11 AND PROCUREMENT; SEAL OF OFFICE.

12 Section 703 of the Social Security Act (42 U.S.C.
13 903) is amended to read as follows:
14 "ADMINISTRATIVE DUTIES OF THE SOCIAL SECURITY
15 BOARD
16 "Personnel
17 "Sec. 703. (a)(1) The Social Security Board shall
18 appoint such additional officers and employees as it con-
19 siders necessary to carry out its functions. Except as oth-
20 erwise provided in any other provision of law, such officers
21 and employees shall be appointed, and their compensation
22 shall be fixed, in accordance with title 5, United States
23 Code.
24 "(2) The Board may procure the services of experts
25 and consultants in accordance with the provisions of sec-
26 tion 3109 of title 5, United States Code.
“(3) The Director of the Office of Personnel Management shall authorize for the Administration a total number of Senior Executive Service positions which is greater than the number of such positions authorized in the Social Security Administration in the Department of Health and Human Services as of immediately before the date of the enactment of the Social Security Administrative Reform Act of 1994, to the extent that the greater number of such authorized positions is specified in the comprehensive workforce plan as established and revised by the Board under subsection (b)(1). The total number of such positions authorized for the Administration pursuant to such section 3133 shall not at any time be less than the number of such authorized positions as of immediately before such date.

“(4) In addition to the positions of the Administration in the Executive Schedule specified in section 702, the Administration is authorized six additional positions at level IV of the Executive Schedule and six additional positions at level V of the Executive Schedule.

“Budgetary Matters

“(b)(1) Appropriations requests for staffing and personnel of the Administration shall be based upon a comprehensive workforce plan, which shall be established and revised from time to time by the Board. The entire amount
of appropriations provided for the administrative costs of
the Administration shall be apportioned in the time period
provided in title 31, United States Code, for apportion-
ment and shall be apportioned for the entire period of
availability without restriction or deduction by the apportion-
ing officer or employee of the Office of Management
and Budget or any other entity within the executive
branch of the Federal Government, except as otherwise
provided in this subsection.

"(2) The report submitted pursuant to section 704
shall include a section reflecting the use of budget author-
ity provided to the Administration by quarters.

"(3)(A) The authority of the Administration for fa-
cilities construction, and any authority of the Administra-
tion for automated data processing procurement which is
delegated thereto, shall be provided in the form of contract
authority covering the total costs thereof, to be available
until expended.

"(B) Amounts necessary for the liquidation of con-
tract authority provided pursuant to this paragraph are
hereby made available from the Federal Old-Age and Sur-
vivors Insurance Trust Fund and the Federal Disability
Insurance Trust Fund to the extent that the Board, with
the concurrence of the Secretary of the Treasury, deter-
mines that such amounts are not necessary to meet the
current obligations for benefit payments from the Trust Funds.

"(C) Funds appropriated for the Administration to be available on a contingency basis shall be apportioned only upon the occurrence of the stipulated contingency, as determined by the Board and reported to each House of the Congress.

"Seal of Office

"(c) The Board shall cause a seal of office to be made for the Administration of such design as the Board shall approve. Judicial notice shall be taken of such seal."

SEC. 104. TRANSFERS TO THE NEW SOCIAL SECURITY ADMINISTRATION.

(a) FUNCTIONS.—There are transferred to the Social Security Administration all functions carried out by the Secretary of Health and Human Services with respect to the programs and activities the administration of which is vested in the Social Security Administration by reason of this Act and the amendments made thereby. The Social Security Board shall allocate such functions in accordance with sections 701, 702, and 703 of the Social Security Act (as amended by this Act).

(b) PERSONNEL, ASSETS, ETC.—(1) There are transferred from the Department of Health and Human Services to the Social Security Administration, for appropriate
allocation by the Social Security Board in the Social Security Administration—

(A) the personnel (other than administrative law judges) employed in connection with the functions transferred by this Act and the amendments made thereby, as considered appropriate by the Board in consultation with the Secretary of Health and Human Services,

(B) such number of administrative law judges as are necessary to carry out the functions transferred by this Act and the amendments made thereby, as determined by the Board in consultation with the Secretary of Health and Human Services, and

(C) the assets, liabilities, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, or used in connection with such functions, arising from such functions, or available, or to be made available, in connection with such functions.

(2) Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

(3) The Secretary of Health and Human Services shall terminate—
(A) six positions in the Department of Health and Human Services placed in level IV of the Executive Schedule (or equivalent positions) other than positions specifically required under section 5315 of title 5, United States Code, or any other provision of law, and

(B) six positions in such Department placed in level V of the Executive Schedule (or equivalent positions) other than positions specifically required under section 5316 of such title or any other provision of law.

(4) The transfer pursuant to this section of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any such employees to be separated or reduced in grade or compensation for 1 year after such transfer or October 1, 1995, whichever is later.

(c) ABOLISHMENT OF OFFICE OF COMMISSIONER IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Effective upon the entry upon office of all initial members of the Social Security Board pursuant to section 702 of the Social Security Act (as amended by this Act), the position of Commissioner of Social Security in the Department of Health and Human Services is abolished.
SEC. 105. TRANSITIONAL RULES.

(a) INTERIM AUTHORITY FOR APPOINTMENT AND COMPENSATION.—At any time on or after the date of the enactment of this Act—

(1) any of the officers provided for in section 702 of the Social Security Act (as amended by this Act) may enter upon office, as provided in such section, and

(2) the Social Security Board, upon entry upon office of all of the members thereof, may prescribe regulations providing for the orderly transfer of proceedings before the Secretary of Health and Human Services to the Social Security Board.

Funds available to any official or component of the Department of Health and Human Services, functions of which are transferred to the Social Security Board or the Social Security Administration by this Act, may be used, with the approval of the Director of the Office of Management and Budget, to pay the compensation and expenses of any officer entering upon office pursuant to this section until such time as funds for that purpose are otherwise available.

(b) CONTINUATION OF ORDERS, DETERMINATIONS, RULES, REGULATIONS, ETC.—All orders, determinations, rules, regulations, permits, contracts, collective bargaining
agreements, recognitions of labor organizations, certificates, licenses, and privileges—

(1) which have been issued, made, promulgated, granted, or allowed to become effective, in the exercise of functions (A) which were exercised by the Secretary of Health and Human Services (or his delegate), and (B) which relate to functions which, by reason of this Act, the amendments made thereby, and regulations prescribed thereunder, are vested in the Social Security Board, and

(2) which are in effect immediately before October 1, 1995,

shall (to the extent that they relate to functions described in paragraph (1)(B)) continue in effect according to their terms until modified, terminated, suspended, set aside, or repealed, in accordance with law, by such Board.

(c) CONTINUATION OF PROCEEDINGS.—The provisions of this Act (including the amendments made thereby) shall not affect any proceeding pending before the Secretary of Health and Human Services immediately before October 1, 1995, with respect to functions vested (by reason of this Act, the amendments made thereby, and regulations prescribed thereunder) in the Social Security Board, except that such proceedings, to the extent that they relate to such functions, shall continue before such
Board. Orders shall be issued under any such proceeding, appeals taken therefrom, and payments shall be made pursuant to such orders, in like manner as if this Act had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or repealed by such Board, by a court of competent jurisdiction, or by operation of law.

(d) CONTINUATION OF SUITS.—Except as provided in this subsection—

(1) the provisions of this Act shall not affect suits commenced prior to October 1, 1995; and

(2) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted. No cause of action, and no suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of the Department of Health and Human Services, shall abate by reason of the enactment of this Act. Causes of action, suits, actions, or other proceedings may be asserted by or against the United States and the Social Security Administration, or such official of such Administration as may be appropriate, and, in any litigation pending immediately before October 1, 1995, the court may at any time, on its own motion
or that of a party, enter an order which will give effect to the provisions of this subsection (including, where appropriate, an order for substitution of parties).

(e) **CONTINUATION OF PENALTIES.**—This Act shall not have the effect of releasing or extinguishing any criminal prosecution, penalty, forfeiture, or liability incurred as a result of any function which (by reason of this Act), the amendments made thereby, and regulations prescribed thereunder) is vested in the Social Security Board.

(f) **JUDICIAL REVIEW.**—Orders and actions of the Social Security Board in the exercise of functions vested in such Board under this Act (and the amendments made thereby) shall be subject to judicial review to the same extent and in the same manner as if such orders had been made and such actions had been taken by the Secretary of Health and Human Services in the exercise of such functions immediately before October 1, 1995. Any statutory requirements relating to notice, hearings, action upon the record, or administrative review that apply to any function so vested in such Board shall continue to apply to the exercise of such function by such Board.

(g) **EXERCISE OF FUNCTIONS.**—In the exercise of the functions vested in the Social Security Board under this Act, the amendments made thereby, and regulations pre-
scribed thereunder, such Board shall have the same au-

tority as that vested in the Secretary of Health and

Human Services with respect to the exercise of such func-
tions immediately preceding the vesting of such functions
in such Board, and actions of such Board shall have the
same force and effect as when exercised by such Secretary.

(h) OPERATION OF TRANSITIONAL RULES IN THE

EVENT OF INTERIM AUTHORITY IN THE COMMISSIONER.—For purposes of this section, in any case in

which the powers and duties to be transferred to the Social

Security Board are transferred to the Commissioner of So-
cial Security (or acting Commissioner) in the Department
of Health and Human Services for an interim period pur-
suant to section 102(c), the preceding provisions of this
section shall apply with respect to the transfer of such
powers and duties to and from such Commissioner (or act-
ing Commissioner) pursuant to section 102(c) in the same
manner and to the same extent as they would have applied

to a direct transfer from the Secretary of Health and

Human Services to the Social Security Board if all mem-
bers of the Board had entered upon office.

SEC. 106. CONFORMING AMENDMENTS TO TITLES II AND

XVI OF THE SOCIAL SECURITY ACT.

(a) IN GENERAL.—Title II of the Social Security Act

(other than section 201, section 218(d), section 226, sec-
tion 226A, and section 231(c)) and title XVI of such Act
are each amended—

(1) by striking, wherever it appears therein,
“Secretary of Health and Human Services” and in-
serting “Social Security Board”;
(2) by striking, wherever it appears therein,
“Department of Health and Human Services” and
inserting “Social Security Administration”;
(3) by striking, wherever it appears therein,
“Department” (but only if it is not immediately suc-
ceeded by the words “of Health and Human Serv-
ices”, and only if it is used in reference to the De-
partment of Health and Human Services) and in-
serting “Administration”;
(4) by striking, wherever it appears therein,
each of the following words (but, in the case of any
such word only if such word refers to the Secretary
of Health and Human Services): “Secretary”, “Sec-
retary’s”, “his”, “him”, and “he”, and inserting (in
the case of the word “Secretary”) “Social Security
Board”, (in the case of the word “Secretary’s”) “Board’s”, (in the case of the word “his”) “the
Board’s”, (in the case of the word “him”) “the
Board”, and (in the case of the word “he”) “the
Board”; and
(5) by striking, wherever it appears therein, "Internal Revenue Code of 1954" and inserting "Internal Revenue Code of 1986".

(b) AMENDMENTS TO SECTION 218.—Section 218(d) of such Act (42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears in paragraphs (3) and (7) and inserting "Social Security Board".

(c) AMENDMENTS TO SECTION 222.—Section 222(d) of such Act (42 U.S.C. 422(d)) is amended—

(1) in the last sentence of paragraph (1), by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration"; and

(2) in the first sentence of paragraph (2), by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration".

(d) AMENDMENT TO SECTION 231.—Section 231(c) of such Act (42 U.S.C. 431(c)) is amended by striking "Secretary determines" and inserting "Social Security Board and the Secretary jointly determine".

(e) AMENDMENT TO SECTION 1615.—Section 1615(d) of such Act (42 U.S.C. 1832d(d)) is amended by striking "Commissioner of Social Security" and insert-
Title VII of the Social Security Act is amended—

(1) by striking section 704 (42 U.S.C. 904) and inserting the following new section:

"REPORTS

"SEC. 704. The Secretary and the Social Security Board shall make full reports to Congress, within 120 days after the beginning of each regular session, of the administration of the functions with which they are charged under this Act. In addition to the number of copies of such reports authorized by other law to be printed, there is hereby authorized to be printed not more than 5,000 copies of each such report for use by the Secretary and Social Security Board for distribution to Members of Congress and to State and other public or private agencies or organizations participating in or concerned with the programs provided for in this Act."

(2) in section 709(b)(2) (42 U.S.C. 910(b)(2)), by striking "(as estimated by the Secretary)" and inserting "as estimated by the Social Security Board or the Secretary (whichever administers the program involved),"; and

(3) by adding at the end thereof the following new section:
"DUTIES AND AUTHORITY OF SECRETARY

Sec. 712. (a) The Secretary shall perform the duties imposed upon him by this Act and shall also have the duty of studying and making recommendations as to the most effective methods of providing economic security and as to legislation and matters of administrative policy concerning the programs administered by the Secretary and related subjects; except that nothing in this section shall be construed to require the Secretary to make studies or recommendations with respect to programs administered by the Social Security Administration.

(b) The Secretary is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures, as may be necessary for carrying out the Secretary's functions under this Act. Appointments of attorneys and experts may be made without regard to the civil service laws."

SEC. 108. RULES OF CONSTRUCTION.

(a) REFERENCES TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, court order, or other document to the Department of Health and Human Services with respect to such Department's functions under the old-age, survivors, and disability insurance
program under title II of the Social Security Act or the
supplemental security income program under title XVI of
such Act, such reference shall be considered a reference
to the Social Security Administration.

(b) REFERENCES TO THE SECRETARY OF HEALTH
AND HUMAN SERVICES.—Whenever any reference is made
in any provision of law (other than this Act or a provision
of law amended by this Act), regulation, rule, record, court
order, or other document to the Secretary of Health and
Human Services with respect to such Secretary's functions
under such programs, such reference shall be considered
a reference to the Social Security Board.

c) REFERENCES TO OTHER OFFICERS AND EMPLOYEES.—Whenever any reference is made in any provi-
sion of law (other than this Act or a provision of law
amended by this Act), regulation, rule, record, or docu-
ment to any other officer or employee of the Department
of Health and Human Services with respect to such offi-
cer's or employee's functions under such programs, such
reference shall be considered a reference to the appro-
priate officer or employee of the Social Security Adminis-
tration.
SEC. 109. EFFECTIVE DATES.

(a) IN GENERAL.—Sections 101, 102(a), 103, 104, 106, 107, and 108 of this Act (and the amendments made thereby) shall take effect October 1, 1995.

(b) EXCEPTIONS.—Section 102(b) of this Act shall take effect upon the entry upon office of all initial members of the Social Security Board. Sections 102(c) and 105 of this Act shall take effect on the date of the enactment of this Act.

c) NEW SPENDING AUTHORITY.—Any new spending authority provided by this title shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

TITLE II—IMPROVEMENTS TO THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

SEC. 201. RESTRICTIONS ON PAYMENT OF BENEFITS BASED ON DISABILITY TO SUBSTANCE ABUSERS.

(a) AMENDMENTS RELATING TO BENEFITS BASED ON DISABILITY UNDER TITLE II OF THE SOCIAL SECURITY ACT.—

(1) REQUIRED PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—
(A) IN GENERAL.—Section 205(j)(1) of the Social Security Act (42 U.S.C. 405(j)(1)) is amended—

(i) by inserting after the first sentence the following new sentence: "In the case of an individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, certification of payment of such benefits to a representative payee shall be deemed to serve the interest of such individual under this title."; and

(ii) in the last sentence, by inserting "if the interest of the individual under this title would be served thereby," after "alternative representative payee or".

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.

(C) STUDY REGARDING FEASIBILITY, COST, AND EQUITY OF REQUIRING REPRESENTATIVE PAYEES FOR ALL DISABILITY BENEFITS.
FICIARIES SUFFERING FROM ALCOHOLISM OR DRUG ADDICTION.—

(i) STUDY.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services shall conduct a study of the feasibility, cost, and equity of requiring representative payees for all individuals entitled to benefits based on disability under title II or XVI of the Social Security Act who suffer from alcoholism or drug addiction, irrespective of whether the alcoholism or drug addiction was material in any case to the Secretary's determination of disability.

(ii) REPORT.—Not later than April 1, 1995, the Secretary shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report setting forth the findings of the Secretary based on such Study. Such report shall include such recommendations for administrative or legislative changes as the Secretary considers appropriate.
(2) INCREASED RELIANCE ON PROFESSIONAL
REPRESENTATIVE PAYEES.—

(A) PREFERENCE REQUIRED FOR ORGANIZATIONAL REPRESENTATIVE PAYEES.—Section 205(j)(2)(C) of such Act (42 U.S.C. 405(j)(2)(C)) is amended by adding at the end the following new clause:

"(v) In selecting under this paragraph any person to serve as the representative payee for an individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, preference shall be given to community-based nonprofit social service agencies licensed or bonded by the State, or State or local government agencies whose mission is to carry out income maintenance, social service, or health care-related activities."

(B) AVAILABILITY OF PUBLIC AGENCIES AND OTHER QUALIFIED ORGANIZATIONS TO SERVE AS REPRESENTATIVE PAYEES.—Section 205(j)(4) of such Act (42 U.S.C. 405(j)(4)) is amended—

(i) in subparagraph (A)(ii), by inserting "'($50.00 per month in the case of an individual who is entitled to benefits based
on disability if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability)" after "$25.00 per month"; and

(ii) in subparagraph (B)—

(I) by inserting "State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities, or any" after "means any";

(II) by striking "representative payee and which," and inserting "representative payee, if such agency,;" and

(III) by striking ", and" at the end of clause (ii) and inserting a period.

(C) DEFINITION.—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended by adding at the end the following new paragraph:

"(7) For purposes of this subsection, the term 'benefit based on disability' of an individual means a disability insurance benefit of such individual under section 223 or a child's, widow's, or widower's insurance benefit of such
individual under section 202 based on such individual’s
disability.”.

(3) NONPAYMENT OR TERMINATION OF BENEFITS BY REASON OF NONCOMPLIANCE WITH TREATMENT REQUIREMENTS.—

(A) IN GENERAL.—Section 225 of such Act (42 U.S.C. 425) is amended—

(i) by striking the heading and inserting the following:

“ADDITIONAL RULES RELATING TO BENEFITS BASED ON DISABILITY

“Suspension of Benefits”;

(ii) by inserting before subsection (b) the following new heading:

“Continued Payments During Rehabilitation Program”;

and

(iii) by adding at the end the following new subsection:

“Nonpayment or Termination of Benefits for Failure to Undergo Required Treatment for Alcoholism or Drug Addiction

“(c)(1) Notwithstanding any other provision of this title, in the case of any individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary’s determination that such individual is under a disability and such
individual is determined by the Secretary not to be in compliance with the requirements of this subsection for a month, such benefits shall be suspended for a period commencing with such month and ending with the month preceding the first month, after the determination of non-compliance, in which such individual demonstrates that he or she has reestablished and maintained compliance with such requirements for the applicable period specified in paragraph (3).

"(2)(A) An individual described in paragraph (1) is in compliance with the requirements of this subsection for a month if such individual in such month undergoes any medical or psychological treatment that may be appropriate, for such individual's condition diagnosed as substance abuse or alcohol abuse and for the stage of such individual's rehabilitation, at an institution or facility approved for purposes of this subsection by the Secretary, and complies in such month with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under paragraph (6).

"(B) An individual described in paragraph (1) shall not be determined to be not in compliance with the requirements of this subsection for a month if access by such individual to such treatment is not reasonably available
for that month, as determined under regulations of the Secretary.

“(3) The applicable period specified in this paragraph is:

“(A) 2 consecutive months, in the case of a first determination that an individual is not in compliance with the requirements of this subsection,

“(B) 3 consecutive months, in the case of the second such determination with respect to the individual, and

“(C) 6 consecutive months, in the case of the third or subsequent such determination with respect to the individual.

“(4) In any case in which an individual's benefit is suspended for a period of 12 consecutive months for failure to comply with treatment described in paragraph (2) of this subsection, the month following such period shall be deemed, for purposes of section 223(a)(1) or subsection (d)(1)(G)(i), (e)(1), or (f)(1) of section 202 (as applicable), as the termination month with respect to such entitlement.

“(5)(A) Subject to subparagraph (B), monthly insurance benefits under this title which would be payable to any individual (other than the disabled individual to whom benefits are not payable by reason of this subsection) on
the basis of the wages and self-employment income of such
disabled individual but for the provisions of paragraph (1)
or (4), shall be payable as though such disabled individual
were receiving such benefits which are not payable under
this subsection (and, in the case of a disabled individual
whose entitlement is terminated under paragraph (4), as
though such disabled individual’s entitlement were not ter-
minated).

“(B) If the monthly insurance benefits of a disabled
individual referred to in subparagraph (A) are not payable
by reason of termination of entitlement under paragraph
(4), monthly insurance benefits which are payable to any
other individual on the basis of the wages and self-employ-
ment income of such disabled individual pursuant to sub-
paragraph (A) shall not be payable for any month after
2 years after the last month of such entitlement.

“(6)(A) The Secretary shall provide for the monitor-
ing and testing of all individuals who are receiving benefits
under this title and who as a condition of payment of such
benefits are required to be undergoing treatment and com-
plying with the terms, conditions, and requirements there-
of as described in paragraph (2)(A), in order to assure
such compliance and to determine the extent to which the
imposition of such requirements is contributing to the
achievement of the purposes of this title. The Secretary
shall annually submit to the Congress a full and complete
report on the Secretary's activities under this paragraph.

"(B) The Secretary, in consultation with drug and
alcohol treatment professionals, shall issue regulations—

"(i) defining appropriate treatment for alcohol-
ics and drug addicts who are subject to required
medical or psychological treatment under this sub-
section, and

"(ii) establishing guidelines to be used to review
and evaluate their compliance, including measures of
the progress of participants in such programs.

"(C)(i) For purposes of carrying out the require-
ments of subparagraphs (A) and (B), the Secretary shall
establish in each State a referral and monitoring agency
for such State.

"(ii) Each referral and monitoring agency for a State
shall—

"(I) identify appropriate placements, for indi-
viduals residing in such State who are entitled to
benefits based on disability and with respect to
whom alcoholism or drug addiction is a contributing
factor material to the Secretary's determination that
they are under a disability, where they may obtain
treatment described in paragraph (2)(A),
“(II) refer such individuals to such placements for such treatment, and

“(III) monitor compliance with the requirements of paragraph (2)(A) by individuals who are referred by the agency to such placements and promptly report failures to comply to the Secretary.

“(7) In the case of any individual who is entitled to a benefit based on disability for any month, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, payment of any past-due monthly insurance benefits under this title to which such individual is entitled shall be made in any month only to the extent that the sum of—

“(A) the amount of such past-due benefit paid in such month, and

“(B) the amount of any benefit for the preceding month under such current entitlement which is payable in such month,

does not exceed 200 percent of the amount of such benefit for the preceding month.

“(8) For purposes of this subsection, the term 'benefit based on disability' of an individual means a disability insurance benefit of such individual under section 223 or a child’s, widow’s, or widower’s insurance benefit of such
individual under section 202 based on the disability of such individual.”.

(B) PRESERVATION OF MEDICARE BENEFITS.—Section 226 of such Act (42 U.S.C. 426) is amended by adding at the end the following:

“(i) For purposes of this section, each person whose benefit for any month is not payable by reason of paragraph (1) of section 225(c) (and is not terminated by reason of paragraph (4) of section 225(c)) shall be treated as entitled to such benefit for such month if such person would be entitled to such benefit for such month in the absence of such section.”.

(C) EFFECTIVE DATE.—The amendments made by this paragraph (other than section 225(c)(6)(C) of the Social Security Act added by this paragraph) shall apply with respect to benefits based on disability (as defined in section 225(c)(8) of the Social Security Act, added by this section) of individuals becoming eligible for such benefits after 180 days after the date of the enactment of this Act. For purposes of determining eligibility for benefits under this subparagraph, the rules applicable in determining eligibility under section 215(a)(3)(B)(ii) of
the Social Security Act shall apply. Section 225(c)(6)(C) of the Social Security Act shall take effect 180 days after the date of the enactment of this Act.

(4) IRRELEVANCE OF LEGALITY OF SERVICES PERFORMED IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY.—

(A) IN GENERAL.—Section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended—

(i) by inserting "(A)" after "(4)"; and

(ii) by adding at the end the following new subparagraph:

"(B) In determining under subparagraph (A) when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, the Secretary apply the criteria described in subparagraph (A) with respect to services performed by any individual without regard to the legality of such services."

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of the enactment of this Act.

(b) AMENDMENTS RELATING TO SUPPLEMENTAL SECURITY INCOME BENEFITS UNDER TITLE XVI OF THE SOCIAL SECURITY ACT.—
(1) REQUIRED PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—

(A) IN GENERAL.—Section 1631(a)(2)(A) of the Social Security Act (42 U.S.C. 1383(a)(2)(A)) is amended—

(i) in clause (ii), by adding at the end the following: "In the case of an individual entitled to benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, the payment of such benefits to a representative payee shall be deemed to serve the interest of such individual under this title."; and

(ii) in clause (iii), by striking "to the individual or eligible spouse or to an alternative representative payee of the individual or eligible spouse" and inserting "to an alternative representative payee of the individual or eligible spouse or, if the interest of the individual under this title would be served thereby, to the individual or eligible spouse".
(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.

(2) INCREASED RELIANCE ON PROFESSIONAL REPRESENTATIVE PAYEES.—

(A) PREFERENCE REQUIRED FOR ORGANIZATIONAL REPRESENTATIVE PAYEES.—Section 1631(a)(2)(B) of such Act (42 U.S.C. 1383(a)(2)(B)) is amended—

(i) by redesignating clauses (vii) through (xii) as clauses (viii) through (xiii), respectively;

(ii) by inserting after clause (vi) the following:

“(vii) In selecting under this subparagraph any person to serve as the representative payee for an individual entitled to benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, preference shall be given to community-based nonprofit social service agencies licensed or bonded by the State, or State or local government agencies whose mis-
sion is to carry out income maintenance, social service, or health care-related activities.

(iii) in clause (viii) (as so redesignated), by striking "clause (viii)" and inserting "clause (ix)";

(iv) in clause (ix) (as so redesignated), by striking "(vii)" and inserting "(viii)";

(v) in clause (xiii) (as so redesignated)—

(I) by striking "(xi)" and inserting "(xii)"; and

(II) by striking "(x)" and inserting "(xi)".

(B) AVAILABILITY OF PUBLIC AGENCIES AND OTHER QUALIFIED ORGANIZATIONS TO SERVE AS REPRESENTATIVE PAYEES.—Section 1631(a)(2)(D) of such Act (42 U.S.C. 1383(a)(2)(D)) is amended—

(i) in clause (i)(II), by inserting "($50.00 per month in the case of an individual who is entitled to benefits under this title by reason of disability if alcoholism or drug addiction is a contributing factor material to the Secretary’s determination that
the individual is disabled)" after "$25.00 per month"; and

(ii) in clause (ii)—

(I) by inserting "State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities, or any" after "means any";

(II) by inserting a comma after "service agency";

(III) by adding "and" at the end of subclause (I); and

(IV) in subclause (II)—

(aa) by adding "and" at the end of item (aa);

(bb) by striking "; and" at the end of item (bb) and inserting a period; and

(cc) by striking item (cc).

(3) NONPAYMENT OR TERMINATION OF BENEFITS BY REASON OF CONTINUED SUBSTANCE ABUSE OR ALCOHOL ABUSE.—

(A) IN GENERAL.—Section 1611(e)(3) of such Act (42 U.S.C. 1382(e)(3)), is amended by redesignating subparagraph (B) as subpara-
graph (C) and by inserting after subparagraph (A) the following:

"(B)(i) Notwithstanding any other provision of this title, in the case of any individual entitled to benefits under this title solely by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that such individual is disabled and such individual is determined by the Secretary not to be in compliance with the requirements of this subparagraph for a month, such benefits shall be suspended for a period commencing with such month and ending with the month preceding the first month, after the determination of noncompliance, in which such individual demonstrates that he or she has reestablished and maintained compliance with such requirements for the applicable period specified in clause (iii).

"(ii)(I) An individual described in clause (i) is in compliance with the requirements of this subparagraph for a month if the individual in such month undergoes any medical or psychological treatment that may be appropriate, for the individual's condition diagnosed as substance abuse or alcohol abuse and for the stage of the individual’s rehabilitation, at an institution or facility approved for purposes of this subparagraph by the Secretary, and complies in such month with the terms, conditions, and re-
requirements of such treatment and with requirements im-
posed by the Secretary under subparagraph (C).

"(II) An individual described in clause (i) shall not
be determined to be not in compliance with the require-
ments of this subparagraph for a month if access by such
individual to such treatment is not reasonably available
for the month, as determined under regulations of the Sec-
retary.

"(iii) The applicable period specified in this clause
is—

"(I) 2 consecutive months, in the case of a 1st
determination that an individual is not in compliance
with the requirements of this subparagraph;

"(II) 3 consecutive months, in the case of the
2nd such determination with respect to the individ-
ual; or

"(III) 6 consecutive months, in the case of the
3rd or subsequent such determination with respect
to the individual.

"(iv) An individual shall not be an eligible individual
for purposes of this title for the 12-month period that be-
gins with the end of any period of 12 consecutive months
for which the benefits of the individual under this title
have been suspended by reason of this subparagraph.
“(v)(I) The Secretary shall not, in a month, pay to an individual described in clause (i) benefits under this title the payment of which is past due, in an amount that exceeds the amount of benefits under this title which are payable to the individual for the month and the payment of which is not past due.

“(II) As used in subclause (I) of this clause, the term ‘benefits under this title’ includes supplementary payments of the type described in section 1616(a) and payments pursuant to an agreement entered into under section 212(a) of Public Law 93–66.”

(B) REFERRAL, MONITORING, AND TREATMENT.—Section 1611(e)(3)(C) of such Act (42 U.S.C. 1382(e)(3)(C)), as so designated by the amendment made by subparagraph (A) of this paragraph, is amended—

(i) by inserting “(i)” after “(C)”; and

(ii) by adding after and below the end following:

“(ii) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations—

“(I) defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this sub-paragraph; and
“(II) establishing guidelines to be used to review and evaluate their compliance, including measures of the progress of participants in such programs.

“(iii)(I) For purposes of carrying out the requirements of clauses (i) and (ii), the Secretary shall establish in each State a referral and monitoring agency for the State.

“(II) Each referral and monitoring agency for a State shall—

“(aa) identify appropriate placements, for individuals residing in the State who are entitled to benefits under this title by reason of disability and with respect to whom alcoholism or drug addiction is a contributing factor material to the Secretary's determination that they are disabled, where they may obtain treatment described in subparagraph (B)(ii)(I);

“(bb) refer such individuals to such placements for such treatment; and

“(cc) monitor compliance with the requirements of subparagraph (B) by individuals who are referred by the agency to such placements, and promptly report to the Secretary any failure to comply with such requirements.”.
(C) PRESERVATION OF MEDICAID BENEFITS.—Section 1634 of such Act (42 U.S.C. 13283c) is amended by adding at the end the following:

“(e) Each person to whom benefits under this title by reason of disability are not payable for any month solely by reason of section 1611(j) shall be treated, for purposes of title XIX, as receiving benefits under this title for such month.”.

(D) CONFORMING AMENDMENTS.—Section 1611(e)(3) of such Act (42 U.S.C. 1382(e)(3)), as amended by subparagraphs (A) and (B) of this paragraph, is amended—

(i) in subparagraph (A), by striking “(B)” and inserting “(C)”; and

(ii) in subparagraph (C), by inserting “or (B)” after “(A)”.

(4) IRRELEVANCE OF LEGALITY OF SUBSTANTIAL GAINFUL ACTIVITY.—

(A) IN GENERAL.—Section 1614 of such Act (42 U.S.C. 1382c) is amended by adding at the end the following:

“(g) The Secretary shall make determinations under this title with respect to substantial gainful activity, without regard to the legality of the activity.”.
(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall take effect on the date of the enactment of this Act.

c) EFFECTIVE DATE.—The amendments made by the preceding provisions of this section shall apply to benefits payable for months beginning 180 or more days after the date of the enactment of this Act.

d) DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall develop and carry out demonstration projects designed to explore innovative referral, monitoring, and treatment approaches with respect to—

(A) individuals who are entitled to disability insurance benefits or child’s, widow’s, or widower’s insurance benefits based on disability under title II of the Social Security Act, and

(B) individuals who are eligible for supplemental security income benefits under title XVI of such Act based solely on disability, in cases in which alcoholism or drug addiction is a contributing factor material to the Secretary’s determination that individuals are under a disability.

(2) SCOPE.—The demonstration projects developed under paragraph (1) shall be of sufficient scope
and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative approaches under consideration while giving assurance that the results derived from the projects will obtain generally in the operation of the programs involved without committing such programs to the adoption of any particular system either locally or nationally.

(3) **FINAL REPORT.**—The Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than December 31, 1997, a final report on the demonstration projects carried out under this subsection, together with any related data and materials which the Secretary may consider appropriate. The authority under this section shall terminate upon the transmittal of such final report.

**SEC. 202. CONTINUING DISABILITY REVIEW ACCOUNT.**

(a) **IN GENERAL.**—Section 201 of the Social Security Act (42 U.S.C. 401) is amended by adding at the end the following new subsection:

“(n)(1) There is hereby created in the Federal Disability Insurance Trust Fund a Continuing Disability Review Account (hereinafter in this subsection referred to as the ‘Account’). The Account shall consist of such amounts
as may be transferred to it under this subsection. The balance in the Account shall be available solely for expenditures certified under paragraph (3).

"(2)(A) Not later than September 1 of each calendar year, the Secretary shall—

"(i) estimate the present value of savings to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund which will accrue for all years as a result of the cessation of benefit payments during the fiscal year ending on September 30 of the prior calendar year based on continuing disability reviews carried out pursuant to the requirements of section 221(i) during or prior to such fiscal year,

"(ii) determine the portion of such estimate attributable to each of the Trust Funds described in clause (i), and

"(iii) certify the amount of such estimate and such portion to the Managing Trustee of the Trust Funds.

"(B) Upon receipt of certification by the Secretary under subparagraph (A), the Managing Trustee shall transfer to the Account from amounts otherwise in each of the Trust Funds an amount equal to—
“(i) for calendar years 1995 and 1996, 100 percent of the portion of the estimated savings computed under subparagraph (A)(i), attributable to the Trust Fund (as certified under subparagraph (A)(iii)), and

“(ii) for subsequent calendar years, the lesser of—

“(I) 50 percent of the portion of the estimated savings so certified, or

“(II) the difference (not less than $0) derived by subtracting the balance in the Account as of the end of the prior calendar year referred to in subparagraph (A)(i) from the portion of the estimated savings so certified.

“(3)(A) Not later than September 15 of each calendar year, the Secretary shall—

“(i) estimate the total amount of expenditures which will be necessary to carry out continuing disability reviews required under section 221(i) during the fiscal year beginning on October 1 of such calendar year, and

“(ii) certify such estimated amount to the Managing Trustee of the Trust Funds.

“(B) The expenditures referred to in subparagraph (A)(i) shall include, but not be limited to, the cost of staff-
ing, training, purchase of medical and other evidence, and processing related to appeals (including appeal hearings) and to overpayments.

"(C) To the extent of available funds in the Account, and prior to any action thereon by the General Accounting Office, the Managing Trustee shall, upon the commencement of each fiscal year, make available to the Secretary from the Account an amount equal the total of estimated expenditures for such fiscal year described in subparagraph (A)(i) as certified under subparagraph (A)(ii).

"(D) The Secretary shall use funds made available pursuant to this paragraph solely for the purpose of carrying out continuing disability reviews required under section 221(i).”.

(b) CONFORMING AMENDMENT.—Section 201(g)(1)(A) of such Act (42 U.S.C. 401(g)(1)(A)) is amended in the last sentence by inserting “(other than expenditures from available funds in the Continuing Disability Review Account in the Federal Disability Insurance Trust Fund made pursuant to subsection (n))” after “is responsible”.

(c) ANNUAL REPORT.—Section 221(i)(3) of such Act (42 U.S.C. 421(i)(3)) is amended—

(1) by striking “and the number” and inserting “the number”;

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(2) by striking the period at the end and inserting a comma; and

(3) by adding at the end the following: "and a final accounting of amounts transferred to the Continuing Disability Review Account in the Federal Disability Insurance Trust Fund during the year, the amount made available from such Account during such year for continuing disability reviews, and expenditures for continuing disability reviews made during the year, including a comparison of such number of reviews with the estimated number of reviews upon which the estimate of such expenditures was made under section 201(n)(3).”.

SEC. 203. ISSUANCE OF PHYSICAL DOCUMENTS IN THE FORM OF BONDS, NOTES, OR CERTIFICATES TO THE SOCIAL SECURITY TRUST FUNDS.

(a) Requirement that Obligations Issued to the OASDI Trust Funds Be Evidenced by Paper Instruments in the Form of Bonds, Notes, or Certificates of Indebtedness Setting Forth Their Terms.—Section 201(d) of the Social Security Act (42 U.S.C. 401(d)) is amended by inserting after the fifth sentence the following new sentence: "Each obligation issued for purchase by the Trust Funds under this subsection shall be evidenced by a paper instrument in the form of..."
a bond, note, or certificate of indebtedness issued by the Secretary of the Treasury setting forth the principal amount, date of maturity, and interest rate of the obligation, and stating on its face that the obligation shall be incontestable in the hands of the Trust Fund to which it is issued, that the obligation is supported by the full faith and credit of the United States, and that the United States is pledged to the payment of the obligation with respect to both principal and interest.”.

(b) Payment to the OASDI Trust Funds from the General Fund of the Treasury of Interest on Obligations, and of Proceeds from the Sale or Redemption of Obligations, Required to Be in the Form of Checks.—Section 201(f) of such Act (42 U.S.C. 401(f)) is amended by adding at the end the following new sentence: “Payment from the general fund of the Treasury to either of the Trust Funds of any such interest or proceeds shall be in the form of paper checks drawn on such general fund to the order of such Trust Fund.”.

(c) Effective Date.—

(1) In General.—The amendments made by this section shall apply with respect to obligations issued, and payments made, after 60 days after the date of the enactment of this Act.
(2) TREATMENT OF OUTSTANDING OBLIGATIONS.—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Treasury shall issue to the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as applicable, a paper instrument, in the form of a bond, note, or certificate of indebtedness, for each obligation which has been issued to the Trust Fund under section 201(d) of the Social Security Act and which is outstanding as of such date. Each such document shall set forth the principal amount, date of maturity, and interest rate of the obligation, and shall state on its face that the obligation shall be incontestable in the hands of the Trust Fund to which it was issued, that the obligation is supported by the full faith and credit of the United States, and that the United States is pledged to the payment of the obligation with respect to both principal and interest.

SEC. 204. EXPLICIT REQUIREMENTS FOR MAINTENANCE OF TELEPHONE ACCESS TO LOCAL OFFICES OF THE SOCIAL SECURITY ADMINISTRATION.

(a) MAINTENANCE OF SERVICE TO LOCAL OFFICES.
(1) IN GENERAL.—Section 5110(a) of the Omnibus Budget Reconciliation Act of 1990 (104 Stat. 1388–272) is amended by adding at the end the following new sentence: “In carrying out the requirements of the preceding sentence, the Secretary shall reestablish and maintain in service at least the same number of telephone lines to each such local office as was in place as of such date, including telephone sets for connections to such lines.”.

(2) EFFECTIVE DATE.—The Secretary of Health and Human Services shall ensure that the requirements of the amendment made by paragraph (1) are carried out no later than 90 days after the date of the enactment of this Act.

(3) GAO REPORT.—The Comptroller General of the United States shall make an independent determination of the number of telephone lines to each local office of the Social Security Administration which are in place as of 90 days after the enactment of this Act and shall report his findings to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than 150 days after the date of the enactment of this Act.
(b) **MAINTENANCE OF TOLL-FREE TELEPHONE NUMBER SERVICE.**—The Secretary of Health and Human Services shall ensure that toll-free telephone service provided by the Social Security Administration is maintained at a level which is at least equal to that in effect on the date of the enactment of this Act.

**SEC. 205. EXPANSION OF STATE OPTION TO EXCLUDE SERVICE OF ELECTION OFFICIALS OR ELECTION WORKERS FROM COVERAGE.**

(a) **LIMITATION ON MANDATORY COVERAGE OF STATE ELECTION OFFICIALS AND ELECTION WORKERS WITHOUT STATE RETIREMENT SYSTEM.**—

(1) **AMENDMENT TO SOCIAL SECURITY ACT.**—Section 210(a)(7)(F)(iv) of the Social Security Act (42 U.S.C. 410(a)(7)(F)(iv)) (as amended by section 11332(a) of the Omnibus Budget Reconciliation Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) for any subsequent year with respect to service performed during such subsequent year."

(2) **AMENDMENT TO FICA.**—Section 3121(b)(7)(F)(iv) of the Internal Revenue Code of 1986 (as amended by section 11332(b) of the Omni-
bus Budget Reconciliation Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) of the Social Security Act for any subsequent year with respect to service performed during such subsequent year”.

(b) CONFORMING AMENDMENTS RELATING TO MEDICARE QUALIFIED GOVERNMENT EMPLOYMENT.—

(1) AMENDMENT TO SOCIAL SECURITY ACT.— Section 210(p)(2)(E) of the Social Security Act (42 U.S.C. 410(p)(2)(E)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) for any subsequent year with respect to service performed during such subsequent year”.

(2) AMENDMENT TO FICA.—Section 3121(u)(2)(B)(ii)(V) of the Internal Revenue Code of 1986 is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) of the Social Security Act for any subsequent year with respect to service performed during such subsequent year”.
Authority for States to Modify Coverage Agreements With Respect to Election Officials

Section 218(c)(8) of the Social Security Act (42 U.S.C. 418(c)(8)) is amended—

1. (1) by striking "on or after January 1, 1968,"
and inserting "at any time";

2. (2) by striking "$100" and inserting "$1,000
with respect to service performed during 1995, and
the adjusted amount determined under subpara-
graph (B) for any subsequent year with respect to
service performed during such subsequent year";
and

3. (3) by striking the last sentence and inserting
the following new sentence: "Any modification of an
agreement pursuant to this paragraph shall be effec-
tive with respect to services performed in and after
the calendar year in which the modification is mailed
or delivered by other means to the Secretary."

Indexation of Exempt Amount.—Section

218(c)(8) of such Act (as amended by subsection (c)) is
further amended—

1. (1) by inserting "(A)" after "(8)"; and

2. (2) by adding at the end the following new sub-
paragraph:
“(B) For each year after 1995, the Secretary shall adjust the amount referred to in subparagraph (A) at the same time and in the same manner as is provided under section 215(a)(1)(B)(ii) with respect to the amounts referred to in section 215(a)(1)(B)(i), except that—

“(i) for purposes of this subparagraph, 1993 shall be substituted for the calendar year referred to in section 215(a)(1)(B)(ii)(II), and

“(ii) such amount as so adjusted, if not a multiple of $100, shall be rounded to the next higher multiple of $100 where such amount is a multiple of $50 and to the nearest multiple of $100 in any other case.

The Secretary shall determine and publish in the Federal Register each adjusted amount determined under this subparagraph not later than November 1 preceding the year for which the adjustment is made.”.

(e) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (c) shall apply with respect to service performed on or after January 1, 1995.
SEC. 206. USE OF SOCIAL SECURITY NUMBERS BY STATES
AND LOCAL GOVERNMENTS AND FEDERAL
DISTRICT COURTS FOR JURY SELECTION
PURPOSES.
(a) IN GENERAL.—Section 205(c)(2) of the Social
Security Act (42 U.S.C. 405(c)(2)) is amended—
(1) in subparagraph (B)(i), by striking “(E)” in
the matter preceding subclause (I) and inserting
“(F)”;
(2) by redesignating subparagraphs (E) and
(F) as subparagraphs (F) and (G), respectively; and
(3) by inserting after subparagraph (D) the fol-
lowing:
“(E)(i) It is the policy of the United States that—
“(I) any State (or any political subdivision of a
State) may utilize the social security account num-
bers issued by the Secretary for the additional pur-
poses described in clause (ii) if such numbers have
been collected and are otherwise utilized by such
State (or political subdivision) in accordance with
applicable law, and
“(II) any district court of the United States
may use, for such additional purposes, any such so-
cial security account numbers which have been so
collected and are so utilized by any State.
"(ii) The additional purposes described in this clause are the following:

"(I) identifying duplicate names of individuals on master lists used for jury selection purposes, and

"(II) identifying on such master lists those individuals who are ineligible to serve on a jury by reason of their conviction of a felony.

"(iii) To the extent that any provision of Federal law enacted before the date of the enactment of this subparagraph is inconsistent with the policy set forth in clause (i), such provision shall, on and after that date, be null, void, and of no effect.

"(iv) For purposes of this subparagraph, the term ‘State’ has the meaning such term has in subparagraph (D).”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 207. AUTHORIZATION FOR ALL STATES TO EXTEND COVERAGE TO STATE AND LOCAL POLICE-MEN AND FIREMEN UNDER EXISTING COVERAGE AGREEMENTS.

(a) IN GENERAL.—Section 218(l) of the Social Security Act (42 U.S.C. 418(l)) is amended—
(1) in paragraph (1), by striking "(1)" after "(l)", and by striking "the State of" and all that follows through "prior to the date of enactment of this subsection" and inserting "a State entered into pursuant to this section"; and

(2) by striking paragraph (2).

(b) CONFORMING AMENDMENT.—Section 218(d)(8)(D) of such Act (42 U.S.C. 418(d)(8)(D)) is amended by striking "agreements with the States named in" and inserting "State agreements modified as provided in".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to modifications filed by States after the date of the enactment of this Act.

SEC. 208. LIMITED EXEMPTION FOR CANADIAN MINISTERS FROM CERTAIN SELF-EMPLOYMENT TAX LIABILITY.

(a) IN GENERAL.—Notwithstanding any other provision of law, if—

(1) an individual performed services described in section 1402(c)(4) of the Internal Revenue Code of 1986 which are subject to tax under section 1401 of such Code,

(2) such services were performed in Canada at a time when no agreement between the United
States and Canada pursuant to section 233 of the Social Security Act was in effect, and (3) such individual was required to pay contributions on the earnings from such services under the social insurance system of Canada, then such individual may file a certificate under this section in such form and manner, and with such official, as may be prescribed in regulations issued under chapter 2 of such Code. Upon the filing of such certificate, notwithstanding any judgment which has been entered to the contrary, such individual shall be exempt from payment of such tax with respect to services described in paragraphs (1) and (2) and from any penalties or interest for failure to pay such tax or to file a self-employment tax return as required under section 6017 of such Code.

(b) PERIOD FOR FILING.—A certificate referred to in subsection (a) may be filed only during the 180-day period commencing with the date on which the regulations referred to in subsection (a) are issued.

(c) TAXABLE YEARS AFFECTED BY CERTIFICATE.—A certificate referred to in subsection (a) shall be effective for taxable years ending after December 31, 1978, and before January 1, 1985.

(d) RESTRICTION ON CREDITING OF EXEMPT SELF-EMPLOYMENT INCOME.—In any case in which an individ-
1. If an individual is exempt under this section from paying a tax imposed under section 1401 of the Internal Revenue Code of 1986, any income on which such tax would have been imposed but for such exemption shall not constitute self-employment income under section 211(b) of the Social Security Act (42 U.S.C. 411(b)), and, if such individual's primary insurance amount has been determined under section 215 of such Act (42 U.S.C. 415), notwithstanding section 215(f)(1) of such Act, the Secretary of Health and Human Services shall recompute such primary insurance amount so as to take into account the provisions of this subsection. The recomputation under this subsection shall be effective with respect to benefits for months following approval of the certificate of exemption.

**SEC. 209. EXCLUSION OF TOTALIZATION BENEFITS FROM THE APPLICATION OF THE WINDFALL ELIMINATION PROVISION.**

(a) In general.—Section 215(a)(7) of the Social Security Act (42 U.S.C. 415(a)(7)) is amended—

(1) in subparagraph (A), by striking “but excluding” and all that follows through “1937” and inserting “but excluding (I) a payment under the Railroad Retirement Act of 1974 or 1937, and (II) a payment by a social security system of a foreign country based on an agreement concluded between
the United States and such foreign country pursuant
to section 233”; and

(2) in subparagraph (E), by inserting after “in
the case of an individual” the following: “whose eli-
gibility for old-age or disability insurance benefits is
based on an agreement concluded pursuant to sec-
tion 233 or an individual”.

(b) CONFORMING AMENDMENT RELATING TO BENE-

fits UNDER 1939 ACT.—Section 215(d)(3) of such Act
(42 U.S.C. 415(d)(3)) is amended by striking “but exclud-
ing” and all that follows through “1937” and inserting
“but excluding (I) a payment under the Railroad Retire-
ment Act of 1974 or 1937, and (II) a payment by a social
security system of a foreign country based on an agree-
ment concluded between the United States and such for-
egn country pursuant to section 233”.

c) EFFECTIVE DATE.—The amendments made by
this section shall apply (notwithstanding section 215(f)(1)
of the Social Security Act (42 U.S.C. 415(f)(1)) with re-
spect to benefits payable for months after January 1995.
SEC. 210. EXCLUSION OF MILITARY RESERVISTS FROM APPLI-CATION OF THE GOVERNMENT PENSION OFFSET AND WINDFALL ELIMINATION PROVISIONS.

(a) EXCLUSION FROM GOVERNMENT PENSION OFFSET PROVISIONS.—Subsections (b)(4), (c)(2), (e)(7), (f)(2), and (g)(4) of section 202 of the Social Security Act (42 U.S.C. 402 (b)(4), (c)(2), (e)(7), (f)(2), and (g)(4)) are each amended—

(1) in subparagraph (A)(ii), by striking “unless subparagraph (B) applies.”;

(2) in subparagraph (A), by striking “The” in the matter following clause (ii) and inserting “unless subparagraph (B) applies. The”;

(3) in subparagraph (B), by redesignating the existing matter as clause (ii), and by inserting before such clause (ii) (as so redesignated) the following: “(B)(i) Subparagraph (A)(i) shall not apply with respect to monthly periodic benefits based wholly on service as a member of a uniformed service (as defined in section 210(m)).”.

(b) EXCLUSION FROM WINDFALL ELIMINATION PROVISIONS.—Section 215(a)(7)(A) of such Act (as amended by section 210(a) of this Act) and section 215(d)(3) of such Act (as amended by section 210(b) of this Act) are each further amended.
(1) by striking "and" before "(II)"; and

(2) by striking "section 233" and inserting "section 233, and (III) a payment based wholly on service as a member of a uniformed service (as defined in section 210(m))".

c E F F E C T I V E D A T E.—The amendments made by this section shall apply (notwithstanding section 215(f) of the Social Security Act) with respect to benefits payable for months after January 1995.

SEC. 211. REPEAL OF THE FACILITY-OF-PAYMENT PROVISION.

(a) REPEAL OF RULE PRECLUDING REDISTRIBUTION UNDER FAMILY MAXIMUM.—Section 203(i) of the Social Security Act (42 U.S.C. 403(i)) is repealed.

(b) COORDINATION UNDER FAMILY MAXIMUM OF REDUCTION IN BENEFICIARY'S AUXILIARY BENEFITS WITH SUSPENSION OF AUXILIARY BENEFITS OF OTHER BENEFICIARY UNDER EARNINGS TEST.—Section 203(a)(4) of such Act (42 U.S.C. 403(a)(4)) is amended by striking "section 222(b). Whenever" and inserting the following: "section 222(b). Notwithstanding the preceding sentence, any reduction under this subsection in the case of an individual who is entitled to a benefit under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 for
any month on the basis of the same wages and self-employment income as another person—

“(A) who also is entitled to a benefit under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 for such month,

“(B) who does not live in the same household as such individual, and

“(C) whose benefit for such month is suspended (in whole or in part) pursuant to subsection (h)(3) of this section,

shall be made before the suspension under subsection (h)(3). Whenever”.

(c) CONFORMING AMENDMENT APPLYING EARNINGS REPORTING REQUIREMENT DESPITE SUSPENSION OF BENEFITS.—The third sentence of section 203(h)(1)(A) of such Act (42 U.S.C. 403(h)(1)(A)) is amended by striking “Such report need not be made” and all that follows through “The Secretary may grant” and inserting the following: “Such report need not be made for any taxable year—

“(i) beginning with or after the month in which such individual attained age 70, or

“(ii) if benefit payments for all months (in such taxable year) in which such individual is under age 70 have been suspended under the provisions of the
first sentence of paragraph (3) of this subsection, unless—

"(I) such individual is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202,

"(II) such benefits are reduced under subsection (a) of this section for any month in such taxable year, and

"(III) in any such month there is another person who also is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the same wages and self-employment income and who does not live in the same household as such individual.

The Secretary may grant”.

(d) CONFORMING AMENDMENT DELETING SPECIAL INCOME TAX TREATMENT OF BENEFITS NO LONGER REQUIRED BY REASON OF REPEAL.—Section 86(d)(1) of the Internal Revenue Code of 1986 (relating to income tax on social security benefits) is amended by striking the last sentence.

(e) EFFECTIVE DATES.—

(1) The amendments made by subsections (a), (b), and (c) shall apply with respect to benefits payable for months after December 1995.
(2) The amendment made by subsection (d) shall apply with respect to benefits received after December 31, 1995, in taxable years ending after such date.

SEC. 212. MAXIMUM FAMILY BENEFITS IN GUARANTEE CASES.

(a) IN GENERAL.—Section 203(a) of the Social Security Act (42 U.S.C. 403(a)) is amended by adding at the end the following new paragraph:

"(10)(A) Subject to subparagraphs (B) and (C)—

"(i) the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for a month on the basis of the wages and self-employment income of an individual whose primary insurance amount is computed under section 215(a)(2)(B)(i) shall equal the total monthly benefits which were authorized by this section with respect to such individual's primary insurance amount for the last month of his prior entitlement to disability insurance benefits, increased for this purpose by the general benefit increases and other increases under section 215(i) that would have applied to such total monthly benefits had the individual remained entitled to disability insurance benefits until the month in which he became entitled to old-age insur-
ance benefits or reentitled to disability insurance benefits or died, and

"(ii) the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for a month on the basis of the wages and self-employment income of an individual whose primary insurance amount is computed under section 215(a)(2)(C) shall equal the total monthly benefits which were authorized by this section with respect to such individual's primary insurance amount for the last month of his prior entitlement to disability insurance benefits.

"(B) In any case in which—

"(i) the total monthly benefits with respect to such individual's primary insurance amount for the last month of his prior entitlement to disability insurance benefits was computed under paragraph (6), and

"(ii) the individual's primary insurance amount is computed under subparagraph (B)(i) or (C) of section 215(a)(2) by reason of the individual's entitlement to old-age insurance benefits or death, the total monthly benefits shall equal the total monthly benefits that would have been authorized with respect to the primary insurance amount for the last month of his
prior entitlement to disability insurance benefits if such

total monthly benefits had been computed without regard
to paragraph (6).

"(C) This paragraph shall apply before the applica-
tion of paragraph (3)(A), and before the application of
section 203(a)(1) of this Act as in effect in December
1978."

(b) CONFORMING AMENDMENT.—Section 203(a)(8)
of such Act (42 U.S.C. 403(a)(8)) is amended by striking
"Subject to paragraph (7)," and inserting "Subject to
paragraph (7) and except as otherwise provided in para-
graph (10)(C),".

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply for the purpose of determining the
total monthly benefits to which beneficiaries may be enti-
tled under sections 202 and 223 of the Social Security
Act based on the wages and self-employment income of
an individual who—

(1) becomes entitled to an old-age insurance
benefit under section 202(a) of such Act,
(2) becomes reentitled to a disability insurance
benefit under section 223 of such Act, or
(3) dies,
SEC. 213. AUTHORIZATION FOR DISCLOSURE BY THE SECRETARY OF HEALTH AND HUMAN SERVICES OF INFORMATION FOR PURPOSES OF PUBLIC OR PRIVATE EPIDEMIOLOGICAL AND SIMILAR RESEARCH.

(a) In General.—Section 1106 of the Social Security Act (42 U.S.C. 1306) is amended—

(1) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively;

(2) in subsection (f) (as so redesignated), by striking “subsection (d)” and inserting “subsection (e)”;

and

(3) by inserting after subsection (c) the following new subsection:

“(d) Notwithstanding any other provision of this section, in any case in which—

“(1) information regarding whether an individual is shown on the records of the Secretary as being alive or deceased is requested from the Secretary for purposes of epidemiological or similar research which the Secretary finds may reasonably be expected to contribute to a national health interest, and

“(2) the requester agrees to reimburse the Secretary for providing such information and to comply with limitations on safeguarding and rerelease or
redislosure of such information as may be specified by the Secretary,
the Secretary shall comply with such request, except to the extent that compliance with such request would constitute a violation of the terms of any contract entered into under section 205(r).”.

(b) Availability of Information Returns Regarding Wages Paid Employees.—Section 6103(l)(5) of the Internal Revenue Code of 1986 (relating to disclosure of returns and return information to the Department of Health and Human Services for purposes other than tax administration) is amended—

(1) by striking “for the purpose of” and inserting “for the purpose of—”;

(2) by striking “carrying out, in accordance with an agreement” and inserting the following:

“(A) carrying out, in accordance with an agreement”;

(3) by striking “program.” and inserting “program; or”; and

(4) by adding at the end the following new sub-
paragraph:

“(B) providing information regarding the mortality status of individuals for epidemiolog-
ical and similar research in accordance with section 1106(d) of the Social Security Act.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to requests for information made after the date of the enactment of this Act.

SEC. 214. MISUSE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE TO SOCIAL SECURITY PROGRAMS AND AGENCIES.

(a) PROHIBITION OF UNAUTHORIZED REPRODUCTION, REPRINTING, OR DISTRIBUTION FOR FEE OF CERTAIN OFFICIAL PUBLICATIONS.—Section 1140(a) of the Social Security Act (42 U.S.C. 1320b–10(a)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;
(2) by inserting “(1)” after “(a)”; and
(3) by adding at the end the following new paragraph:

“(2) No person may, for a fee, reproduce, reprint, or distribute any item consisting of a form, application, or other publication of the Social Security Administration unless such person has obtained specific, written authorization for such activity in accordance with regulations which the Secretary shall prescribe.”.
(b) ADDITION TO PROHIBITED WORDS, LETTERS, SYMBOLS, AND EMBLEMS.—Paragraph (1) of section 1140(a) of such Act (as redesignated by subsection (a)) is further amended—


(2) in subparagraph (B) (as redesignated), by striking “Social Security Administration” each place it appears and inserting “Social Security Administration, Health Care Financing Administration, or Department of Health and Human Services”, and by striking “or of the Health Care Financing Administration”.

(c) EXEMPTION FOR USE OF WORDS, LETTERS, SYMBOLS, AND EMBLEMS OF STATE AND LOCAL GOVERNMENT AGENCIES BY SUCH AGENCIES.—Paragraph (1) of section 1140(a) of such Act (as redesignated by subsection (a)) is further amended by adding at the end the following new sentence: “The preceding provisions of this subsection shall not apply with respect to the use by any
agency or instrumentality of a State or political subdivision of a State of any words or letters which identify an agency or instrumentality of such State or of a political subdivision of such State or the use by any such agency or instrumentality of any symbol or emblem of an agency or instrumentality of such State or a political subdivision of such State.

(d) INCLUSION OF REASONABLENESS STANDARD.—Section 1140(a)(1) of such Act (as amended by the preceding provisions of this section) is further amended, in the matter following subparagraph (B) (as redesignated), by striking "convey" and inserting "convey, or in a manner which reasonably could be interpreted or construed as conveying,"

(e) INEFFECTIVENESS OF DISCLAIMERS.—Subsection (a) of section 1140 of such Act (as amended by the preceding provisions of this section) is further amended by adding at the end the following new paragraph:

"(3) Any determination of whether the use of one or more words, letters, symbols, or emblems (or any combination or variation thereof) in connection with an item described in paragraph (1) or the reproduction, reprinting, or distribution of an item described in paragraph (2) is a violation of this subsection shall be made without regard to any inclusion in such item (or any so reproduced, re-
printed, or distributed copy thereof) of a disclaimer of affiliation with the United States Government or any particular agency or instrumentality thereof.”.

(f) VIOLATIONS WITH RESPECT TO INDIVIDUAL ITEMS.—Section 1140(b)(1) of such Act (42 U.S.C. 1320b–10(b)(1)) is amended by adding at the end the following new sentence: “In the case of any items referred to in subsection (a)(1) consisting of pieces of mail, each such piece of mail which contains one or more words, letters, symbols, or emblems in violation of subsection (a) shall represent a separate violation. In the case of any item referred to in subsection (a)(2), the reproduction, re-printing, or distribution of such item shall be treated as a separate violation with respect to each copy thereof so reproduced, reprinted, or distributed.”.

(g) ELIMINATION OF CAP ON AGGREGATE LIABILITY AMOUNT.—

(1) REPEAL.—Paragraph (2) of section 1140(b) of such Act (42 U.S.C. 1320b–10(b)(2)) is repealed.

(2) CONFORMING AMENDMENTS.—Section 1140(b) of such Act is further amended—

(A) by striking “(1) Subject to paragraph (2), the” and inserting “The”;
(B) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively; and

(C) in paragraph (1) (as redesignated), by striking "subparagraph (B)" and inserting "paragraph (2)".

(h) REMOVAL OF FORMAL DECLINATION REQUIREMENT.—Section 1140(c)(1) of such Act (42 U.S.C. 1320b–10(c)(1)) is amended by inserting "and the first sentence of subsection (c)" after "and (i)".

(i) PENALTIES RELATING TO SOCIAL SECURITY ADMINISTRATION DEPOSITED IN OASI TRUST FUND.—Section 1140(c)(2) of such Act (42 U.S.C. 1320b–10(c)(2)) is amended in the second sentence by striking "United States." and inserting "United States, except that, to the extent that such amounts are recovered under this section as penalties imposed for misuse of words, letters, symbols, or emblems relating to the Social Security Administration, such amounts shall be deposited into the Federal Old-Age and Survivor's Insurance Trust Fund."

(j) ENFORCEMENT.—Section 1140 of such Act (42 U.S.C. 1320b–10) is amended by adding at the end the following new subsection:
“(d) The preceding provisions of this section shall be enforced through the Office of Inspector General of the Department of Health and Human Services.”.

(k) ANNUAL REPORTS.—Section 1140 of such Act (as amended by the preceding provisions of this section) is further amended by adding at the end the following new subsection:

“(e) The Secretary shall include in the annual report submitted pursuant to section 704 a report on the operation of this section during the year covered by such annual report. Such report shall specify—

“(1) the number of complaints of violations of this section received by the Social Security Administration during the year,

“(2) the number of cases in which a notice of violation of this section was sent by the Social Security Administration during the year requesting that an individual cease activities in violation of this section,

“(3) the number of complaints of violations of this section referred by the Social Security Administration to the Inspector General in the Department of Health and Human Services during the year,
“(4) the number of investigations of violations of this section undertaken by the Inspector General during the year,
“(5) the number of cases in which a demand letter was sent during the year assessing a civil money penalty under this section,
“(6) the total amount of civil money penalties assessed under this section during the year,
“(7) the number of requests for hearings filed during the year pursuant to subsection (c)(1) of this section and section 1128A(c)(2),
“(8) the disposition during such year of hearings filed pursuant to sections 1140(c)(1) and 1128A(c)(2), and
“(9) the total amount of civil money penalties under this section deposited into the Federal Old-Age and Survivors Insurance Trust Fund during the year.”.

(1) PROHIBITION OF MISUSE OF DEPARTMENT OF THE TREASURY NAMES, SYMBOLS, ETC.—

(1) GENERAL RULE.—Subchapter II of chapter 3 of title 31, United States Code, is amended by adding at the end thereof the following new section:
§ 333. Prohibition of misuse of Department of the Treasury names, symbols, etc.

(a) GENERAL RULE.—No person may use, in connection with, or as a part of, any advertisement, solicitation, business activity, or product, whether alone or with other words, letters, symbols, or emblems—

(1) the words 'Department of the Treasury', or the name of any service, bureau, office, or other subdivision of the Department of the Treasury,

(2) the titles 'Secretary of the Treasury' or 'Treasurer of the United States' or the title of any other officer or employee of the Department of the Treasury,

(3) the abbreviations or initials of any entity referred to in paragraph (1),

(4) the words 'United States Savings Bond' or the name of any other obligation issued by the Department of the Treasury,

(5) any symbol or emblem of an entity referred to in paragraph (1) (including the design of any envelope or stationary used by such an entity), and

(6) any colorable imitation of any such words, titles, abbreviations, initials, symbols, or emblems, in a manner which could reasonably be interpreted or construed as conveying the false impression that such adver-
tisement, solicitation, business activity, or product is in any manner approved, endorsed, sponsored, or authorized by, or associated with, the Department of the Treasury or any entity referred to in paragraph (1) or any officer or employee thereof.

"(b) TREATMENT OF DISCLAIMERS.—Any determination of whether a person has violated the provisions of subsection (a) shall be made without regard to any use of a disclaimer of affiliation with the United States Government or any particular agency or instrumentality thereof.

"(c) CIVIL PENALTY.—

"(1) IN GENERAL.—The Secretary of the Treasury may impose a civil penalty on any person who violates the provisions of subsection (a).

"(2) AMOUNT OF PENALTY.—The amount of the civil penalty imposed by paragraph (1) shall not exceed $5,000 for each use of any material in violation of subsection (a). If such use is in a broadcast or telecast, the preceding sentence shall be applied by substituting '$25,000' for '$5,000'.

"(3) TIME LIMITATIONS.—

"(A) ASSESSMENTS.—The Secretary of the Treasury may assess any civil penalty under paragraph (1) at any time before the end of the
3-year period beginning on the date of the violation with respect to which such penalty is imposed.

"(B) CIVIL ACTION.—The Secretary of the Treasury may commence a civil action to recover any penalty imposed under this subsection at any time before the end of the 2-year period beginning on the date on which such penalty was assessed.

"(4) COORDINATION WITH SUBSECTION (d).—No penalty may be assessed under this subsection with respect to any violation after a criminal proceeding with respect to such violation has been commenced under subsection (d).

"(d) CRIMINAL PENALTY.—

"(1) IN GENERAL.—If any person knowingly violates subsection (a), such person shall, upon conviction thereof, be fined not more than $10,000 for each such use or imprisoned not more than 1 year, or both. If such use is in a broadcast or telecast, the preceding sentence shall be applied by substituting "$50,000" for "$10,000".

"(2) TIME LIMITATIONS.—No person may be prosecuted, tried, or punished under paragraph (1) for any violation of subsection (a) unless the indict-
ment is found or the information instituted during the 3-year period beginning on the date of the viola-
tion.

"(3) COORDINATION WITH SUBSECTION (c).—
No criminal proceeding may be commenced under this subsection with respect to any violation if a civil penalty has previously been assessed under sub-
section (c) with respect to such violation."

(2) CLERICAL AMENDMENT.—The analysis for chapter 3 of title 31, United States Code, is amend-
ed by adding after the item relating to section 332 the following new item:

"333. Prohibition of misuse of Department of the Treasury names, symbols, etc."

(3) REPORT.—Not later than May 1, 1996, the Secretary of the Treasury shall submit a report to the Committee on Ways and Means of the House of Representa-
tives and the Committee on Finance of the Senate on the implementation of the amend-
ments made by this section. Such report shall in-
clude the number of cases in which the Secretary has notified persons of violations of section 333 of title 31, United States Code (as added by subsection (a)), the number of prosecutions commenced under such section, and the total amount of the penalties collected in such prosecutions.
(m) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to violations occurring after the date of the enactment of this Act.

SEC. 215. INCREASED PENALTIES FOR UNAUTHORIZED DISCLOSURE OF SOCIAL SECURITY INFORMATION.

(a) UNAUTHORIZED DISCLOSURE.—Section 1106(a) of the Social Security Act (42 U.S.C. 1306(a)) is amended—

(1) by striking “misdemeanor” and inserting “felony”;

(2) by striking “$1,000” and inserting “$10,000 for each occurrence of a violation”; and

(3) by striking “one year” and inserting “5 years”.

(b) UNAUTHORIZED DISCLOSURE BY FRAUD.—Section 1107(b) of such Act (42 U.S.C. 1307(b)) is amended—

(1) by inserting “social security account number,” after “information as to the”;

(2) by striking “misdemeanor” and inserting “felony”;

(3) by striking “$1,000” and inserting “$10,000 for each occurrence of a violation”; and
(4) by striking "one year" and inserting "5 years".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to violations occurring on or after the date of the enactment of this Act.

SEC. 216. INCREASE IN AUTHORIZED PERIOD FOR EXTENSION OF TIME TO FILE ANNUAL EARNINGS REPORT.

(a) IN GENERAL.—Section 203(h)(1)(A) of the Social Security Act (42 U.S.C. 403(h)(1)(A)) is amended in the last sentence by striking "three months" and inserting "four months".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to reports of earnings for taxable years ending on or after December 31, 1994.

SEC. 217. EXTENSION OF DISABILITY INSURANCE PROGRAM DEMONSTRATION PROJECT AUTHORITY.

(a) IN GENERAL.—Section 505 of the Social Security Disability Amendments of 1980 (Public Law 96–265), as amended by section 12101 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272), section 10103 of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101–239), and section 5120 of the

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Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508) is further amended—

1. (1) in paragraph (3) of subsection (a), by striking “June 10, 1993” and inserting “June 10, 1996”;

2. (2) in paragraph (4) of subsection (a), by striking “1992” and inserting “1995”; and

3. (3) in subsection (c), by striking “October 1, 1993” and inserting “October 1, 1996”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 218. CROSS-MATCHING OF SOCIAL SECURITY ACCOUNT NUMBER INFORMATION AND EMPLOYER IDENTIFICATION NUMBER INFORMATION MAINTAINED BY THE DEPARTMENT OF AGRICULTURE.

(a) SOCIAL SECURITY ACCOUNT NUMBER INFORMATION.—Clause (iii) of section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) (as added by section 1735(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3791)) is amended—

1. (1) by inserting “(I)” after “(iii)”; and
(2) by striking "The Secretary of Agriculture shall restrict" and all that follows and inserting the following:

"(II) The Secretary of Agriculture may share any information contained in any list referred to in subclause (I) with any other agency or instrumentality of the United States which otherwise has access to social security account numbers in accordance with this subsection or other applicable Federal law, except that the Secretary of Agriculture may share such information only to the extent that such Secretary determines such sharing would assist in verifying and matching such information against information maintained by such other agency or instrumentality. Any such information shared pursuant to this subclause may be used by such other agency or instrumentality only for the purpose of effective administration and enforcement of the Food Stamp Act of 1977 or for the purpose of investigation of violations of other Federal laws or enforcement of such laws.

"(III) The Secretary of Agriculture, and the head of any other agency or instrumentality referred to in this subclause, shall restrict, to the satisfaction of the Secretary of Health and Human Services, access to social security account numbers obtained pursuant to this clause only to officers and employees of the United States whose
duties or responsibilities require access for the purposes described in subclause (II).

“(IV) The Secretary of Agriculture, and the head of any agency or instrumentality with which information is shared pursuant to clause (II), shall provide such other safeguards as the Secretary of Health and Human Services determines to be necessary or appropriate to protect the confidentiality of the social security account numbers.”.

(b) EMPLOYER IDENTIFICATION NUMBER INFORMATION.—Subsection (f) of section 6109 of the Internal Revenue Code of 1986 (as added by section 1735(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3792)) (relating to access to employer identification numbers by Secretary of Agriculture for purposes of Food Stamp Act of 1977) is amended—

(1) by striking paragraph (2) and inserting the following:

“(2) SHARING OF INFORMATION AND SAFEGUARDS.—

“(A) SHARING OF INFORMATION.—The Secretary of Agriculture may share any information contained in any list referred to in paragraph (1) with any other agency or instrumen-
tality of the United States which otherwise has access to employer identification numbers in accordance with this section or other applicable Federal law, except that the Secretary of Agriculture may share such information only to the extent that such Secretary determines such sharing would assist in verifying and matching such information against information maintained by such other agency or instrumentality. Any such information shared pursuant to this subparagraph may be used by such other agency or instrumentality only for the purpose of effective administration and enforcement of the Food Stamp Act of 1977 or for the purpose of investigation of violations of other Federal laws or enforcement of such laws.

"(B) SAFEGUARDS.—The Secretary of Agriculture, and the head of any other agency or instrumentality referred to in subparagraph (A), shall restrict, to the satisfaction of the Secretary of the Treasury, access to employer identification numbers obtained pursuant to this subsection only to officers and employees of the United States whose duties or responsibilities require access for the purposes described in
subparagraph (A). The Secretary of Agriculture, and the head of any agency or instrumentality with which information is shared pursuant to subparagraph (A), shall provide such other safeguards as the Secretary of the Treasury determines to be necessary or appropriate to protect the confidentiality of the employer identification numbers.”;

(2) in paragraph (3), by striking “by the Secretary of Agriculture pursuant to this subsection” and inserting “pursuant to this subsection by the Secretary of Agriculture or the head of any agency or instrumentality with which information is shared pursuant to paragraph (2)”, and by striking “social security account numbers” and inserting “employer identification numbers”; and

(3) in paragraph (4), by striking “by the Secretary of Agriculture pursuant to this subsection” and inserting “pursuant to this subsection by the Secretary of Agriculture or any agency or instrumentality with which information is shared pursuant to paragraph (2)”.
SEC. 219. CERTAIN TRANSFERS TO RAILROAD RETIREMENT ACCOUNT MADE PERMANENT.

Subsection (c)(1)(A) of section 224 of the Railroad Retirement Solvency Act of 1983 (relating to section 72(r) revenue increase transferred to certain railroad accounts) is amended by striking "with respect to benefits received before October 1, 1992".

SEC. 220. AUTHORIZATION FOR USE OF SOCIAL SECURITY ACCOUNT NUMBERS BY DEPARTMENT OF LABOR IN ADMINISTRATION OF FEDERAL WORKERS' COMPENSATION LAWS.

Section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) is amended by adding at the end the following new clause:

"(ix) In the administration of the provisions of chapter 81 of title 5, United States Code, and the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 901 et seq.), the Secretary of Labor may require by regulation that any person filing a notice of injury or a claim for benefits under such provisions provide as part of such notice or claim such person's social security account number, subject to the requirements of this clause. No officer or employee of the Department of Labor shall have access to any such number for any purpose other than the establishment of a system of records necessary for the effective administration of such provisions. The Secretary of Labor
shall restrict, to the satisfaction of the Secretary of Health and Human Services, access to social security account numbers obtained pursuant to this clause to officers and employees of the United States whose duties or responsibilities require access for the administration or enforcement of such provisions. The Secretary of Labor shall provide such other safeguards as the Secretary of Health and Human Services determines to be necessary or appropriate to protect the confidentiality of the social security account numbers.”.

SEC. 221. RETIREMENT ELIGIBILITY FOR FEDERAL EMPLOYEES TRANSFERRED TO INTERNATIONAL ORGANIZATIONS.

(a) TREATMENT OF SERVICE IN THE EMPLOY OF INTERNATIONAL ORGANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EMPLOYEES.—

(1) IN GENERAL.—Section 3121 of the Internal Revenue Code of 1986 (relating to definitions) is amended by adding at the end the following new subsection:

“(y) SERVICE IN THE EMPLOY OF INTERNATIONAL ORGANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EMPLOYEES.—

“(1) IN GENERAL.—For purposes of this chapter, service performed in the employ of an inter-
national organization by an individual pursuant to a
transfer of such individual to such international or-
ganization pursuant to section 3582 of title 5, Unit-
ed States Code, shall constitute 'employment' if—

"(A) immediately before such transfer,
such individual performed service with a Fed-
eral agency which constituted 'employment'
under subsection (b) for purposes of the taxes
imposed by sections 3101(a) and 3111(a), and

"(B) such individual would be entitled,
upon separation from such international organi-
ization and proper application, to reemployment
with such Federal agency under such section
3582.

"(2) DEFINITIONS.—For purposes of this
subsection—

"(A) FEDERAL AGENCY.—The term 'Fed-
eral agency' means an agency, as defined in
section 3581(1) of title 5, United States Code.

"(B) INTERNATIONAL ORGANIZATION.—
The term 'international organization' has the
meaning provided such term by section 3581(3)
of title 5, United States Code."

(2) CONTRIBUTIONS BY FEDERAL AGENCY.—
Section 3122 of such Code (relating to Federal serv-
ice) is amended by inserting after the first sentence the following new sentence: "In the case of the taxes imposed by this chapter with respect to service performed in the employ of an international organization pursuant to a transfer to which the provisions of section 3121(y) are applicable, the determination of the amount of remuneration for such service, and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency from which the transfer was made."

(3) COLLECTION OF EMPLOYEE CONTRIBUTIONS.—Section 3102 of such Code (relating to deduction of tax from wages) is amended by adding at the end the following new subsection:

"(e) SPECIAL RULE FOR CERTAIN TRANSFERRED FEDERAL EMPLOYEES.—In the case of any payments of wages for service performed in the employ of an international organization pursuant to a transfer to which the provisions of section 3121(y) are applicable—

"(1) subsection (a) shall not apply,

"(2) the head of the Federal agency from which the transfer was made shall separately include on the statement required under section 6051—

"(A) the amount determined to be the amount of the wages for such service, and

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“(B) the amount of the tax imposed by section 3101 on such payments, and

“(3) the tax imposed by section 3101 on such payments shall be paid by the employee.”

(4) **Exclusion from treatment as trade or business.**—Paragraph (2)(C) of section 1402(c) of such Code (defining trade or business) is amended by adding at the end the following: “except service which constitutes ‘employment’ under section 3121(y),”.

(5) **Conforming amendment.**—Paragraph (15) of section 3121(b) of such Code is amended by inserting “, except service which constitutes ‘employment’ under subsection (y)” after “organization”.

(b) **Amendments to the Social Security Act.**—

(1) **In general.**—Section 210 of the Social Security Act (42 U.S.C. 410) is amended by adding at the end the following new subsection:

“SERVICE IN THE EMPLOY OF INTERNATIONAL ORGANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EMPLOYEES

“(r)(1) For purposes of this title, service performed in the employ of an international organization by an individual pursuant to a transfer of such individual to such international organization pursuant to section 3582 of
title 5, United States Code, shall constitute 'employment' if—

"(A) immediately before such transfer, such individual performed service with a Federal agency which constituted 'employment' as defined in subsection (a), and

"(B) such individual would be entitled, upon separation from such international organization and proper application, to reemployment with such Federal agency under such section 3582.

"(2) For purposes of this subsection—

"(A) The term 'Federal agency' means an agency, as defined in section 3581(1) of title 5, United States Code.

"(B) The term 'international organization' has the meaning provided such term by section 3581(3) of title 5, United States Code."

(2) EXCLUSION FROM TREATMENT AS TRADE OR BUSINESS.—Section 211(c)(2)(C) of such Act (42 U.S.C. 411(c)(2)(C)) is amended by inserting before the semicolon the following "except service which constitutes 'employment' under section 210(r)".

(3) CONFORMING AMENDMENT.—Section 210(a)(15) of such Act (42 U.S.C. 410(a)(15)) is
amended by inserting ", except service which con-
stitutes ‘employment’ under subsection (r)” before
the semicolon.

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply with respect to service performed
after the calendar quarter following the calendar quarter
in which the date of the enactment of this Act occurs.

SEC. 222. TREATMENT OF CERTAIN VISAS.

(a) AMENDMENTS TO THE INTERNAL REVENUE
CODE OF 1986.—

(1) The following provisions of the Internal
Revenue Code of 1986 are each amended by striking
“(J), or (M)” each place it appears and inserting
“(J), (M), or (Q)”: 

(A) Section 871(c).
(B) Section 1441(b).
(C) Section 3121(b)(19).
(D) Section 3231(e)(1).
(E) Section 3306(c)(19).

(2) Paragraph (3) of section 872(b) of such
Code is amended by striking “(F) or (J)” and in-
serting “(F), (J), or (Q)”.

(3) Paragraph (5) of section 7701(b) of such
Code is amended by striking “subparagraph (J)” in
subparagraphs (C)(i) and (D)(i)(II) and inserting
"subparagraph (J) or (Q)".

(b) AMENDMENT TO SOCIAL SECURITY ACT.—Para-
graph (19) of section 210(a) of the Social Security Act
is amended by striking "(J), or (M)" each place it appears
and inserting "(J), (M), or (Q)".

(c) EFFECTIVE DATE.—The amendments made by
this subsection shall take effect with the calendar quarter
following the date of the enactment of this Act.

SEC. 223. COMMISSION ON CHILDHOOD DISABILITY.

(a) ESTABLISHMENT OF COMMISSION.—The Sec-
retary of Health and Human Services (in this section re-
ferred to as the "Secretary") shall appoint a Commission
on the Evaluation of Disability in Children (in this section
referred to as the "Commission").

(b) APPOINTMENT OF MEMBERS.—(1) The Secretary
shall appoint not less than 9 but not more than 15 mem-
ers to the Commission, including—

(A) recognized experts in the field of medicine,
whose work involves—

(i) the evaluation and treatment of disabil-
ity in children,

(ii) the study of congenital, genetic, or
perinatal disorders in children, or
(iii) the measurement of developmental milestones and developmental deficits in children; and
(B) recognized experts in the fields of—
   (i) psychology,
   (ii) education and rehabilitation,
   (iii) law,
   (iv) the administration of disability programs,
   (v) social insurance (including health insurance), and
   (vi) other fields of expertise that the Secretary determines to be appropriate.
(2) Members shall be appointed by January 1, 1995, without regard to the provisions of title 5, United States Code, governing appointments to competitive service.
(3) Members appointed under this subsection shall serve for a term equivalent to the duration of the Commission.
(4) The Secretary shall designate a member of the Commission to serve as Chair of the Commission for a term equivalent to the duration of the Commission.
(c) ADMINISTRATIVE PROVISIONS.—(1) Service as a member of the Commission by an individual who is not otherwise a Federal employee shall not be considered serv-
ice in an appointive or elective position in the Federal Government for the purposes of title 5, United States Code.

(2) Each member of the Commission who is not a full-time Federal employee shall be paid compensation at a rate equal to the daily equivalent of the rate of basic pay in effect for Level IV of the Executive Schedule for each day (including travel time) the member attends meetings or otherwise performs the duties of the Commission.

(3) While away from their homes or regular places of business on the business of the Commission, each member who is not a full-time Federal employee may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(d) ASSISTANCE TO COMMISSION.—The Commission may engage individuals skilled in medical and other aspects of childhood disability to provide such technical assistance as may be necessary to carry out the functions of the Commission. The Secretary shall make available to the Commission such secretarial, clerical, and other assistance as the Commission may require to carry out the functions of the Commission.

(e) STUDY BY THE COMMISSION.—(1) The Commission shall conduct a study, in consultation with the Na-
tional Academy of Sciences, of the effects of the definition of "disability" under title XVI of the Social Security Act (42 U.S.C. 1382 et seq.) in effect on the date of enactment of this Act, as such definition applies to determining whether a child under the age of 18 is eligible to receive benefits under such title, the appropriateness of such definition, and the advantages and disadvantages of using any alternative definition of disability in determining whether a child under age 18 is eligible to receive benefits under such title.

(2) The study described in paragraph (1) shall include issues of—

(A) whether the need by families for assistance in meeting high costs of medical care for children with serious physical or mental impairments, whether or not they are eligible for disability benefits under title XVI of the Social Security Act, might appropriately be met through expansion of Federal health assistance programs (including the program of medical assistance under title XIX of such Act);

and

(B) such other issues that the Secretary determines to be appropriate.

(f) REPORT.—Not later than November 30, 1996, the Commission shall prepare a report and submit such report
to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate which shall summarize the results of the study described in subsection (e) and include any recommendations that the Commission determines to be appropriate.

SEC. 224. TECHNICAL AND CLERICAL AMENDMENTS.

(a) AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT.—

(1) Section 201(a) of the Social Security Act (42 U.S.C. 401(a)) is amended, in the matter following clause (4), by striking “and and” and inserting “and”.

(2) Section 202(d)(8)(D)(ii) of such Act (42 U.S.C. 402(d)(8)(D)(ii)) is amended by adding a period at the end and by adjusting the left hand margination thereof so as to align with section 202(d)(8)(D)(i) of such Act.

(3) Section 202(q)(1)(A) of such Act (42 U.S.C. 402(q)(1)(A)) is amended by striking the dash at the end.

(4) Section 202(q)(9) of such Act (42 U.S.C. 402(q)(9)) is amended, in the matter preceding sub-paragraph (A), by striking “parargaph” and inserting “paragraph”.

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(5) Section 202(t)(4)(D) of such Act (42 U.S.C. 402(t)(4)(D)) is amended by inserting "if the" before "Secretary" the second and third places it appears.

(6) Clauses (i) and (ii) of section 203(f)(5)(C) of such Act (42 U.S.C. 403(f)(5)(C)) are amended by adjusting the left-hand margination thereof so as to align with clauses (i) and (ii) of section 203(f)(5)(B) of such Act.

(7) Paragraph (3)(A) and paragraph (3)(B) of section 205(b) of such Act (42 U.S.C. 405(b)) are amended by adjusting the left-hand margination thereof so as to align with the matter following section 205(b)(2)(C) of such Act.

(8) Section 205(c)(2)(B)(iii) of such Act (42 U.S.C. 405(c)(2)(B)(iii)) is amended by striking "non-public" and inserting "nonpublic".

(9) Section 205(c)(2)(C) of such Act (42 U.S.C. 405(c)(2)(C)) is amended—

(A) by striking the clause (vii) added by section 2201(c) of Public Law 101–624; and

(B) by redesignating the clause (iii) added by section 2201(b)(3) of Public Law 101–624, clause (iv), clause (v), clause (vi), and the clause (vii) added by section 1735(b) of Public
Law 101–624 as clause (iv), clause (v), clause (vi), clause (vii), and clause (viii), respectively;

(C) in clause (v) (as redesignated), by striking “subclause (I) of”, and by striking “subclause (II) of clause (i)” and inserting “clause (ii)”; and

(D) in clause (viii)(IV) (as redesignated), by inserting “a social security account number or” before “a request for”.

(10) The heading for section 205(j) of such Act (42 U.S.C. 405(j)) is amended to read as follows:

“Representative Payees”.

(11) The heading for section 205(s) of such Act (42 U.S.C. 405(s)) is amended to read as follows:

“Notice Requirements”.

(12) Section 208(c) of such Act (42 U.S.C. 408(c)) is amended by striking “subsection (g)” and inserting “subsection (a)(7)”.

(13) Section 210(a)(5)(B)(i)(V) of such Act (42 U.S.C. 410(a)(5)(B)(i)(V)) is amended by striking “section 105(e)(2)” and inserting “section 104(e)(2)”.

(14) Section 211(a) of such Act (42 U.S.C. 411(a)) is amended—
(A) in paragraph (13), by striking “and” at the end; and

(B) in paragraph (14), by striking the period and inserting “; and”.

(15) Section 213(c) of such Act (42 U.S.C. 413(c)) is amended by striking “section” the first place it appears and inserting “sections”.

(16) Section 215(a)(5)(B)(i) of such Act (42 U.S.C. 415(a)(5)(B)(i)) is amended by striking “subsection” the second place it appears and inserting “subsections”.

(17) Section 215(f)(7) of such Act (42 U.S.C. 415(f)(7)) is amended by inserting a period after “1990”.

(18) Subparagraph (F) of section 218(c)(6) of such Act (42 U.S.C. 418(c)(6)) is amended by adjusting the left-hand margination thereof so as to align with section 218(c)(6)(E) of such Act.

(19) Section 223(i) of such Act (42 U.S.C. 423(i)) is amended by adding at the beginning the following heading:

“Limitation on Payments to Prisoners”.

(b) RELATED AMENDMENTS.—

(1) Section 603(b)(5)(A) of Public Law 101–649 (amending section 202(n)(1) of the Social Secu-
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ity Act) (104 Stat. 5085) is amended by inserting “under” before “paragraph (1),” and by striking “(17), or (18)” and inserting “(17), (18), or (19)”, effective as if this paragraph were included in such section 603(b)(5)(A).

(2) Section 10208(b)(1) of Public Law 101–239 (amending section 230(b)(2)(A) of the Social Security Act) (103 Stat. 2477) is amended by striking “230(b)(2)(A)” and “430(b)(2)(A)” and inserting “230(b)(2)” and “430(b)(2)”, respectively, effective as if this paragraph were included in such section 10208(b)(1).

(c) CONFORMING, CLERICAL AMENDMENTS UPDATING, WITHOUT SUBSTANTIVE CHANGE, REFERENCES IN TITLE II OF THE SOCIAL SECURITY ACT TO THE INTERNAL REVENUE CODE.—

(1)(A)(i) Section 201(g)(1) of such Act (42 U.S.C. 401(g)(1)) is amended—

(I) in subparagraph (A)(i), by striking “and subchapter E” and all that follows through “1954” and inserting “and chapters 2 and 21 of the Internal Revenue Code of 1986”; 

(II) in subparagraph (A)(ii), by striking “1954” and inserting “1986”;
(III) in the matter in subparagraph (A) following clause (ii), by striking "subchapter E" and all that follows through "1954." and inserting "chapters 2 and 21 of the Internal Revenue Code of 1986.", and by striking "1954 other" and inserting "1986 other"; and

(IV) in subparagraph (B), by striking "1954" each place it appears and inserting "1986".

(ii) The amendments made by clause (i) shall apply only with respect to periods beginning on or after the date of the enactment of this Act.

(B)(i) Section 201(g)(2) of such Act (42 U.S.C. 401(g)(2)) is amended by striking "section 3101(a)" and all that follows through "1950." and inserting "section 3101(a) of the Internal Revenue Code of 1986 which are subject to refund under section 6413(c) of such Code with respect to wages (as defined in section 3121 of such Code).", and by striking "wages reported" and all that follows through "1954," and inserting "wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of such Code,".
(ii) The amendments made by clause (i) shall apply only with respect to wages paid on or after January 1, 1995.

(C) Section 201(g)(4) of such Act (42 U.S.C. 401(g)(4)) is amended—

(i) by striking "The Board of Trustees shall prescribe before January 1, 1981, the method" and inserting "If at any time or times the Boards of Trustees of such Trust Funds deem such action advisable, they may modify the method prescribed by such Boards";

(ii) by striking "1954" and inserting "1986"; and

(iii) by striking the last sentence.

(2) Section 202(v) of such Act (42 U.S.C. 402(v)) is amended—

(A) in paragraph (1), by striking "1954" and inserting "1986"; and

(B) in paragraph (3)(A), by inserting "of the Internal Revenue Code of 1986" after "3127".

(3) Section 205(c)(5)(F)(i) of such Act (42 U.S.C. 405(c)(5)(F)(i)) is amended by inserting "or the Internal Revenue Code of 1986" after "1954".
(4)(A) Section 209(a)(4)(A) of such Act (42 U.S.C. 409(a)(4)(A)) is amended by inserting “or the Internal Revenue Code of 1986” after “Internal Revenue Code of 1954”.

(B) Section 209(a) of such Act (42 U.S.C. 409(a)) is amended—

(i) in subparagraphs (C) and (E) of paragraph (4),

(ii) in paragraph (5)(A),

(iii) in subparagraphs (A) and (B) of paragraph (14),

(iv) in paragraph (15),

(v) in paragraph (16), and

(vi) in paragraph (17),
by striking “1954” each place it appears and inserting “1986”.

(C) Subsections (b), (f), (g), (i)(1), and (j) of section 209 of such Act (42 U.S.C. 409) are amended by striking “1954” each place it appears and inserting “1986”.

(5) Section 211(a)(15) of such Act (42 U.S.C. 411(a)(15)) is amended by inserting “of the Internal Revenue Code of 1986” after “section 162(m)”.

(6) Title II of such Act is further amended—
(A) in subsections (f)(5)(B)(ii) and (k) of section 203 (42 U.S.C. 403),

(B) in section 205(c)(1)(D)(i) (42 U.S.C. 405(c)(1)(D)(i)),

(C) in the matter in section 210(a) (42 U.S.C. 410(a)) preceding paragraph (1) and in paragraphs (8), (9), and (10) of section 210(a),

(D) in subsections (p)(4) and (q) of section 210 (42 U.S.C. 410),

(E) in the matter in section 211(a) (42 U.S.C. 411(a)) preceding paragraph (1) and in paragraphs (3), (4), (6), (10), (11), and (12) and clauses (iii) and (iv) of section 211(a),

(F) in the matter in section 211(c) (42 U.S.C. 411(c)) preceding paragraph (1), in paragraphs (3) and (6) of section 211(c), and in the matter following paragraph (6) of section 211(c),

(G) in subsections (d), (e), and (h)(1)(B) of section 211 (42 U.S.C. 411),

(H) in section 216(j) (42 U.S.C. 416(j)),

(I) in section 218(e)(3) (42 U.S.C. 418(e)(3)),

(J) in section 229(b) (42 U.S.C. 429(b)),
(K) in section 230(c) (42 U.S.C. 430(c)), and

(L) in section 232 (42 U.S.C. 432), by striking “1954” each place it appears and inserting “1986”.

(d) RULES OF CONSTRUCTION.—

(1) The preceding provisions of this section shall be construed only as technical and clerical corrections and as reflecting the original intent of the provisions amended thereby.

(2) Any reference in title II of the Social Security Act to the Internal Revenue Code of 1986 shall be construed to include a reference to the Internal Revenue Code of 1954 to the extent necessary to carry out the provisions of paragraph (1).

(e) UTILIZATION OF NATIONAL AVERAGE WAGE INDEX FOR WAGE-BASED ADJUSTMENTS.—

(1) DEFINITION OF NATIONAL AVERAGE WAGE INDEX.—Section 209(k) of the Social Security Act (42 U.S.C. 409(k)) is amended—

(A) by redesignating paragraph (2) as paragraph (3);

(B) in paragraph (3) (as redesignated), by striking “paragraph (1)” and inserting “this subsection”; and
(C) by striking paragraph (1) and inserting the following new paragraphs:


“(2) The Secretary shall prescribe regulations under which the national average wage index for any calendar year shall be computed—

“(A) on the basis of amounts reported to the Secretary of the Treasury or his delegate for such year,

“(B) by disregarding the limitation on wages specified in subsection (a)(1),

“(C) with respect to calendar years after 1990, by incorporating deferred compensation amounts and factoring in for such years the rate of change from year to year in such amounts, in a manner consistent with the requirements of section 10208 of
the Omnibus Budget Reconciliation Act of 1989, and

"(D) with respect to calendar years before 1978, in a manner consistent with the manner in which the average of the total wages for each of such calendar years was determined as provided by applicable law as in effect for such years."

(2) CONFORMING AMENDMENTS.—

(A) Section 213(d)(2)(B) of such Act (42 U.S.C. 413(d)(2)(B)) is amended by striking "deemed average total wages" and inserting "national average wage index", and by striking "the average of the total wages" and all that follows and inserting "the national average wage index (as so defined) for 1976,"

(B) Section 215(a)(1)(B)(ii) of such Act (42 U.S.C. 415(a)(1)(B)(ii)) is amended—

(i) in subclause (I), by striking "deemed average total wages" and inserting "national average wage index"; and

(ii) in subclause (II), by striking "the average of the total wages" and all that follows and inserting "the national average wage index (as so defined) for 1977."
(C) Section 215(a)(1)(C)(ii) of such Act (42 U.S.C. 415(a)(1)(C)(ii)) is amended by striking "deemed average total wages" and inserting "national average wage index".

(D) Section 215(a)(1)(D) of such Act (42 U.S.C. 415(a)(1)(D)) is amended—

(i) by striking "after 1978";

(ii) by striking "and the average of the total wages (as described in subparagraph (B)(ii)(I))" and inserting "and the national average wage index (as defined in section 209(k)(1))"; and

(iii) by striking the last sentence.

(E) Section 215(b)(3)(A)(ii) of such Act (42 U.S.C. 415(b)(3)(A)(ii)) is amended by striking "deemed average total wages" each place it appears and inserting "national average wage index".

(F) Section 215(i)(1) of such Act (42 U.S.C. 415(i)(1)) is amended—

(i) in subparagraph (E), by striking "SSA average wage index" and inserting "national average wage index (as defined in section 209(k)(1))"; and
(ii) by striking subparagraph (G) and redesignating subparagraph (H) as subparagraph (G).

(G) Section 215(i)(2)(C)(ii) of such Act (42 U.S.C. 415(i)(1)(C)(ii)) is amended to read as follows:

“(ii) The Secretary shall determine and promulgate the OASDI fund ratio for the current calendar year on or before November 1 of the current calendar year, based upon the most recent data then available. The Secretary shall include a statement of the fund ratio and the national average wage index (as defined in section 209(k)(1)) and a statement of the effect such ratio and the level of such index may have upon benefit increases under this subsection in any notification made under clause (i) and any determination published under subparagraph (D).”.

(H) Section 224(f)(2) of such Act (42 U.S.C. 424a(f)(2)) is amended—

(i) in subparagraph (A), by adding “and” at the end;

(ii) by striking subparagraph (C); and

(iii) by striking subparagraph (B) and inserting the following:

“(B) the ratio of (i) the national average wage index (as defined in section 209(k)(1)) for the cal-
endar year before the year in which such redeter-
mination is made to (ii) the national average wage
index (as so defined) for the calendar year before
the year in which the reduction was first computed
(but not counting any reduction made in benefits for
a previous period of disability).”.

(f) TECHNICAL CORRECTIONS RELATED TO OASDI
IN THE OMNIBUS BUDGET RECONCILIATION ACT OF
1990.—

(1) AMENDMENTS RELATED TO PROVISIONS IN
SECTION 5103(b) RELATING TO DISABLED WID-
OWS.—Section 223(ff)(2) of the Social Security Act
(42 U.S.C. 423(f)(2)) is amended—

(A) in subparagraph (A), by striking “(in
a case to which clause (ii)(II) does not apply)”; and

(B) by striking subparagraph (B)(ii) and
inserting the following:
“(ii) the individual is now able to en-
gege in substantial gainful activity; or”.

(2) AMENDMENTS RELATED TO PROVISIONS IN
SECTION 5105(d) RELATING TO REPRESENTATIVE
PAYEES.—Section 5105(d)(1)(A) of the Omnibus
Budget Reconciliation Act of 1990 (Public Law
101–508) is amended—
(A) by striking "Section 205(j)(5)" and inserting "Section 205(j)(6)"; and
(B) by redesignating the paragraph (5) as amended thereby as paragraph (6).

(3) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5106 RELATING TO COORDINATION OF RULES UNDER TITLES II AND XVI GOVERNING FEES FOR REPRESENTATIVES OF CLAIMANTS WITH ENTITLEMENTS UNDER BOTH TITLES.—

(A) CALCULATION OF FEE OF CLAIMANT'S REPRESENTATIVE BASED ON AMOUNT OF PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS AFTER APPLICATION OF WINDFALL OFFSET PROVISION.—Section 1631(d)(2)(A)(i) of the Social Security Act (as amended by section 5106(a)(2) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 1383(d)(2)(A)(i)) is amended to read as follows:

"(i) by substituting, in subparagraphs (A)(ii)(I) and (C)(i), the phrase '(as determined before any applicable reduction under section 1631(g), and reduced by the amount of any reduction in benefits under this title or title II made pursuant to section
1127(a)' for the parenthetical phrase contained therein; and”.

(B) CALCULATION OF PAST-DUE BENEFITS FOR PURPOSES OF DETERMINING ATTORNEY FEES IN JUDICIAL PROCEEDINGS.—

(i) IN GENERAL.—Section 206(b)(1) of such Act (42 U.S.C. 406(b)(1)) is amended—

(I) by inserting “(A)” after “(b)(1)”; and

(II) by adding at the end the following new subparagraph:

“(B) For purposes of this paragraph—

“(i) the term ‘past-due benefits’ excludes any benefits with respect to which payment has been continued pursuant to subsection (g) or (h) of section 223, and

“(ii) amounts of past-due benefits shall be taken into account to the extent provided under the rules applicable in cases before the Secretary.”.

(ii) PROTECTION FROM OFFSETTING SSI BENEFITS.—The last sentence of section 1127(a) of such Act (as added by section 5106(b) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C.
1320a–6(a)) is amended by striking "section 206(a)(4)" and inserting "subsection (a)(4) or (b) of section 206".

(4) APPLICATION OF SINGLE DOLLAR AMOUNT CEILING TO CONCURRENT CLAIMS UNDER TITLES II AND XVI.—

(A) IN GENERAL.—Section 206(a)(2) of such Act (as amended by section 5106(a)(1) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 406(a)(2)) is amended—

(i) by redesignating subparagraph (C) as subparagraph (D); and

(ii) by inserting after subparagraph (B) the following new subparagraph:

"(C) In any case involving—

"(i) an agreement described in subparagraph (A) with any person relating to both a claim of entitlement to past-due benefits under this title and a claim of entitlement to past-due benefits under title XVI, and

"(ii) a favorable determination made by the Secretary with respect to both such claims,

the Secretary may approve such agreement only if the total fee or fees specified in such agreement does not ex-
ceed, in the aggregate, the dollar amount in effect under subparagraph (A)(ii)(II).”.

(B) CONFORMING AMENDMENT.—Section 206(a)(3)(A) of such Act (as amended by section 5106(a)(1) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 406(a)(3)(A)) is amended by striking “paragraph (2)(C)” and inserting “paragraph (2)(D)”.

(5) EFFECTIVE DATE.—Each amendment made by this section shall take effect as if included in the provisions of the Omnibus Budget Reconciliation Act of 1990 to which such amendment relates.

(g) ELIMINATION OF ROUNDING DISTORTION IN THE CALCULATION OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE CONTRIBUTION AND BENEFIT BASE AND THE EARNINGS TEST EXEMPT AMOUNTS.—

(1) ADJUSTMENT OF OASDI CONTRIBUTION AND BENEFIT BASE.—

(A) IN GENERAL.—Section 230(b) of the Social Security Act (42 U.S.C. 430(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

“(1) $60,600, and
“(2) the ratio of (A) the national average wage index (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subsection (a) is made to (B) the national average wage index (as so defined) for 1992,”.

(B) CONFORMING AMENDMENT RELATING TO APPLICABLE PRIOR LAW.—Section 230(d) of such Act (42 U.S.C. 430(d)) is amended by striking “(except that” and all that follows through the end and inserting “(except that, for purposes of subsection (b) of such section 230 as so in effect, the reference to the contribution and benefit base in paragraph (1) of such subsection (b) shall be deemed a reference to an amount equal to $45,000, each reference in paragraph (2) of such subsection (b) to the average of the wages of all employees as reported to the Secretary of the Treasury shall be deemed a reference to the national average wage index (as defined in section 209(k)(1)), the reference to a preceding calendar year in paragraph (2)(A) of such subsection (b) shall be deemed a reference to the calendar year before the calendar year in which the determina-
tion under subsection (a) of such section 230 is
made, and the reference to a calendar year in
paragraph (2)(B) of such subsection (b) shall
be deemed a reference to 1992).”.

(C) ADJUSTMENT OF CONTRIBUTION AND
BENEFIT BASE APPLICABLE IN DETERMINING
YEARS OF COVERAGE FOR PURPOSES OF SPE-
CIAL MINIMUM PRIMARY INSURANCE
AMOUNT.—Section 215(a)(1)(C)(ii) of such Act
is amended by striking “(except that” and all
that follows through the end and inserting “(ex-
cept that, for purposes of subsection (b) of such
section 230 as so in effect, the reference to the
contribution and benefit base in paragraph (1)
of such subsection (b) shall be deemed a ref-
ence to an amount equal to $45,000, each
reference in paragraph (2) of such subsection
(b) to the average of the wages of all employees
as reported to the Secretary of the Treasury
shall be deemed a reference to the national av-
erage wage index (as defined in section
209(k)(1)), the reference to a preceding cal-
endar year in paragraph (2)(A) of such sub-
section (b) shall be deemed a reference to the
calendar year before the calendar year in which
the determination under subsection (a) of such section 230 is made, and the reference to a calendar year in paragraph (2)(B) of such subsection (b) shall be deemed a reference to 1992).”.

(2) ADJUSTMENT OF EARNINGS TEST EXEMPT AMOUNT.—Section 203(f)(8)(B)(ii) of the Social Security Act (42 U.S.C. 403(f)(8)(B)(ii)) is amended to read as follows:

“(ii) the product of the corresponding exempt amount which is in effect with respect to months in the taxable year ending after 1993 and before 1995, and the ratio of—

“(I) the national average wage index (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subparagraph (A) is made, to

“(II) the national average wage index (as so defined) for 1992,

with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is a multiple of $5 but not of $10 and to the nearest multiple of $10 in any other case.”.
(3) **EFFECTIVE DATES.**—

(A) The amendments made by subsection (a) shall be effective with respect to the determination of the contribution and benefit base for years after 1994.

(B) The amendment made by subsection (b) shall be effective with respect to the determination of the exempt amounts applicable to any taxable year ending after 1994.
SOCIAL SECURITY ADMINISTRATIVE REFORM ACT OF 1994

MAY 12, 1994.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 4277]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 4277) to establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Social Security Administrative Reform Act of 1994".

(b) TABLE OF CONTENTS.—

Title 1—Establishment of the Social Security Administration as an Independent Agency

Sec. 101. Establishment of the Social Security Administration as a separate, independent agency; responsibilities of the agency.

Sec. 102. Social Security Board, executive director, deputy director, beneficiary ombudsman, other officers.

Sec. 103. Personnel; budgetary matters; seal of office.

Sec. 104. Transfers to the new Social Security Administration.

Sec. 105. Transitional rules.

Sec. 106. Conforming amendments to Titles II and XVI of the Social Security Act.

Sec. 107. Other conforming amendments.

Sec. 108. Rules of construction.

Sec. 109. Effective dates.

Title II—Improvements to the Old-Age, Survivors, and Disability Insurance Program

Sec. 201. Restrictions on payment of benefits based on disability to substance abusers.

Sec. 202. Issuance of physical documents in the form of bonds, notes, or certificates to the social security trust fund.

Sec. 203. Explicit requirements for maintenance of telephone access to local offices of the Social Security Administration.

Sec. 204. Expansion of State option to exclude service of election officials or election workers from coverage.

Sec. 205. Use of social security numbers by States and local governments and Federal district courts for jury selection purposes.

Sec. 206. Authorization for all States to extend coverage to State and local policemen and firemen under existing coverage agreements.

Sec. 207. Limited exemption for Canadian ministers from certain self-employment tax liability.

Sec. 208. Exclusion of totalization benefits from the application of the windfall elimination provision.

Sec. 209. Exclusion of military reservists from application of the government pension offset and windfall elimination provisions.


Sec. 211. Maximum family benefit in guarantee cases.

Sec. 212. Authorization for disclosure by the Secretary of Health and Human Services of information for purposes of public or private epidemiological and similar research.

Sec. 213. Misuse of symbols, emblems, or names in reference to social security programs and agencies.

Sec. 214. Increased penalties for unauthorized disclosure of social security information.

Sec. 215. Increase in authorized period for extension of time to file annual earnings report.

Sec. 216. Extension of disability insurance program demonstration project authority.

Sec. 217. Cross-matching of social security account number information and employer identification number information maintained by the Department of Agriculture.

Sec. 218. Certain transfers to railroad retirement account made permanent.

Sec. 219. Authorization for use of social security account numbers by department of labor in administration of Federal workers' compensation laws.
Sec. 220. Coverage under FICA of Federal employees transferred temporarily to international organizations.

Sec. 221. Extension of the FICA tax exemption and certain tax rules to individuals who enter the United States under a visa issued under section 101 of the Immigration and Nationality Act.

Sec. 222. Study of rising costs of disability insurance benefits.

Sec. 223. Commission on childhood disability.

Sec. 224. Disregard deemed income and resources of ineligible spouse in determining continued eligibility under section 1619(b).

Sec. 225. Plans for achieving self-support not disapproved within 60 days to be deemed approved.

Sec. 226. Temporary authority to approve a limited number of plans for achieving self-support that include housing goals.

Sec. 227. Regulations regarding completion of plans for achieving self-support.

Sec. 228. Treatment of certain grant, scholarship, or fellowship income as earned income for SSI purposes.

Sec. 229. Eighty-one eligibility for students temporarily abroad.

Sec. 230. Disregard of cost-of-living increases for continued eligibility for work incentives.

Sec. 231. Expansion of the authority of the Social Security Administration to prevent, detect, and terminate fraudulent claims for SSI benefits.

Sec. 232. Disability review required for SSI recipients who are 18 years of age.

Sec. 233. Continuing disability reviews.

Sec. 234. Technical and clerical amendments.

SEC. 2. DECLARATION OF PURPOSES.

The purposes of this Act are as follows:

1. to establish the Social Security Administration as an independent agency, separate from the Department of Health and Human Services;
2. to charge the Social Security Administration with administration of the old-age, survivors, and disability insurance program and supplemental security income program;
3. to establish a Social Security board as head of the Social Security Administration and define the powers and duties of such Board;
4. to establish an Executive Director of the Administration and define the powers and duties of the Executive Director;
5. to provide for delegating major authorities to the Board and the Executive Director; and
6. to make other improvements in the old-age, survivors, and disability insurance program under title II of the Social Security Act.

TITLE I—ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

SEC. 101. ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS A SEPARATE INDEPENDENT AGENCY; RESPONSIBILITIES OF THE AGENCY.

Section 701 of the Social Security Act (42 U.S.C. 901) is amended to read as follows:

"SOCIAL SECURITY ADMINISTRATION

"Sec. 701. There is hereby established, as an independent agency in the executive branch of the Government, a Social Security Administration. It shall be the duty of the Administration to administer the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI."

SEC. 102. SOCIAL SECURITY BOARD, EXECUTIVE DIRECTOR, DEPUTY DIRECTOR, BENEFICIARY OMBUDSMAN, OTHER OFFICERS.

(a) IN GENERAL.—Section 702 of the Social Security Act (42 U.S.C. 902) is amended to read as follows:

"SOCIAL SECURITY BOARD, EXECUTIVE DIRECTOR; OTHER OFFICERS

"Social Security Board

"Sec. 702. (a)(1)(A) The Administration shall be governed by a Social Security Board. The Board shall be composed of three members appointed by the President by and with the advice and consent of the Senate. The members shall be chosen on the basis of their integrity, impartiality, and good judgment, and shall be individuals who are, by reason of their education, experience, and attainments, exceptionally qualified to perform the duties of members of the Board.

(ii) Except as provided in clauses (ii) and (iii), members of the Board shall be appointed for terms of six years. A member of the Board may be removed only pursuant to a finding by the President of neglect of duty or malfeasance in office. The President shall transmit any such finding to the Speaker of the House of Representatives and the majority leader of the Senate not later than five days after the date on which such finding is made.
"(ii) Of the members first appointed—

(I) one shall be appointed for a term of 2 years,

(II) one shall be appointed for a term of 4 years, and

(III) one shall be appointed for a term of 6 years,

as designated by the President at the time of appointment. Such members shall be appointed after active consideration of recommendations made by the chairman of the Committee on Ways and Means of the House of Representatives and of recommendations made by the chairman of the Committee on Finance of the Senate.

"(iii) The President may not nominate an individual for appointment to a term of office as member of the Board before the commencement of the President's term of office in which the member's term of office commences. Any member appointed to a term of office after the commencement of such term may serve under such appointment only for the remainder of such term. A member may, at the request of the President, serve for not more than one year after the expiration of his or her term until his or her successor has taken office. A member of the Board may be appointed for additional terms.

"(C) Not more than two members of the Board shall be of the same political party.

"(D) A member of the Board may not, during his or her term as member, engage in any other business, vocation, profession, or employment. A member of the Board may continue as a member of the Board for not longer than the 30-day period beginning on the date such member first fails to meet the requirements of the preceding sentence.

"(E) Two members of the Board shall constitute a quorum, except that one member may hold hearings.

"(F) A member of the Board shall be designated by the President to serve as Chairperson of the Board for a term of 4 years.

"(G) The Board shall meet at the call of the Chairperson or two members of the Board.

"(2) Each member of the Board shall be compensated at the rate provided for level II of the Executive Schedule.

"(3) The Board shall—

(A) govern by regulation the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI,

(B) establish the Administration and oversee its efficient and effective operation,

(C) establish policy and devise long-term plans to promote and maintain the effective implementation of programs referred to in subparagraph (A),

(D) appoint an Executive Director of the Administration, as described in subsection (b), to act as the chief operating officer of the Administration responsible for administering the programs referred to in subparagraph (A),

(E) constitute three of the members of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, with the Chairperson of the Social Security Board serving as Chairperson of such Board of Trustees,

(F) prepare an annual budget for the Administration, which shall be submitted by the President to the Congress without revision, together with the President's annual budget for the Administration,

(G) study and make recommendations to the Congress and the President as to the most effective methods of providing economic security through social insurance, supplemental security income, and related programs and as to legislation and matters of administrative policy concerning the programs referred to in subparagraph (A),

(H) provide the Congress and the President with the ongoing actuarial and other analysis undertaken by the Administration with respect to the programs referred to in subparagraph (A) and any other information relating to such programs, and

(I) conduct policy analysis and research relating to the programs referred to in subparagraph (A).

"(4) (A) The Board may prescribe such rules and regulations as the Board determines necessary or appropriate to carry out the functions of the Administration. The regulations prescribed by the Board shall be subject to the rulemaking procedures established under section 553 of title 5, United States Code.

(B) The Board may establish, alter, consolidate, or discontinue such organizational units or components within the Administration as the Board considers necessary or appropriate to carry out its functions, except that this subparagraph shall not apply with respect to any unit, component, or position provided for by this Act.
"(C) The Board may, with respect to the administration of the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI, assign duties, and delegate, or authorize successive redelegations of, authority to act and to render decisions, to such officers and employees as the Board may find necessary. Within the limitations of such delegations, redelegations, or assignements, all official acts and decisions of such officers and employees shall have the same force and effect as though performed or rendered by the Board.

"Executive Director

"(b)(1) There shall be in the Administration an Executive Director who shall be appointed by the Social Security Board.

"(2)(A) The Executive Director shall be appointed for a term of four years. An individual appointed to a term of office as Executive Director after the commencement of such term of office may serve under such appointment only for the remainder of such term. An individual may, at the request of the Chairperson of the Board, serve as Executive Director after the expiration of his or her term for not more than one year until his or her successor has taken office. An individual may be appointed as Executive Director for additional terms.

"(B) An individual may be removed from the office of Executive Director before completion of his or her term only for cause found by the Board.

"(3) The Executive Director shall be compensated at the rate provided for level II of the Executive Schedule.

"(4) The Executive Director shall—

"(A) constitute the chief operating officer of the Administration, responsible for administering, in accordance with applicable statutes and regulations, the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI,

"(B) maintain an efficient and effective operational structure for the Administration,

"(C) implement the long-term plans of the Board to promote and maintain the effective implementation of such programs,

"(D) report annually to the Board on program costs under titles II and XVI, make annual budgetary recommendations to the Board for the ongoing administrative costs of the Administration under this Act, and defend the recommendations before the Board,

"(E) advise the Board and the Congress on the effect on the administration of such programs of proposed legislative changes in such programs,

"(F) serve as Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund,

"(G) report in December of each year to the Board for transmittal to the Congress concerning the administrative endeavors and accomplishments of the Administration, and

"(H) carry out such additional duties as are assigned by the Board from time to time.

Any reference to the Board in this Act or any other provision of law in connection with the exercise of a function of the Board which is delegated to the Executive Director pursuant to this section shall be considered a reference to the Executive Director.

"Deputy Director of Social Security

"(c)(1) There shall be in the Office of the Executive Director a Deputy Director who shall be appointed by and serve at the pleasure of the Executive Director.

"(2) The Deputy Director shall be compensated at the rate provided for level II of the Executive Schedule.

"(3) The Deputy Director shall perform such duties and exercise such powers as the Executive Director shall from time to time assign or delegate. The Deputy Director shall be Acting Executive Director of the Administration during the absence or disability of the Executive Director and, unless the Board designates another officer of the Government as Acting Executive Director, in the event of a vacancy in the office of the Executive Director.
"General Counsel"

"(d)(1) There shall be in the Administration a General Counsel, who shall be appointed by and serve at the pleasure of the Board. The General Counsel shall be the principal legal officer in the Administration.

(2) The General Counsel shall be compensated at the rate provided for level IV of the Executive Schedule.

"Inspector General"


(2) The Inspector General shall be compensated at the rate provided for level IV of the Executive Schedule.

"Beneficiary Ombudsman"

"(f)(1) There shall be in the Administration an Office of the Beneficiary Ombudsman, to be headed by a Beneficiary Ombudsman appointed by the Board.

(2) The Beneficiary Ombudsman shall be appointed for a term of five years, except that the individual first appointed to the Office of Beneficiary Ombudsman shall be appointed for a term ending September 30, 2000. An individual appointed to a term of office as Beneficiary Ombudsman after the commencement of such term may serve under such appointment only for the remainder of such term. An individual may, at the request of the Chairperson of the Board, serve as Beneficiary Ombudsman after the expiration of his or her term for not more than one year until his or her successor has taken office. An individual may be appointed as Beneficiary Ombudsman for additional terms.

(3) An individual may be removed from the office of Beneficiary Ombudsman before completion of his or her term only for cause found by the Board.

(4) The Beneficiary Ombudsman shall be compensated at the rate provided for level V of the Executive Schedule.

(5) The duties of the Beneficiary Ombudsman are as follows:

(A) to represent within the Administration's decisionmaking process the interests and concerns of beneficiaries under the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI;

(B) to review the Administration's policies and procedures for possible adverse effects on such beneficiaries;

(C) to recommend within the Administration's decisionmaking process changes in policies which have caused problems for such beneficiaries;

(D) to help resolve the problems under such programs of individual beneficiaries in unusual or difficult circumstances, as determined by the Administration; and

(E) to represent within the Administration's decisionmaking process the views of beneficiaries in the design of forms and the issuance of instructions.

(6) The Board shall assure that the Office of the Beneficiary Ombudsman has staff sufficient to enable the Beneficiary Ombudsman to efficiently carry out his or her duties. Such staff shall be located in the regional offices, program centers, and central office of the Administration.

(7) The annual report of the Board under section 704 shall include a description of the activities of the Beneficiary Ombudsman.

"Administrative Law Judge"

"(g)(1) There shall be in the Administration an Office of the Chief Administrative Law Judge, who shall be appointed by the Board. The duty of the Chief Administrative Law Judge shall be to administer the affairs of the administrative law judges serving in the Administration in a manner so as to ensure that hearings and other business are conducted by the administrative law judges in accordance with applicable law and regulations.

(2) The Chief Administrative Law Judge shall report directly to the Board.

(b) CONFORMING AMENDMENTS RELATING TO COMPOSITION OF BOARD OF TRUSTEES OF OASDI TRUST FUNDS.—Section 201(c) of such Act (42 U.S.C. 401(c)) is amended—

(1) in the first sentence, by striking "shall be composed of" and all that follows down through "ex officio" and inserting the following: "shall be composed of the
members of the Social Security Board, the Secretary of the Treasury, the Secretary of Health and Human Services, all ex officio:\n
(2) by inserting after the first sentence the following new sentence: "The Chairperson of the Social Security Board shall be the Chairperson of the Board of Trustees."; and

(3) by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration".

(c) INTERIM AUTHORITY OF THE COMMISSIONER—The President shall nominate for appointment the initial members of the Social Security Board not later than April 1, 1995. In the event that, as of October 1, 1995, all members of the Social Security Board have not entered upon office, until all members of the Board have entered upon office, the officer serving on October 1, 1995, as Commissioner of Social Security in the Department of Health and Human Services (or Acting Commissioner, if applicable), or such officer's successor, shall, while continuing to serve as Commissioner of Social Security (or Acting Commissioner) in such Department, serve as head of the Social Security Administration established under section 701 of the Social Security Act (as amended by this Act) and shall assume the powers and duties of such Board and of the Executive Director under such Act (as amended by this Act).

SEC. 103. PERSONNEL, BUDGETARY MATTERS; SEAL OF OFFICE.

Section 703 of the Social Security Act (42 U.S.C. 903) is amended to read as follows:

"ADMINISTRATIVE DUTIES OF THE SOCIAL SECURITY BOARD

"Personnel

"Sec. 703. (a)(1) The Social Security Board shall appoint such additional officers and employees as it considers necessary to carry out its functions. Except as otherwise provided in any other provision of law, such officers and employees shall be appointed, and their compensation shall be fixed, in accordance with title 5, United States Code.

"(2) The Board may procure the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code.

"(3) The Director of the Office of Personnel Management shall authorize for the Administration a total number of Senior Executive Service positions which is greater than the number of such positions authorized in the Social Security Administration in the Department of Health and Human Services as of immediately before the date of the enactment of the Social Security Administrative Reform Act of 1994, to the extent that the greater number of such authorized positions is specified in the comprehensive workforce plan as established and revised by the Board under subsection (b)(1). The total number of such positions authorized for the Administration pursuant to such section 3133 shall not at any time be less than the number of such authorized positions as of immediately before such date.

"(4) In addition to the positions of the Administration in the Executive Schedule specified in section 702, the Administration is authorized six additional positions at level IV of the Executive Schedule and six additional positions at level V of the Executive Schedule.

"Budgetary Matters

"(b) Appropriations requests for staffing and personnel of the Administration shall be based upon a comprehensive workforce plan, which shall be established and revised from time to time by the Board.

"Seal of Office

"(c) The Board shall cause a seal of office to be made for the Administration of such design as the Board shall approve. Judicial notice shall be taken of such seal.".

SEC. 104. TRANSFERS TO THE NEW SOCIAL SECURITY ADMINISTRATION.

(a) FUNCTIONS.—There are transferred to the Social Security Administration all functions carried out by the Secretary of Health and Human Services with respect to the programs and activities the administration of which is vested in the Social Security Administration by reason of this Act and the amendments made thereby. The Social Security Board shall allocate such functions in accordance with sections 701, 702, and 703 of the Social Security Act (as amended by this Act).
(b) PERSONNEL, ASSETS, ETC.—(1) There are transferred from the Department of Health and Human Services to the Social Security Administration, for appropriate allocation by the Social Security Board in the Social Security Administration—

(A) the personnel (other than administrative law judges) employed in connection with the functions transferred by this Act and the amendments made thereby, as considered appropriate by the Board in consultation with the Secretary of Health and Human Services,

(B) such number of administrative law judges as are necessary to carry out the functions transferred by this Act and the amendments made thereby, as determined by the Board in consultation with the Secretary of Health and Human Services, and

(C) the assets, liabilities, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, or used in connection with such functions, arising from such functions, or available, or to be made available, in connection with such functions.

(2) Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

(3) The Secretary of Health and Human Services shall terminate—

(A) six positions in the Department of Health and Human Services placed in level IV of the Executive Schedule (or equivalent positions) other than positions specifically required under section 5315 of title 5, United States Code, or any other provision of law, and

(B) six positions in such Department placed in level V of the Executive Schedule (or equivalent positions) other than positions specifically required under section 5316 of such title or any other provision of law.

(4) The transfer pursuant to this section of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any such employees to be separated or reduced in grade or compensation for 1 year after such transfer or October 1, 1995, whichever is later.

(c) ABOLISHMENT OF OFFICE OF COMMISSIONER IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Effective upon the entry upon office of all initial members of the Social Security Board pursuant to section 702 of the Social Security Act (as amended by this Act), the position of Commissioner of Social Security in the Department of Health and Human Services is abolished.

SEC. 105. TRANSITIONAL RULES.

(a) INTERIM AUTHORITY FOR APPOINTMENT AND COMPENSATION.—At any time on or after the date of the enactment of this Act—

(1) any of the officers provided for in section 702 of the Social Security Act (as amended by this Act) may enter upon office, as provided in such section, and

(2) the Social Security Board, upon entry upon office of all of the members thereof, may prescribe regulations providing for the orderly transfer of proceedings before the Secretary of Health and Human Services to the Social Security Board.

Funds available to any official or component of the Department of Health and Human Services, functions of which are transferred to the Social Security Board or the Social Security Administration by this Act, may be used, with the approval of the Director of the Office of Management and Budget, to pay the compensation and expenses of any officer entering upon office pursuant to this section until such time as funds for that purpose are otherwise available.

(b) CONTINUATION OF ORDERS, DETERMINATIONS, RULES, REGULATIONS, ETC.—All orders, determinations, rules, regulations, permits, contracts, collective bargaining agreements, recognitions of labor organizations, certificates, licenses, and privileges—

(1) which have been issued, made, promulgated, granted, or allowed to become effective, in the exercise of functions (A) which were exercised by the Secretary of Health and Human Services (or his delegate), and (B) which relate to functions which, by reason of this Act, the amendments made thereby, and regulations prescribed thereunder, are vested in the Social Security Board, and

(2) which are in effect immediately before October 1, 1995, shall (to the extent that they relate to functions described in paragraph (1)(B)) continue in effect according to their terms until modified, terminated, suspended, set aside, or repealed, in accordance with law, by such Board.

(c) CONTINUATION OF PROCEEDINGS.—The provisions of this Act (including the amendments made thereby) shall not affect any proceeding pending before the Secretary of Health and Human Services immediately before October 1, 1995, with respect to functions vested (by reason of this Act, the amendments made thereby, and
regulations prescribed thereunder) in the Social Security Board, except that such proceedings, to the extent that they relate to such functions, shall continue before such Board. Orders shall be issued under any such proceeding, appeals taken therefrom, and payments shall be made pursuant to such orders, in like manner as if this Act had not been enacted, and orders issued in any such proceeding shall continue in force, modified, terminated, superseded, or repealed by such Board, by a court of competent jurisdiction, or by operation of law.

(d) CONTINUATION OF SUITS.—Except as provided in this subsection—
(1) the provisions of this Act shall not affect suits commenced prior to October 1, 1995; and
(2) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted. No cause of action, and no suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of the Department of Health and Human Services, shall abate by reason of the enactments of this Act. Causes of action, suits, actions, or other proceedings may be asserted by or against the United States and the Social Security Administration, or such official of such Administration as may be appropriate, and, in any litigation pending immediately before October 1, 1995, the court may at any time, on its own motion or that of a party, enter an order which will give effect to the provisions of this subsection (including, where appropriate, an order for substitution of parties).

(e) CONTINUATION OF PENALTIES.—This Act shall not have the effect of releasing or extinguishing any criminal prosecution, penalty, forfeiture, or liability incurred as a result of any function which (by reason of this Act), the amendments made thereby, and regulations prescribed thereunder) is vested in the Social Security Board.

(f) JUDICIAL REVIEW.—Orders and actions of the Social Security Board in the exercise of functions vested in such Board under this Act (and the amendments made thereby) shall be subject to judicial review to the same extent and in the same manner as if such orders had been made and such actions had been taken by the Secretary of Health and Human Services in the exercise of such functions immediately before October 1, 1995. Any statutory requirements relating to notice, hearing, action upon the record, or administrative review that apply to any function so vested in such Board shall continue to apply to the exercise of such function by such Board.

(g) EXERCISE OF FUNCTIONS.—In the exercise of the functions vested in the Social Security Board under this Act, the amendments made thereby, and regulations prescribed thereunder, such Board shall have the same authority as that vested in the Secretary of Health and Human Services with respect to the exercise of such functions immediately preceding the vesting of such functions in such Board, and actions of such Board shall have the same force and effect as when exercised by such Secretary.

(h) OPERATION OF TRANSITIONAL RULES IN THE EVENT OF INTERIM AUTHORITY IN THE COMMISSIONER.—For purposes of this section, in any case in which the powers and duties to be transferred to the Social Security Board are transferred to the Commissioner of Social Security (or acting Commissioner) in the Department of Health and Human Services for an interim period pursuant to section 102(c), the preceding provisions of this section shall apply with respect to the transfer of such powers and duties to and from such Commissioner (or acting Commissioner) pursuant to section 102(c) in the same manner and to the same extent as they would have applied to a direct transfer from the Secretary of Health and Human Services to the Social Security Board if all members of the Board had entered upon office.

SEC. 104. CONFORMING AMENDMENTS TO TITLES II AND XVI OF THE SOCIAL SECURITY ACT.
(a) IN GENERAL.—Title II of the Social Security Act (other than section 201, section 218(d), section 226, section 226A, and section 231(c)) and title XVI of such Act are each amended—
(1) by striking, wherever it appears therein, “Secretary of Health and Human Services” and inserting “Social Security Board”;
(2) by striking, wherever it appears therein, “Department of Health and Human Services” and inserting “Social Security Administration”;
(3) by striking, wherever it appears therein, “Department” (but only if it is not immediately succeeded by the words “of Health and Human Services”, and only if it is used in reference to the Department of Health and Human Services) and inserting “Administration”;
(4) by striking, wherever it appears therein, each of the following words (but, in the case of any such word only if such word refers to the Secretary of Health and Human Services): “Secretary”, “Secretary’s”, “his”, “him”, and “he”, and in-
serting (in the case of the word "Secretary") "Social Security Board", (in the case of the word "Secretary's") "Board's", (in the case of the word "his") "the Board's", (in the case of the word "him") "the Board", and (in the case of the word "he") "the Board"; and

(5) by striking, wherever it appears therein, "Internal Revenue Code of 1954" and inserting "Internal Revenue Code of 1986".

(b) AMENDMENTS TO SECTION 218.—Section 218(d) of such Act (42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears in paragraphs (3) and (7) and inserting "Social Security Board".

c) AMENDMENTS TO SECTION 222.—Section 222(d) of such Act (42 U.S.C. 422(d)) is amended—

(1) in the last sentence of paragraph (1), by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration"; and

(2) in the first sentence of paragraph (2), by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration".

d) AMENDMENT TO SECTION 231.—Section 231(c) of such Act (42 U.S.C. 431(c)) is amended by striking "Secretary determines" and inserting "Social Security Board and the Secretary jointly determine".

e) AMENDMENT TO SECTION 1615.—Section 1615(d) of such Act (42 U.S.C. 1832(d)) is amended by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration".

SEC. 107. OTHER CONFORMING AMENDMENTS.

Title VII of the Social Security Act is amended—

(1) by striking section 704 (42 U.S.C. 904) and inserting the following new section:

"REPORTS"

SEC. 704. The Secretary and the Social Security Board shall make full reports to Congress, within 120 days after the beginning of each regular session, of the administration of the functions with which they are charged under this Act. In addition to the number of copies of such reports authorized by other law to be printed, there is hereby authorized to be printed not more than 5,000 copies of each such report for use by the Secretary and Social Security Board for distribution to Members of Congress and to State and other public or private agencies or organizations participating in or concerned with the programs provided for in this Act.

(2) in section 709(b)(2) (42 U.S.C. 910(b)(2)), by striking "as estimated by the Secretary" and inserting "as estimated by the Social Security Board or the Secretary (whichever administers the program involved)",; and

(3) by adding at the end thereof the following new section:

"DUTIES AND AUTHORITY OF SECRETARY"

"Sec. 712. (a) The Secretary shall perform the duties imposed upon him by this Act and shall also have the duty of studying and making recommendations as to the most effective methods of providing economic security and as to legislation and matters of administrative policy concerning the programs administered by the Secretary and related subjects; except that nothing in this section shall be construed to require the Secretary to make studies or recommendations with respect to programs administered by the Social Security Administration.

(b) The Secretary is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures, as may be necessary for carrying out the Secretary's functions under this Act. Appointments of attorneys and experts may be made without regard to the civil service laws."

SEC. 108. RULES OF CONSTRUCTION.

(a) REFERENCES TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, court order, or other document to the Department of Health and Human Services with respect to such Department's functions under the old-age, survivors, and disability insurance program under title II of the Social Security Act or the supplemental security income program under title XVI of such Act, such reference shall be considered a reference to the Social Security Administration.

(b) REFERENCES TO THE SECRETARY OF HEALTH AND HUMAN SERVICES.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, court order, or other document
to the Secretary of Health and Human Services with respect to such Secretary's functions under such programs, such reference shall be considered a reference to the Social Security Board.

(c) REFERENCES TO OTHER OFFICERS AND EMPLOYEES.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, or document to any other officer or employee of the Department of Health and Human Services with respect to such officer's or employee's functions under such programs, such reference shall be considered a reference to the appropriate officer or employee of the Social Security Administration.

SEC. 106. EFFECTIVE DATES.
(a) IN GENERAL.—Sections 101, 102(a), 103, 104, 106, 107, and 108 of this Act (and the amendments made thereby) shall take effect October 1, 1995.
(b) EXCEPTIONS.—Section 102(b) of this Act shall take effect upon the entry upon office of all initial members of the Social Security Board. Sections 102(c) and 105 of this Act shall take effect on the date of the enactment of this Act.
(c) NEW SPENDING AUTHORITY.—Any new spending authority provided by this title shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

TITLE II—IMPROVEMENTS TO THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

SEC. 201. RESTRICTIONS ON PAYMENT OF BENEFITS BASED ON DISABILITY TO SUBSTANCE ABUSERS.
(a) AMENDMENTS RELATING TO BENEFITS BASED ON DISABILITY UNDER TITLE II OF THE SOCIAL SECURITY ACT.—
(I) REQUIRED PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—
(A) IN GENERAL.—Section 205(j(X)(1) of the Social Security Act (42 U.S.C. 405(j)(1)) is amended—
(i) by inserting after the first sentence the following new sentence: "In the case of an individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, certification of payment of such benefits to a representative payee shall be deemed to serve the interest of such individual under this title."; and
(ii) in the last sentence, by inserting "the interest of the individual under this title would be served thereby," after "alternative representative payee or".
(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.
(C) STUDY REGARDING FEASIBILITY, COST, AND EQUITY OF REQUIRING REPRESENTATIVE PAYEES FOR ALL DISABILITY BENEFICIARIES SUFFERING FROM ALCOHOLISM OR DRUG ADDICTION.—
(i) STUDY.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services shall conduct a study of the representative payee program. In such study, the Secretary shall examine—
(I) the feasibility, cost, and equity of requiring representative payees for all individuals entitled to benefits based on disability under title II or XVI of the Social Security Act who suffer from alcoholism or drug addiction, irrespective of whether the alcoholism or drug addiction was material in any case to the Secretary's determination of disability,
(II) the feasibility of and appropriate timetable for providing benefits through non-cash means, including (but not limited to) vouchers, debit cards, and electronic benefits transfer systems,
(III) the extent to which child beneficiaries are afflicted by drug addiction or alcoholism and ways of addressing such affliction, including the feasibility of requiring treatment, and
(IV) the extent to which children's representative payees are afflicted by drug addiction or alcoholism, and methods to identify children's representative payees afflicted by drug addiction or alcoholism.

[...]

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holism and to ensure that benefits continue to be provided to beneficiaries appropriately.

(ii) REPORT.—Not later than April 1, 1995, the Secretary shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report setting forth the findings of the Secretary based on such Study. Such report shall include such recommendations for administrative or legislative changes as the Secretary considers appropriate.

(2) INCREASED RELIANCE ON PROFESSIONAL REPRESENTATIVE PAYEES.—

(A) PREFERENCE REQUIRED FOR ORGANIZATIONAL REPRESENTATIVE PAYEES.—Section 205(j)(2)(C) of such Act (42 U.S.C. 405(j)(2)(C)) is amended by adding at the end the following new clause:

"(v) In the case of an individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, when selecting such individual's representative payee, preference shall be given to—

"(I) a community-based nonprofit social service agency licensed or bonded by the State,

"(II) a State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities, or

"(III) a State or local government agency with fiduciary responsibilities, (or a designee of such an agency if the Secretary deems it appropriate), unless the Secretary determines that selection of such an agency would not be appropriate."

(B) AVAILABILITY OF PUBLIC AGENCIES AND OTHER QUALIFIED ORGANIZATIONS TO SERVE AS REPRESENTATIVE PAYEES.—Section 205(j)(4) of such Act (42 U.S.C. 405(j)(4)) is amended—

(i) in subparagraph (A)—

(1) by striking "exceed the lesser of—" and inserting "exceed—";

and

(2) by striking clauses (i) and (ii) and inserting the following:

"(i) in any case in which an individual is entitled to benefits based on disability and alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, 10 percent of the monthly benefit involved, or

"(ii) in any other case, the lesser of—

"(I) 10 percent of the monthly benefit involved, or

"(II) $25.00 per month."

(ii) in subparagraph (B)—

(I) by inserting "State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities, any State or local government agency with fiduciary responsibilities, or any" after "means any";

(II) by striking "representative payee and which," and inserting "representative payee, if such agency,"

(III) by striking ", and" at the end of clause (ii) and inserting a period; and

(IV) by striking clause (iii); and

(iii) by striking subparagraph (D), effective July 1, 1994.

(C) DEFINITION.—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended by adding at the end the following new paragraph:

"(7) For purposes of this subsection, the term 'benefit based on disability' of an individual means a disability insurance benefit of such individual under section 223 or a child's, widow's, or widower's insurance benefit of such individual under section 202 based on such individual's disability.".

(3) NONPAYMENT OR TERMINATION OF BENEFITS.—

(A) IN GENERAL.—Section 225 of such Act (42 U.S.C. 425) is amended—

(i) by striking the heading and inserting the following:

"ADDITIONAL RULES RELATING TO BENEFITS BASED ON DISABILITY

"Suspension of Benefits";

(ii) by inserting before subsection (b) the following new heading:

"Continued Payments During Rehabilitation Program"; and

(iii) by adding at the end the following new subsection:
"Nonpayment or Termination of Benefits Where Entitlement Involves Alcoholism or Drug Addiction

"(c)(1)(A) Notwithstanding any other provision of this title, in the case of any individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that such individual is under a disability and such individual is determined by the Secretary not to be in compliance with the requirements of this subsection for a month, such benefits shall be suspended for a period commencing with such month and ending with the month preceding the first month, after the determination of noncompliance, in which such individual demonstrates that he or she has reestablished and maintained compliance with such requirements for the applicable period specified in paragraph (3).

"(B) For purposes of this subsection, in the case of an individual who is entitled to benefits based on disability for the first month ending after 180 days after the date of the enactment of the Social Security Administrative Reform Act of 1994, if such individual has a primary diagnosis of alcoholism or drug addiction, such alcoholism or drug addiction shall be treated as a contributing factor material to the Secretary's determination of disability.

"(2)(A) An individual described in paragraph (1) is in compliance with the requirements of this subsection for a month if such individual in such month undergoes any medical or psychological treatment that may be appropriate, for such individual's condition diagnosed as substance abuse or alcohol abuse and for the stage of such individual's rehabilitation, at an institution or facility approved for purposes of this subsection by the Secretary, and complies in such month with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under paragraph (6).

"(B) An individual described in paragraph (1) shall not be determined to be not in compliance with the requirements of this subsection for a month if access by such individual to such treatment is not reasonably available for that month, as determined under regulations of the Secretary.

"(3) The applicable period specified in this paragraph is:

"(A) 2 consecutive months, in the case of a first determination that an individual is not in compliance with the requirements of this subsection,

"(B) 3 consecutive months, in the case of the second such determination with respect to the individual, and

"(C) 6 consecutive months, in the case of the third or subsequent such determination with respect to the individual.

"(4) In any case in which an individual's benefit is suspended for a period of 12 consecutive months for failure to comply with treatment described in paragraph (2) of this subsection, the month following such period shall be deemed, for purposes of section 223(a)(1) or subsection (d)(1)(G) of section 202 (as applicable), as the termination month with respect to such entitlement.

"(5)(A) Subject to subparagraph (B), monthly insurance benefits under this title which would be payable to any individual (other than the disabled individual to whom such benefits are not payable by reason of this subsection) on the basis of the wages and self-employment income of such disabled individual but for the provisions of paragraph (1) or (4), shall be payable as though such disabled individual were receiving such benefits which are not payable under this subsection (and, in the case of a disabled individual whose entitlement is terminated under paragraph (4), as though such disabled individual's entitlement were not terminated).

"(B) If the monthly insurance benefits of a disabled individual referred to in subparagraph (A) are not payable by reason of termination of entitlement under paragraph (4), monthly insurance benefits which are payable to any other individual on the basis of the wages and self-employment income of such disabled individual pursuant to subparagraph (A) shall not be payable for any month after 2 years after the last month of such entitlement.

"(6)(A) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title and who as a condition of payment of such benefits are required to be undergoing treatment and complying with the terms, conditions, and requirements thereof as described in paragraph (2)(A), in order to assure such compliance and to determine the extent to which the imposition of such requirements is contributing to the achievement of the purposes of this title.

The Secretary shall annually submit to the Congress a full and complete report on the Secretary's activities under this paragraph. Each such annual report shall include the number and percentage of such individuals who did not receive regular drug testing during the year covered by the report.

"(B) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations—
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"(i) defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subsection, and
"(ii) establishing guidelines to be used to review and evaluate their compliance, including measures of the progress of participants in such programs.

"(C)(i) For purposes of carrying out the requirements of subparagraphs (A) and (B), the Secretary shall establish in each State a referral and monitoring agency for such State.

"(ii) Each referral and monitoring agency for a State shall—
"(I) identify appropriate placements, for individuals residing in such State who are entitled to benefits based on disability and with respect to whom alcoholism or drug addiction is a contributing factor material to the Secretary's determination that they are under a disability, where they may obtain treatment described in paragraph (2)(A),
"(II) refer such individuals to such placements for such treatment, and
"(III) monitor compliance with the requirements of paragraph (2)(A) by individuals who are referred by the agency to such placements and promptly report failures to comply to the Secretary.

"(7) In the case of any individual who is entitled to a benefit based on disability for any month, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, payment of any past-due monthly insurance benefits under this title to which such individual is entitled shall be made in any month only to the extent that the sum of—

"(A) the amount of such past-due benefit paid in such month, and
"(B) the amount of any benefit for the preceding month under such current entitlement which is payable in such month, does not exceed 200 percent of the amount of such benefit for the preceding month.

"(8) In the case of any individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that such individual is under a disability, the month following the 36-month period beginning with such individual's first month of entitlement shall be deemed, for purposes of section 223(a)(1) or subsection (d)(1)(G)(i), (e)(1), or (f)(1) of section 202 (as applicable), as the termination month with respect to such entitlement, and such individual shall be deemed not to be entitled to any past-due benefits under such entitlement remaining unpaid as of the end of such 36-month period. Such individual may not be entitled to benefits based on disability for any month after such 36-month period if, with respect to such entitlement, alcoholism or drug addiction is a contributing factor material to the Secretary's determination that such individual is under a disability.

"(9) For purposes of this subsection, the term 'benefit based on disability' of an individual means a disability insurance benefit of such individual under section 223 or a child's, widow's, or widower's insurance benefit of such individual under section 202 based on the disability of such individual.

"(B) PRESERVATION OF MEDICARE BENEFITS.—Section 226 of such Act (42 U.S.C. 426) is amended by adding at the end the following:

"(i) For purposes of this section, each person whose benefit for any month is not payable by reason of paragraph (1) of section 225(c) (and is not terminated by reason of paragraph (4) or (8) of section 225(c)) shall be treated as entitled to such benefit for such month if such person would be entitled to such benefit for such month in the absence of such section.\n
"(4) IRRELEVANCE OF LEGALITY OF SERVICES PERFORMED IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY.—

(A) IN GENERAL.—Section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended—

(i) by inserting "(A)" after "(4)"; and
(ii) by adding at the end the following new subparagraph:
"(B) In determining under subparagraph (A) when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, the Secretary apply the criteria described in subparagraph (A) with respect to services performed by any individual without regard to the legality of such services."

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of the enactment of this Act.

(b) AMENDMENTS RELATING TO SUPPLEMENTAL SECURITY INCOME BENEFITS UNDER TITLE XVI OF THE SOCIAL SECURITY ACT.—

(1) REQUIRED PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—
(A) IN GENERAL.—Section 1631(a)(2)(A) of the Social Security Act (42 U.S.C. 1383(a)(2)(A)) is amended—

(i) in clause (ii), by adding at the end the following: "In the case of an individual entitled to benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, the payment of such benefits to a representative payee shall deemed to serve the interest of such individual under this title." and

(ii) in clause (iii), by striking "to the individual or eligible spouse or to an alternative representative payee of the individual or eligible spouse" and inserting "to an alternative representative payee of the individual or eligible spouse and, if the interest of the individual under this title would be served thereby, to the individual or eligible spouse".

(B) CONFORMING AMENDMENT.—Section 1631(a)(2)(B)(vii)(II) of such Act (42 U.S.C. 1383(a)(2)(B)(vii)(II)) is amended by striking "15 years" and all that follows and inserting "of 15 years, or (if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled) is entitled to benefits under this title by reason of disability.

(C) EFFECTIVE DATE—The amendments made by subparagraphs (A) and (B) shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.

(2) INCREASED RELIANCE ON PROFESSIONAL REPRESENTATIVE PAYEES.—

(A) PREFERENCE REQUIRED FOR ORGANIZATIONAL REPRESENTATIVE PAYEES.—Section 1631(a)(2)(B) of such Act (42 U.S.C. 1383(a)(2)(B)) is amended—

(i) by redesignating clauses (vii) through (xii) as clauses (viii) through (xiii), respectively;

(ii) by inserting after clause (vi) the following:

"(vii) In the case of an individual entitled to benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, when selecting such individual's representative payee, preference shall be given to—

"(I) a community-based nonprofit social service agency licensed or bonded by the State;

"(II) a State or local government agency whose mission is to carry out income maintenance, social services, or health care-related activities; or

"(III) a State or local government agency with fiduciary responsibilities, (or a designee of such an agency if the Secretary deems it appropriate), unless the Secretary determines that selection of such an agency would not be appropriate.

(iii) in clause (viii) (as so redesignated), by striking "clause (vii)" and inserting "clause (ix)";

(iv) in clause (ix) (as so redesignated), by striking "(vii)" and inserting "(viii)";

(v) in clause (xii) (as so redesignated)—

(I) by striking "(xi)" and inserting "(xii)"; and

(II) by striking "(x)" and inserting "(xi)".

(B) AVAILABILITY OF PUBLIC AGENCIES AND OTHER QUALIFIED ORGANIZATIONS TO SERVE AS REPRESENTATIVE PAYEES.—Section 1631(a)(2)(D) of such Act (42 U.S.C. 1383(a)(2)(D)) is amended—

(i) in clause (i)—

(I) by striking "exceed the lesser of—" and inserting "exceed—"; and

(II) by striking subclauses (I) and (II) and inserting the following:

"(I) in any case in which an individual is entitled to benefits under this title by reason of disability and alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, 10 percent of the monthly benefit involved, or
in any other case, the lesser of—

(aa) 10 percent of the monthly benefit involved, or

(bb) $25.00 per month.

(ii) in clause (ii)—

(I) by inserting "State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities, any State or local government agency with fiduciary responsibilities, or any" after "means any";

(II) by inserting a comma after "service agency";

(III) by adding "and" at the end of subclause (I); and

(IV) in subclause (II)—

(aa) by adding "and" at the end of item (aa);

(bb) by striking "; and" at the end of item (bb) and inserting a period; and

(cc) by striking item (cc); and

(iii) by striking clause (iv), effective July 1, 1994.

(3) NONPAYMENT OR TERMINATION OF BENEFITS.—

(A) IN GENERAL.—Section 1611(e)(3) of such Act (42 U.S.C. 1382(e)(3)), is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following:

"(B)(i) Notwithstanding any other provision of this title, in the case of any individual entitled to benefits under this title solely by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that such individual is disabled and such individual is determined by the Secretary not to be in compliance with the requirements of this subparagraph for a month, such benefits shall be suspended for a period commencing with such month and ending with the month preceding the first month, after the determination of noncompliance, in which such individual demonstrates that he or she has reestablished and maintained compliance with such requirements for the applicable period specified in clause (iii).

(ii) An individual described in clause (i) is in compliance with the requirements of this subparagraph for a month if the individual in such month undergoes any medical or psychological treatment that may be appropriate, for the individual's condition diagnosed as substance abuse or alcohol abuse and for the stage of the individual's rehabilitation, at an institution or facility approved for purposes of this subparagraph by the Secretary, and complies in such month with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under subparagraph (C).

(III) The applicable period specified in this clause is—

(I) 2 consecutive months, in the case of a 1st determination that an individual is not in compliance with the requirements of this subparagraph;

(II) 3 consecutive months, in the case of the 2nd such determination with respect to the individual; or

(III) 6 consecutive months, in the case of the 3rd or subsequent such determination with respect to the individual.

(iv) An individual shall not be an eligible individual for purposes of this title for the 12-month period that begins with the end of any period of 12 consecutive months for which the benefits of the individual under this title have been suspended by reason of this subparagraph.

(v) In the case of any individual entitled to benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that such individual is disabled, such individual may not be entitled to such benefits by reason of disability (or any past-due benefits under such entitlement) for any month after the 36-month period beginning with such individual's first month of such entitlement, notwithstanding section 1619(a).

(vi) The Secretary shall not, in a month, pay to an individual described in clause (i) benefits under this title the payment of which is past due, in an amount that exceeds the amount of benefits under this title which are payable to the individual for the month and the payment of which is not past due.

(II) As used in subclause (I) of this clause, the term 'benefits under this title' includes supplementary payments of the type described in section 1615(a) and payments pursuant to an agreement entered into under section 212(a) of Public Law 83–68.
(B) REFERRAL, MONITORING, AND TREATMENT.—Section 1611(e)(3)(C) of such Act (42 U.S.C. 1382(e)(3)(C)), as so designated by the amendment made by subparagraph (A) of this paragraph, is amended—

(i) by adding at the end the following: "Each such annual report shall include the number and percentage of such individuals who did not receive regular drug testing during the year covered by the report."

(ii) by inserting "(i)" after "(C)"; and

(iii) by adding after and below the end following:

"(ii) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations—

"(I) defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subparagraph; and

"(II) establishing guidelines to be used to review and evaluate their compliance, including measures of the progress of participants in such programs.

"(iii) For purposes of carrying out the requirements of clauses (i) and (ii), the Secretary shall establish in each State a referral and monitoring agency for the State.

"(I) Each referral and monitoring agency for a State shall—

"(aa) identify appropriate placements, for individuals residing in the State who are entitled to benefits under this title by reason of disability and with respect to whom alcoholism or drug addiction is a contributing factor material to the Secretary's determination that they are disabled, where they may obtain treatment described in subparagraph (B)(ii)(I);

"(bb) refer such individuals to such placements for such treatment; and

"(cc) monitor compliance with the requirements of subparagraph (B) by individuals who are referred by the agency to such placements, and promptly report to the Secretary any failure to comply with such requirements.

(C) PRESERVATION OF MEDICAID BENEFITS.—Section 1634 of such Act (42 U.S.C. 13283c) is amended by adding at the end the following:

"(e) Each person to whom benefits under this title by reason of disability are not payable for any month solely by reason of section 1611(e)(3)(B) shall be treated, for purposes of title XIX, as receiving benefits under this title for such month.

(D) CONFORMING AMENDMENTS.—Section 1611(e)(3) of such Act (42 U.S.C. 1382(e)(3)), as amended by subparagraphs (A) and (B) of this paragraph, is amended—

(i) in subparagraph (A), by striking "(B)" and inserting "(C)";

(ii) in subparagraph (C), by inserting or (B)" after ",(A)"

(E) EFFECTIVE DATE.—

(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the amendments made by this paragraph shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.

(ii) TIME LIMITATION ON BENEFITS.—Section 1611(e)(3)(B)(v) of the Social Security Act (as added by the amendment made by subparagraph (A) of this paragraph) shall apply with respect to benefits for months ending after 180 days after the date of the enactment of this Act, and, for purposes of such section, in the case of any individual entitled to benefits by reason of disability for the first month ending after 180 days after the date of the enactment of this Act, such month shall be treated as such individual's first month of entitlement to such benefits.

(iii) ESTABLISHMENT OF REFERRAL AND MONITORING AGENCIES.—Section 1611(e)(3)(C)(iii) of the Social Security Act (as added by the amendment made by subparagraph (B)(iii) of this paragraph) shall take effect 180 days after the date of the enactment of this Act.

(4) IRRELEVANCE OF LEGALITY OF SUBSTANTIAL GAINFUL ACTIVITY.—

(A) IN GENERAL.—Section 1614(a)(3)(D) of such Act (42 U.S.C. 1382c(a)(3)(D)) is amended by adding at the end the following: "The Secretary shall make determinations under this title with respect to substantial gainful activity, without regard to the legality of the activity."

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall take effect on the date of the enactment of this Act.

(c) EFFECTIVE DATE.—The amendments made by the preceding provisions of this section shall apply to benefits payable for months beginning 180 or more days after the date of the enactment of this Act.

(d) DEMONSTRATION PROJECTS.—
(1) IN GENERAL.—The Secretary of Health and Human Services shall develop and carry out demonstration projects designed to explore innovative referral, monitoring, and treatment approaches with respect to—
(A) individuals who are entitled to disability insurance benefits or child’s, widow’s, or widower’s insurance benefits based on disability under title II of the Social Security Act, and
(B) individuals who are eligible for supplemental security income benefits under title XVI of such Act based solely on disability, in cases in which alcoholism or drug addiction is a contributing factor material to the Secretary’s determination that individuals are under a disability.

(2) SCOPE.—The demonstration projects developed under paragraph (1) shall be of sufficient scope and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative approaches under consideration while giving assurance that the results derived from the projects will obtain generally in the operation of the programs involved without committing such programs to the adoption of any particular system either locally or nationally.

(3) FINAL REPORT.—The Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than December 31, 1997, a final report on the demonstration projects carried out under this subsection, together with any related data and materials which the Secretary may consider appropriate. The authority under this section shall terminate upon the transmittal of such final report.

SEC. 202. ISSUANCE OF PHYSICAL DOCUMENTS IN THE FORM OF BONDS, NOTES, OR CERTIFICATES TO THE SOCIAL SECURITY TRUST FUNDS.

(a) REQUIREMENT THAT OBLIGATIONS ISSUED TO THE OASDI TRUST FUNDS BE EVIDENCED BY PAPER INSTRUMENTS IN THE FORM OF BONDS, NOTES, OR CERTIFICATES OF INDEBTEDNESS SETTING FORTH THEIR TERMS.—Section 201(d) of the Social Security Act (42 U.S.C. 401(d)) is amended by inserting after the fifth sentence the following new sentence: "Each obligation issued for purchase by the Trust Funds under this subsection shall be evidenced by a paper instrument in the form of a bond, note, or certificate of indebtedness issued by the Secretary of the Treasury setting forth the principal amount, date of maturity, and interest rate of the obligation, and stating on its face that the obligation shall be incontestable in the hands of the Trust Fund to which it is issued, that the obligation is supported by the full faith and credit of the United States, and that the United States is pledged to the payment of the obligation with respect to both principal and interest."

(b) PAYMENT TO THE OASDI TRUST FUNDS FROM THE GENERAL FUND OF THE TREASURY OF INTEREST ON OBLIGATIONS, AND OF PROCEEDS FROM THE SALE OR REDEMPTION OF OBLIGATIONS, REQUIRED TO BE IN THE FORM OF CHECKS.—Section 201(f) of such Act (42 U.S.C. 401(f)) is amended by adding at the end the following new sentence: "Payment from the general fund of the Trust Funds of any such interest or proceeds shall be in the form of paper checks drawn on such general fund to the order of such Trust Fund."

(c) EFFECTIVE DATE.—
(1) IN GENERAL.—The amendments made by this section shall apply with respect to obligations issued, and payments made, after 60 days after the date of the enactment of this Act.

(2) TREATMENT OF OUTSTANDING OBLIGATIONS.—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Treasury shall issue to the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as applicable, a paper instrument, in the form of a bond, note, or certificate of indebtedness, for each obligation which has been issued to the Trust Fund under section 201(d) of the Social Security Act which is outstanding as of such date. Each such document shall set forth the principal amount, date of maturity, and interest rate of the obligation, and shall state on its face that the obligation shall be incontestable in the hands of the Trust Fund to which it was issued, that the obligation is supported by the full faith and credit of the United States, and that the United States is pledged to the payment of the obligation with respect to both principal and interest.

SEC. 302. EXPLICIT REQUIREMENTS FOR MAINTENANCE OF TELEPHONE ACCESS TO LOCAL OFFICES OF THE SOCIAL SECURITY ADMINISTRATION.

(a) MAINTENANCE OF SERVICE TO LOCAL OFFICES.—
(1) IN GENERAL.—Section 3110(a) of the Omnibus Budget Reconciliation Act of 1980 (104 Stat. 1388—272) is amended by adding at the end the following new sentence: "In carrying out the requirements of the preceding sentence, the Secretary shall reestablish and maintain in service at least the same number of
telephone lines to each such local office as was in place as of such date, including telephone sets for connections to such lines."

(2) EFFECTIVE DATE.—The Secretary of Health and Human Services shall ensure that the requirements of the amendment made by paragraph (1) are carried out no later than 90 days after the date of the enactment of this Act.

(3) GAO REPORT.—The Comptroller General of the United States shall make an independent determination of the number of telephone lines to each local office of the Social Security Administration which are in place as of 90 days after the enactment of this Act and shall report his findings to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than 150 days after the date of the enactment of this Act.

(b) MAINTENANCE OF TOLL-FREE TELEPHONE NUMBER SERVICE.—The Secretary of Health and Human Services shall ensure that toll-free telephone service provided by the Social Security Administration is maintained at a level which is at least equal to that in effect on the date of the enactment of this Act.

SEC. 204. EXPANSION OF STATE OPTION TO EXCLUDE SERVICE OF ELECTION OFFICIALS OR ELECTION WORKERS FROM COVERAGE.

(a) LIMITATION ON MANDATORY COVERAGE OF STATE ELECTION OFFICIALS AND ELECTION WORKERS WITHOUT STATE RETIREMENT SYSTEM.—

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(a)(7)(F)(iv) of the Social Security Act (42 U.S.C. 410(a)(7)(F)(iv)) (as amended by section 11332(a) of the Omnibus Budget Reconciliation Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) for any subsequent year with respect to service performed during such subsequent year".

(2) AMENDMENT TO FICA.—Section 3121(b)(7)(F)(iv) of the Internal Revenue Code of 1986 (as amended by section 11332(b) of the Omnibus Budget Reconciliation Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) of the Social Security Act for any subsequent year with respect to service performed during such subsequent year".

(b) CONFORMING AMENDMENTS RELATING TO MEDICARE QUALIFIED GOVERNMENT EMPLOYMENT.—

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(p)(2)(E) of the Social Security Act (42 U.S.C. 410(p)(2)(E)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) for any subsequent year with respect to service performed during such subsequent year".

(2) AMENDMENT TO FICA.—Section 3121(u)(2)(B)(iXV) of the Internal Revenue Code of 1986 is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) of the Social Security Act for any subsequent year with respect to service performed during such subsequent year".

(c) AUTHORITY FOR STATES TO MODIFY COVERAGE AGREEMENTS WITH RESPECT TO ELECTION OFFICIALS AND ELECTION WORKERS.—Section 218(c)(8) of the Social Security Act (42 U.S.C. 418(c)(8)) is amended—

(1) by striking "on or after January 1, 1968," and inserting "at any time;"

(2) by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under subparagraph (B) for any subsequent year with respect to service performed during such subsequent year"; and

(3) by striking the last sentence and inserting the following new sentence: "Any modification of an agreement pursuant to this paragraph shall be effective with respect to services performed in and after the calendar year in which the modification is mailed or delivered by other means to the Secretary.".

(d) INDEXATION OF EXEMPT AMOUNT.—Section 218(c)(8) of such Act (as amended by subsection (c)) is further amended—

(1) by inserting "(A)" after "(8);" and

(2) by adding at the end the following new subparagraph:

"(B) For each year after 1995, the Secretary shall adjust the amount referred to in subparagraph (A) at the same time and in the same manner as is provided under section 215(a)(1)(B)(ii) with respect to the amounts referred to in section 215(a)(1)(B)(ii), except that—

(i) for purposes of this subparagraph, 1993 shall be substituted for the calendar year referred to in section 215(a)(1)(B)(ii), and
(ii) such amount as so adjusted, if not a multiple of $100, shall be rounded to the next higher multiple of $100 where such amount is a multiple of $50 and to the nearest multiple of $100 in any other case. The Secretary shall determine and publish in the Federal Register each adjusted amount determined under this subparagraph not later than November 1 preceding the year for which the adjustment is made.

(e) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (c) shall apply with respect to service performed on or after January 1, 1995.

SEC. 205. USE OF SOCIAL SECURITY NUMBERS BY STATES AND LOCAL GOVERNMENTS AND FEDERAL DISTRICT COURTS FOR JURY SELECTION PURPOSES.

(a) IN GENERAL.—Section 205(c)(2) of the Social Security Act (42 U.S.C. 405(c)(2)) is amended—

(1) in subparagraph (B)(i), by striking "(E)" in the matter preceding subclause (I) and inserting "(F)";
(2) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and
(3) by inserting after subparagraph (D) the following:

"(F)(i) It is the policy of the United States that—

"(I) any State (or any political subdivision of a State) may utilize the social security account numbers issued by the Secretary for the additional purposes described in clause (ii) if such numbers have been collected and are otherwise utilized by such State (or political subdivision) in accordance with applicable law, and

"(II) any district court of the United States may use, for such additional purposes, any such social security account numbers which have been so collected and are so utilized by any State.

(ii) The additional purposes described in this clause are the following:

"(I) identifying duplicate names of individuals on master lists used for jury selection purposes, and

"(II) identifying on such master lists those individuals who are ineligible to serve on a jury by reason of their conviction of a felony.

(iii) To the extent that any provision of Federal law enacted before the date of the enactment of this subparagraph is inconsistent with the policy set forth in clause (i), such provision shall, on and after that date, be null, void, and of no effect.

(iv) For purposes of this subparagraph, the term 'State' has the meaning such term has in subparagraph (D)."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 206. AUTHORIZATION FOR ALL STATES TO EXTEND COVERAGE TO STATE AND LOCAL POLICEMEN AND FIREMEN UNDER EXISTING COVERAGE AGREEMENTS.

(a) IN GENERAL.—Section 218(1) of the Social Security Act (42 U.S.C. 418(1)) is amended—

(1) in paragraph (1), by striking "(1)" after "(1)" and all that follows through "prior to the date of enactment of this subsection" and inserting "a State entered into pursuant to this section"; and

(2) by striking paragraph (2).

(b) CONFORMING AMENDMENT.—Section 218(d)(8)(D) of such Act (42 U.S.C. 418(d)(8)(D)) is amended by striking "agreements with the States named in" and inserting "State agreements modified as provided in".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to modifications filed by States after the date of the enactment of this Act.

SEC. 207. LIMITED EXEMPTION FOR CANADIAN MINISTERS FROM CERTAIN SELF-EMPLOYMENT TAX LIABILITY.

(a) IN GENERAL.—Notwithstanding any other provision of law, if—

(1) an individual performed services described in section 1402(c)(4) of the Internal Revenue Code of 1986 which are subject to tax under section 1401 of such Code,
(2) such services were performed in Canada at a time when no agreement between the United States and Canada pursuant to section 233 of the Social Security Act was in effect, and
(3) such individual was required to pay contributions on the earnings from such services under the social insurance system of Canada,

then such individual may file a certificate under this section in such form and manner, and with such official, as may be prescribed in regulations issued under chapter 2 of such Code. Upon the filing of such certificate, notwithstanding any judgment which has been entered to the contrary, such individual shall be exempt from pay-
ment of such tax with respect to services described in paragraphs (1) and (2) and from any penalties or interest for failure to pay such tax or to file a self-employment tax return as required under section 6017 of such Code.

(b) PERIOD FOR FILING.—A certificate referred to in subsection (a) may be filed only during the 180-day period commencing with the date on which the regulations referred to in subsection (a) are issued.

(c) TAXABLE YEARS AFFECTED BY CERTIFICATE.—A certificate referred to in subsection (a) shall be effective for taxable years ending after December 31, 1978, and before January 1, 1985.

(d) RESTRICTION ON CREDITING OF EXEMPT SELF-EMPLOYMENT INCOME.—In any case in which an individual is exempt under this section from paying a tax imposed under section 1401 of the Internal Revenue Code of 1986, any income on which such tax would have been imposed but for such exemption shall not constitute self-employment income under section 3121(b) of such Code, the Secretary of Health and Human Services shall recompute such primary insurance amount so as to take into account the provisions of this subsection. The recomputation under this subsection shall be effective with respect to benefits for months following approval of the certificate of exemption.

SEC. 208. EXCLUSION OF TOTALIZATION BENEFITS FROM THE APPLICATION OF THE WINDFALL ELIMINATION PROVISION.

(a) IN GENERAL.—Section 215(a)(7) of the Social Security Act (42 U.S.C. 415(a)(7)) is amended—

(1) in subparagraph (A), by striking "but excluding" and all that follows through "1937" and inserting "but excluding (I) a payment under the Railroad Retirement Act of 1974 or 1937, and (II) a payment by a social security system of a foreign country based on an agreement concluded between the United States and such foreign country pursuant to section 233"; and

(2) in subparagraph (E), by inserting after "in the case of an individual" the following: "whose eligibility for old-age or disability insurance benefits is based on an agreement concluded pursuant to section 233 or an individual".

(b) CONFORMING AMENDMENT RELATING TO BENEFITS UNDER 1939 ACT.—Section 215(d)(3) of such Act (42 U.S.C. 415(d)(3)) is amended by striking "but excluding" and all that follows through "1937" and inserting "but excluding (I) a payment under the Railroad Retirement Act of 1974 or 1937, and (II) a payment by a social security system of a foreign country based on an agreement concluded between the United States and such foreign country pursuant to section 233".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply (notwithstanding section 215(f)(1) of the Social Security Act (42 U.S.C. 415(f)(1))) with respect to benefits payable for months after January 1995.

SEC. 209. EXCLUSION OF MILITARY RESERVISTS FROM APPLICATION OF THE GOVERNMENT PENSION OFFSET AND WINDFALL ELIMINATION PROVISIONS.

(a) EXCLUSION FROM GOVERNMENT PENSION OFFSET PROVISIONS.—Subsections (b)(4), (c)(2), (e)(7), (f)(2), and (g)(4) of section 202 of the Social Security Act (42 U.S.C. 402(b)(4), (c)(2), (e)(7), (f)(2), and (g)(4)) are each amended—

(1) in subparagraph (A)(ii), by striking "unless subparagraph (B) applies.";

(2) in subparagraph (A), by striking "The" in the matter following clause (ii) and inserting "unless subparagraph (B) applies. The"; and

(3) in subparagraph (B), by redesignating the existing matter as clause (ii), and by inserting before such clause (ii) (as so redesignated) the following:

"(B)(i) Subparagraph (A)(i) shall not apply with respect to monthly periodic benefits based wholly on service as a member of a uniformed service (as defined in section 210(m))."

(b) EXCLUSION FROM WINDFALL ELIMINATION PROVISIONS.—Section 215(a)(7)(A) of such Act (as amended by section 210(a) of this Act) and section 215(d)(3) of such Act (as amended by section 210(b) of this Act) are each further amended—

(1) by striking "and" before "(II)"; and

(2) by striking "section 233" and inserting "section 233, and (III) a payment based wholly on service as a member of a uniformed service (as defined in section 210(m))".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply (notwithstanding section 215(f) of the Social Security Act) with respect to benefits payable for months after January 1995.
SEC. 210. REPEAL OF THE FACIUTY-OF-PAYMENT PROVISION.

(a) REPEAL OF RULE PRECLUDING REDISTRIBUTION UNDER FAMILY MAXIMUM.—Section 203(i) of the Social Security Act (42 U.S.C. 403(i)) is repealed.

(b) COORDINATION UNDER FAMILY MAXIMUM OF REDUCTION IN BENEFICIARY'S AUXILIARY BENEFITS WITH SUSPENSION OF AUXILIARY BENEFITS OF OTHER BENEFICIARY UNDER EARNINGS TEST.—Section 203(a)(4) of such Act (42 U.S.C. 403(a)(4)) is amended by striking “section 222(b). Whenever” and inserting the following: “section 222(b). Notwithstanding the preceding sentence, any reduction under this subsection in the case of an individual who is entitled to a benefit under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 for any month on the basis of the same wages and self-employment income as another person—

“(A) who also is entitled to a benefit under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 for such month,

“(B) who does not live in the same household as such individual, and

“(C) whose benefit for such month is suspended (in whole or in part) pursuant to subsection (h)(3) of this section,

shall be made before the suspension under subsection (h)(3). Whenever”

(c) CONFORMING AMENDMENT APPLYING EARNINGS REPORTING REQUIREMENT DESPITE SUSPENSION OF BENEFITS.—The third sentence of section 203(h)(1)(A) of such Act (42 U.S.C. 403(h)(1)(A)) is amended by striking “Such report need not be made” and all that follows through “The Secretary may grant” and inserting the following: “Such report need not be made for any taxable year—

“(i) beginning with or after the month in which such individual attained age 70, or

“(ii) if benefit payments for all months (in such taxable year) in which such individual is under age 70 have been suspended under the provisions of the first sentence of paragraph (3) of this subsection, unless—

“(I) such individual is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202,

“(II) such benefits are reduced under subsection (a) of this section for any month in such taxable year, and

“(III) in any such month there is another person who also is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the same wages and self-employment income and who does not live in the same household as such individual.

The Secretary may grant”.

(d) CONFORMING AMENDMENT DELETING SPECIAL INCOME TAX TREATMENT OF BENEFITS NO LONGER REQUIRED BY REASON OF REPEAL.—Section 86(d)(1) of the Internal Revenue Code of 1986 (relating to income tax on social security benefits) is amended by striking the last sentence.

(e) EFFECTIVE DATES.—

(1) The amendments made by subsections (a), (b), and (c) shall apply with respect to benefits payable for months after December 1995.

(2) The amendment made by subsection (d) shall apply with respect to benefits received after December 31, 1995, in taxable years ending after such date.

SEC. 211. MAXIMUM FAMILY BENEFITS IN GUARANTEE CASES.

(a) IN GENERAL.—Section 203(a) of the Social Security Act (42 U.S.C. 403(a)) is amended by adding at the end the following new paragraph:

“(10)(A) Subject to subparagraphs (B) and (C)—

“(i) the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for a month on the basis of the wages and self-employment income of an individual whose primary insurance amount is computed under section 215(a)(2)(B)(i) shall equal the total monthly benefits which were authorized by this section with respect to such individual’s primary insurance amount for the last month of his prior entitlement to disability insurance benefits, increased for this purpose by the general benefit increases and other increases under section 215(i) that would have applied to such total monthly benefits had the individual remained entitled to disability insurance benefits until the month in which he became entitled to old-age insurance benefits or reentitled to disability insurance benefits or died, and

“(ii) the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for a month on the basis of the wages and self-employment income of an individual whose primary insurance amount is computed under section 215(a)(2)(C) shall equal the total monthly benefits which were authorized by this section with respect to such individual’s primary insurance amount for the last month of his prior entitlement to disability insurance benefits.

“(B) In any case in which—
"(i) the total monthly benefits with respect to such individual's primary insurance amount for the last month of his prior entitlement to disability insurance benefits was computed under paragraph (6), and

(ii) the individual's primary insurance amount is computed under subparagraph (B)(1) or (C) of section 215(a)(2) by reason of the individual's entitlement to old-age insurance benefits or death,

the total monthly benefits shall equal the total monthly benefits that would have been authorized with respect to the primary insurance amount for the last month of his prior entitlement to disability insurance benefits if such total monthly benefits had been computed without regard to paragraph (6).

"(C) This paragraph shall apply before the application of paragraph (3)(A), and before the application of section 203(a)(1) of this Act as in effect in December 1978."

(b) CONFORMING AMENDMENT.—Section 203(a)(8) of such Act (42 U.S.C. 403(a)(8)) is amended by striking "Subject to paragraph (7)," and inserting "Subject to paragraph (7) and except as otherwise provided in paragraph (10)(C),".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for the purpose of determining the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 of the Social Security Act based on the wages and self-employment income of an individual who—

(1) becomes entitled to an old-age insurance benefit under section 202(a) of such Act,
(2) becomes reentitled to a disability insurance benefit under section 223 of such Act, or
(3) dies,


SEC. 212. AUTHORIZATION FOR DISCLOSURE BY THE SECRETARY OF HEALTH AND HUMAN SERVICES OF INFORMATION FOR PURPOSES OF PUBLIC OR PRIVATE EPIDEMIOLOGICAL AND SIMILAR RESEARCH.

(a) IN GENERAL.—Section 1106 of the Social Security Act (42 U.S.C. 1306) is amended—

(1) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively;
(2) in subsection (f) (as so redesignated), by striking "subsection (d)" and inserting "subsection (e)"; and
(3) by inserting after subsection (c) the following new subsection:

"(d) Notwithstanding any other provision of this section, in any case in which—

(1) information regarding whether an individual is shown on the records of the Secretary as being alive or deceased is requested from the Secretary for purposes of epidemiological or similar research which the Secretary finds may reasonably be expected to contribute to a national health interest, and

(2) the requester agrees to reimburse the Secretary for providing such information and to comply with limitations on safeguarding and rerelease or redisclosure of such information as may be specified by the Secretary,

the Secretary shall comply with such request, except to the extent that compliance with such request would constitute a violation of the terms of any contract entered into under section 205(r)."

(b) AVAILABILITY OF INFORMATION RETURNS REGARDING WAGES PAID EMPLOYEES.—Section 6103(b)(5) of the Internal Revenue Code of 1986 (relating to disclosure of returns and return information to the Department of Health and Human Services for purposes other than tax administration) is amended—

(1) by striking "for the purpose of" and inserting "for the purpose of—";
(2) by striking "carrying out, in accordance with an agreement" and inserting the following:

"(A) carrying out, in accordance with an agreement;"

(3) by striking "program," and inserting "program; or"; and
(4) by adding at the end the following new subparagraph:

"(B) providing information regarding the mortality status of individuals for epidemiological and similar research in accordance with section 1106(d) of the Social Security Act.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to requests for information made after the date of the enactment of this Act.

SEC. 213. MISUSE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE TO SOCIAL SECURITY PROGRAMS AND AGENCIES.

(a) PROHIBITION OF UNAUTHORIZED REPRODUCTION, REPRINTING, OR DISTRIBUTION FOR FEE OF CERTAIN OFFICIAL PUBLICATIONS.—Section 1140(a) of the Social Security Act (42 U.S.C. 1320b-10(a)) is amended—
(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;
(2) by inserting "(1)" after "(a)"; and
(3) by adding at the end the following new paragraph:
"(2) No person may, for a fee, reproduce, reprint, or distribute any item consisting of a form, application, or other publication of the Social Security Administration unless such person has obtained specific, written authorization for such activity in accordance with regulations which the Secretary shall prescribe."

(b) ADDITION TO PROHIBITED WORDS, LETTERS, SYMBOLS, AND EMBLEMS.—Paragraph (1) of section 1140(a) of such Act (as redesignated by subsection (a)) is further amended—

(1) in subparagraph (A) (as redesignated), by striking "Administration', the letters SSA' or HCFA'" and inserting "Administration', Department of Health and Human Services', Health and Human Services', Supplemental Security Income Program', or 'Medicaid', the letters 'SSA', 'HCFA', 'DHHS', 'HHS', or 'SSI';"; and

(2) in subparagraph (B) (as redesignated), by striking "Social Security Administration" each place it appears and inserting "Social Security Administration, Health Care Financing Administration, or Department of Health and Human Services", and by striking "or of the Health Care Financing Administration".

(c) EXEMPTION FOR USE OF WORDS, LETTERS, SYMBOLS, AND EMBLEMS OF STATE AND LOCAL GOVERNMENT AGENCIES BY SUCH AGENCIES.—Paragraph (1) of section 1140(a) of such Act (as redesignated by subsection (a)) is further amended by adding at the end the following new sentence: "The preceding provisions of this subsection shall not apply with respect to the use by any agency or instrumentality of a State or political subdivision of a State of any words or letters which identify an agency or instrumentality of such State or of a political subdivision of such State or the use by any such agency or instrumentality of any symbol or emblem of an agency or instrumentality of such State or a political subdivision of such State."

(d) NO DESIGNATION OF REASONABLENESS STANDARD.—Section 1140(a)(1) of such Act (as amended by the preceding provisions of this section) is further amended, in the matter following subparagraph (B) (as redesignated), by striking "convey" and inserting "convey, or in a manner which reasonably could be interpreted or construed as conveying".

(e) INEFFECTIVENESS OF DISCLAIMERS.—Subsection (a) of section 1140 of such Act (as amended by the preceding provisions of this section) is further amended by adding at the end the following new paragraph:

(3) Any determination of whether the use of one or more words, letters, symbols, or emblems (or any combination or variation thereof) in connection with an item described in paragraph (1) or the reproduction, reprinting, or distribution of an item described in paragraph (2) is a violation of this subsection shall be made without regard to any inclusion in such item (or any so reproduced, reprinted, or distributed copy thereof) of a disclaimer of affiliation with the United States Government or any particular agency or instrumentality thereof."

(f) VIOLATIONS WITH RESPECT TO INDIVIDUAL ITEMS.—Section 1140(b)(1) of such Act (42 U.S.C. 1320b–10(b)(1)) is amended by adding at the end the following new sentence: "In the case of any item referred to in subsection (a)(1) consisting of pieces of mail, each such piece of mail which contains one or more words, letters, symbols, or emblems in violation of subsection (a) shall represent a separate violation. In the case of any item referred to in subsection (a)(2), the reproduction, reprinting, or distribution of such item shall be treated as a separate violation with respect to each copy thereof so reproduced, reprinted, or distributed.".

(g) ELIMINATION OF LIMIT ON AGGREGATE LIABILITY AMOUNT.—

(1) REPEAL.—Paragraph (2) of section 1140(b) of such Act (42 U.S.C. 1320b–10(b)(2)) is repealed.

(2) CONFORMING AMENDMENTS.—Section 1140(b) of such Act is further amended—

(A) by striking "(1) Subject to paragraph (2), the" and inserting "The";

(B) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively; and

(C) in paragraph (1) (as redesignated), by striking "paragraph (B)" and inserting "paragraph (2)".

(h) REMOVAL OF FORMAL DECLARATION REQUIREMENT.—Section 1140(c)(1) of such Act (42 U.S.C. 1320b–10(c)(1)) is amended by inserting "and the first sentence of subsection (c) after "and (i)".

(i) PENALTIES RELATING TO SOCIAL SECURITY ADMINISTRATION DEPOSITED IN OASI TRUST FUND.—Section 1140(c)(2) of such Act (42 U.S.C. 1320b–10(c)(2)) is amended in the second sentence by striking "United States," and inserting "United States, ex-
that, to the extent that such amounts are recovered under this section as penalties imposed for misuse of words, letters, symbols, or emblems relating to the Social Security Administration, such amounts shall be deposited into the Federal Old-Age and Survivor's Insurance Trust Fund.”

(p) ENFORCEMENT.—Section 1140 of such Act (42 U.S.C. 1320b–10) is amended by adding to the end the following new subsection:

“(d) The preceding provisions of this section shall be enforced through the Office of Inspector General of the Department of Health and Human Services.

(q) Annual Report.—Section 1140 of such Act (as amended by the preceding subsection of this section) is further amended by adding at the end the following new subsection:

“(e) The Secretary shall include in the annual report submitted pursuant to section 936 contained in the operations of this section during the year covered by such annual report. Such report shall specify—

(1) the number of complaints of violations of this section received by the Social Security Administration during the year;

(2) the number of cases in which a notice of violation of this section was sent by the Social Security Administration during the year requesting that an individual cease violating this section;

(3) the number of complaints of violations of this section referred by the Social Security Administration to the Inspector General in the Department of Health and Human Services during the year;

(4) the number of investigations of violations of this section undertaken by the Inspector General during the year;

(5) the number of cases in which a demand letter was sent during the year seeking a civil money penalty under this section;

(6) the total amount of civil money penalties assessed under this section during the year;

(7) the number of hearings filed during the year pursuant to subsection (a)(1) of section 1128(c)(2); and

(8) the total amount of civil money penalties deposited into the Federal Old-Age and Survivor's Insurance Trust Fund during the year.”

(r) Penalties on Misuse of Envelope.—Subchapter II of chapter 3 of title 31, United States Code, relating to the admission of the United States of money, shall be amended by adding at the end the following new subsection:

“(a) Production or imitation of department of the Treasury names, symbols, etc.—

(1) In GENERAL.—The Secretary of the Treasury may impose a civil penalty on any person who violates the provisions of subsection (a).

(2) Penalty for Impeccable.—Any determination of whether a person has violated the provisions of subsection (a) shall be made without regard to any use of a descriptor of affiliation with the United States Government or any particular for the enforcement of the foregoing or interpretation thereof.

(3) Penalties.—The Secretary of the Treasury may impose a civil penalty on any person who violates the provisions of subsection (a).
"(2) AMOUNT OF PENALTY.—The amount of the civil penalty imposed by paragraph (1) shall not exceed $5,000 for each use of any material in violation of subsection (a). If such use is in a broadcast or telecast, the preceding sentence shall be applied by substituting "$25,000" for "$5,000".

"(3) TIME LIMITATIONS.—

(A) ASSESSMENTS.—The Secretary of the Treasury may assess any civil penalty under paragraph (1) at any time before the end of the 3-year period beginning on the date of the violation with respect to which such penalty is imposed.

(B) CIVIL ACTION.—The Secretary of the Treasury may commence a civil action to recover any penalty imposed under this subsection at any time before the end of the 2-year period beginning on the date on which such penalty was assessed.

"(4) COORDINATION WITH SUBSECTION (d).—No penalty may be assessed under this subsection with respect to any violation after a criminal proceeding with respect to such violation has been commenced under subsection (d).

(d) CRIMINAL PENALTY.—

"(1) IN GENERAL.—If any person knowingly violates subsection (a), such person shall, upon conviction thereof, be fined not more than $10,000 for each such use or imprisoned not more than 1 year, or both. If such use is in a broadcast or telecast, the preceding sentence shall be applied by substituting "$50,000" for "$10,000".

"(2) TIME LIMITATIONS.—No person may be prosecuted, tried, or punished under paragraph (1) for any violation of subsection (a) unless the indictment is found or the information instituted during the 3-year period beginning on the date of the violation.

"(3) COORDINATION WITH SUBSECTION (c).—No criminal proceeding may be commenced under this subsection with respect to any violation if a civil penalty has previously been assessed under subsection (c) with respect to such violation.

(2) CLERICAL AMENDMENT.—The analysis for chapter 3 of title 31, United States Code, is amended by adding after the item relating to section 332 the following new item:

"333. Prohibition of misuse of Department of the Treasury names, symbols, etc."

(3) REPORT.—Not later than May 1, 1996, the Secretary of the Treasury shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the implementation of the amendments made by this section. Such report shall include the number of cases in which the Secretary has notified persons of violations of section 333 of title 31, United States Code (as added by subsection (a)), the number of prosecutions commenced under such section, and the total amount of the penalties collected in such prosecutions.

(m) EFFECTIVE DATE.—The amendments made by this section shall apply to violations occurring after the date of the enactment of this Act.

SEC. 214. INCREASED PENALTIES FOR UNAUTHORIZED DISCLOSURE OF SOCIAL SECURITY INFORMATION.

(a) UNAUTHORIZED DISCLOSURE.—Section 1106(a) of the Social Security Act (42 U.S.C. 1306(a)) is amended—

(1) by striking "misdemeanor" and inserting "felony";

(2) by striking "$1,000" and inserting "$10,000 for each occurrence of a violation"; and

(3) by striking "one year" and inserting "5 years".

(b) UNAUTHORIZED DISCLOSURE BY FRAUD.—Section 1107(b) of such Act (42 U.S.C. 1307(b)) is amended—

(1) by inserting "social security account number," after "information as to the";

(2) by striking "misdemeanor" and inserting "felony";

(3) by striking "$1,000" and inserting "$10,000 for each occurrence of a violation"; and

(4) by striking "one year" and inserting "5 years".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to violations occurring on or after the date of the enactment of this Act.

SEC. 215. INCREASE IN AUTHORIZED PERIOD FOR EXTENSION OF TIME TO FILE ANNUAL EARNINGS REPORT.

(a) IN GENERAL.—Section 203(h)(1)(A) of the Social Security Act (42 U.S.C. 403(h)(1)(A)) is amended in the last sentence by striking "three months" and inserting "four months".
(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to reports of earnings for taxable years ending on or after December 31, 1994.

SEC. 216. EXTENSION OF DISABILITY INSURANCE PROGRAM DEMONSTRATION PROJECT AUTHORITY.

(a) IN GENERAL.—Section 505 of the Social Security Disability Amendments of 1980 (Public Law 96–265), as amended by section 12101 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272), section 10103 of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101–239), and section 5120 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508) is further amended—

(1) in paragraph (3) of subsection (a), by striking “June 10, 1993” and inserting “June 10, 1996”;

(2) in paragraph (4) of subsection (a), by striking “1992” and inserting “1995”; and

(3) in subsection (c), by striking “October 1, 1993” and inserting “October 1, 1996”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 217. CROSS-MATCHING OF SOCIAL SECURITY ACCOUNT NUMBER INFORMATION AND EMPLOYER IDENTIFICATION NUMBER INFORMATION MAINTAINED BY THE DEPARTMENT OF AGRICULTURE.

(a) SOCIAL SECURITY ACCOUNT NUMBER INFORMATION.—Clause (iii) of section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) (as added by section 1735(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3781)) is amended—

(1) by inserting “(I)” after “(iii)”; and

(2) by striking “The Secretary of Agriculture shall restrict” and all that follows and inserting the following:

“(II) The Secretary of Agriculture may share any information contained in any list referred to in subclause (I) with any other agency or instrumentality of the United States which otherwise has access to social security account numbers in accordance with this subsection or other applicable Federal law, except that the Secretary of Agriculture may share such information only to the extent that such Secretary determines such sharing would assist in verifying and matching such information against information maintained by such other agency or instrumentality. Any such information shared pursuant to this subclause may be used by such other agency or instrumentality only for the purpose of effective administration and enforcement of the Food Stamp Act of 1977 or for the purpose of investigation of violations of other Federal laws or enforcement of such laws.

“(III) The Secretary of Agriculture, and the head of any other agency or instrumentality referred to in this subclause, shall restrict, to the satisfaction of the Secretary of Health and Human Services, access to social security account numbers obtained pursuant to this clause only to officers and employees of the United States whose duties or responsibilities require access for the purposes described in subclause (II).

“(IV) The Secretary of Agriculture, and the head of any agency or instrumentality with which information is shared pursuant to clause (II), shall provide such other safeguards as the Secretary of Health and Human Services determines to be necessary or appropriate to protect the confidentiality of the social security account numbers.”

(b) EMPLOYER IDENTIFICATION NUMBER INFORMATION.—Subsection (f) of section 6109 of the Internal Revenue Code of 1986 (as added by section 1735(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3792)) (relating to access to employer identification numbers by Secretary of Agriculture for purposes of Food Stamp Act of 1977) is amended—

(1) by striking paragraph (2) and inserting the following:

“(2) SHARING OF INFORMATION AND SAFEGUARDS.—The Secretary of Agriculture may share any information contained in any list referred to in paragraph (1) with any other agency or instrumentality of the United States which otherwise has access to employer identification numbers in accordance with this section or other applicable Federal law, except that the Secretary of Agriculture may share such information only to the extent that such Secretary determines such sharing would assist in verifying and matching such information against information maintained by such other agency or instrumentality. Any such information shared pursuant to this subparagraph may be
used by such other agency or instrumentality only for the purpose of effective administration and enforcement of the Food Stamp Act of 1977 or for the purpose of investigation of violations of other Federal laws or enforcement of such laws.

"(B) SAFEGUARDS.—The Secretary of Agriculture, and the head of any other agency or instrumentality referred to in subparagraph (A), shall restrict, to the satisfaction of the Secretary of the Treasury, access to employer identification numbers obtained pursuant to this subsection only to officers and employees of the United States whose duties or responsibilities require access for the purposes described in subparagraph (A). The Secretary of Agriculture, and the head of any agency or instrumentality with which information is shared pursuant to subparagraph (A), shall provide such other safeguards as the Secretary of the Treasury determines to be necessary or appropriate to protect the confidentiality of the employer identification numbers;"

(2) in paragraph (3), by striking "by the Secretary of Agriculture pursuant to this subsection" and inserting "pursuant to this subsection by the Secretary of Agriculture or the head of any agency or instrumentality with which information is shared pursuant to paragraph (2)"; and

(3) in paragraph (4), by striking "by the Secretary of Agriculture pursuant to this subsection" and inserting "pursuant to this subsection by the Secretary of Agriculture or any agency or instrumentality with which information is shared pursuant to paragraph (2)".

SEC. 218. CERTAIN TRANSFERS TO RAILROAD RETIREMENT ACCOUNT MADE PERMANENT.

Subsection (c)(1)(A) of section 224 of the Railroad Retirement Solvency Act of 1983 (relating to section 72(r) revenue increase transferred to certain railroad account(s) is amended by striking "with respect to benefits received before October 1, 1992".

SEC. 219. AUTHORIZATION FOR USE OF SOCIAL SECURITY ACCOUNT NUMBERS BY DEPARTMENT OF LABOR IN ADMINISTRATION OF FEDERAL WORKERS' COMPENSATION LAWS.

Section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) is amended by adding at the end the following new clause:

"(ix) In the administration of the provisions of chapter 81 of title 5, United States Code, and the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 901 et seq.), the Secretary of Labor may require by regulation that any person filing a notice of injury or a claim for benefits under such provisions provide as part of such notice or claim such person's social security account number, subject to the requirements of this clause. No officer or employee of the Department of Labor shall have access to any such number for any purpose other than the establishment of a system of records necessary for the effective administration of such provisions. The Secretary of Labor shall restrict, to the satisfaction of the Secretary of Health and Human Services, access to social security account numbers obtained pursuant to this clause to officers and employees of the United States whose duties or responsibilities require access for the administration or enforcement of such provisions. The Secretary of Labor shall provide such other safeguards as the Secretary of Health and Human Services determines to be necessary or appropriate to protect the confidentiality of the social security account numbers."

SEC. 220. COVERAGE UNDER FICA OF FEDERAL EMPLOYEES TRANSFERRED TEMPORARILY TO INTERNATIONAL ORGANIZATIONS.

(a) TREATMENT OF SERVICE IN THE EMPLOY OF INTERNATIONAL ORGANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EMPLOYEES.—

(1) IN GENERAL.—Section 3121 of the Internal Revenue Code of 1986 (relating to definitions) is amended by adding at the end the following new subsection:

"(y) SERVICE IN THE EMPLOY OF INTERNATIONAL ORGANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EMPLOYEES.—

"(1) In general.—For purposes of this chapter, service performed in the employ of an international organization by an individual pursuant to a transfer of such individual to such international organization pursuant to section 3582 of title 5, United States Code, shall constitute 'employment' if—

"(A) immediately before such transfer, such individual performed service with a Federal agency which constituted 'employment' under subsection (b) for purposes of the taxes imposed by sections 3101(a) and 3111(a), and

"(B) such individual would be entitled, upon separation from such international organization and proper application, to reemployment with such Federal agency under such section 3582.
DEFINITIONS.—For purposes of this subsection—

(A) Federal agency.—The term 'Federal agency' means an agency, as defined in section 3581(1) of title 5, United States Code.

(B) International organization.—The term 'international organization' has the meaning provided such term by section 3581(3) of title 5, United States Code.

(2) Contributions by Federal agency.—Section 3122 of such Code (relating to Federal service) is amended by inserting after the first sentence the following new sentence: "In the case of the taxes imposed by this chapter with respect to service performed in the employ of an international organization pursuant to a transfer to which the provisions of section 3121(y) are applicable, the determination of the amount of remuneration for such service, and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency from which the transfer was made.

(3) Collection of employee contributions.—Section 3102 of such Code (relating to deduction of tax from wages) is amended by adding at the end the following new subsection:

(a) Special rule for certain transferred federal employees.—In the case of any payments of wages for service performed in the employ of an international organization pursuant to a transfer to which the provisions of section 3121(y) are applicable—

(1) subsection (a) shall not apply,

(2) the head of the Federal agency from which the transfer was made shall separately include on the statement required under section 6051—

(A) the amount determined to be the amount of the wages for such service, and

(B) the amount of the tax imposed by section 3101 on such payments, and

(3) the tax imposed by section 3101 on such payments shall be paid by the employee.

(4) Exclusion from treatment as trade or business.—Paragraph (2)(C) of section 1402(c) of such Code (defining trade or business) is amended by adding at the end the following: "except service which constitutes 'employment' under section 3121(y)."

(5) Conforming amendment.—Paragraph (15) of section 3121(b) of such Code is amended by inserting ", except service which constitutes 'employment' under subsection (y)" after "organization.

(b) Amendments to the Social Security Act.—

(1) In General.—Section 210 of the Social Security Act (42 U.S.C. 410) is amended by adding at the end the following new subsection:

"SERVICE IN THE EMPLOY OF INTERNATIONAL ORGANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EMPLOYEES

For purposes of this title, service performed in the employ of an international organization by an individual pursuant to a transfer of such individual to such international organization pursuant to section 3582 of title 5, United States Code, shall constitute 'employment' if—

(A) immediately before such transfer, such individual performed service with a Federal agency which constituted 'employment' as defined in subsection (a), and

(B) such individual would be entitled, upon separation from such international organization and proper application, to reemployment with such Federal agency under such section 3582.

(2) For purposes of this subsection—

(A) The term 'Federal agency' means an agency, as defined in section 3581(1) of title 5, United States Code.

(B) The term 'international organization' has the meaning provided such term by section 3581(3) of title 5, United States Code.

(2) Exclusion from treatment as trade or business.—Section 211(c)(2)(C) of such Act (42 U.S.C. 411(c)(2)(C)) is amended by inserting before the semicolon the following ", except service which constitutes 'employment' under section 210(r)."

(3) Conforming amendment.—Section 210(a)(15) of such Act (42 U.S.C. 410(a)(15)) is amended by inserting ", except service which constitutes 'employment' under subsection (r)" before the semicolon.
SEC. 221. EXTEND THE FICA TAX EXEMPTION AND CERTAIN TAX RULES TO INDIVIDUALS WHO ENTER THE UNITED STATES UNDER A VISA ISSUED UNDER SECTION 101 OF THE IMMIGRATION AND NATIONALITY ACT.

(a) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—
(1) The following provisions of the Internal Revenue Code of 1986 are each amended by striking "(J), or (M)" each place it appears and inserting "(J), (M), or (Q)":
   (A) Section 871(c).
   (B) Section 1441(b).
   (C) Section 3121(b)(19).
   (D) Section 3231(e)(1).
   (E) Section 3306(c)(19).

(2) Paragraph (3) of section 872(b) of such Code is amended by striking "(F) or (J)" and inserting "(F), (J), or (Q)".

(3) Paragraph (5) of section 7701(b) of such Code is amended by striking "subparagraph (J)" in subparagraphs (C)(i) and (D)(i)(II) and inserting "subparagraph (J) or (Q)".

(b) AMENDMENT TO SOCIAL SECURITY ACT.—Paragraph (19) of section 210(a) of the Social Security Act is amended by striking "(J), or (M)" each place it appears and inserting "(J), (M), or (Q)".

(c) EFFECTIVE DATE.—The amendments made by this subsection shall take effect with the calendar quarter following the date of the enactment of this Act.

SEC. 222. STUDY OF RISING COSTS OF DISABILITY INSURANCE BENEFITS.

(a) IN GENERAL.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services shall conduct a comprehensive study of the reasons for rising costs payable from the Federal Disability Insurance Trust Fund.

(b) MATTERS TO BE INCLUDED IN STUDY.—In conducting the study under this section, the Secretary shall—

(1) determine the relative importance of the following factors in increasing the costs payable from the Trust Fund:
   (A) increased numbers of applications for benefits;
   (B) higher rates of benefit allowances; and
   (C) decreased rates of benefit terminations; and

(2) identify, to the extent possible, underlying social, economic, demographic, programmatic, and other trends responsible for changes in disability benefit applications, allowances, and terminations.

(c) REPORT.—Not later than December 31, 1994, the Secretary shall transmit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate setting forth the results of the study conducted under this section, together with any recommendations for legislative changes which the Secretary determines appropriate.

SEC. 223. COMMISSION ON CHILDHOOD DISABILITY.

(a) ESTABLISHMENT OF COMMISSION.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall appoint a Commission on the Evaluation of Disability in Children (in this section referred to as the "Commission").

(b) APPOINTMENT OF MEMBERS.—(1) The Secretary shall appoint not less than 9 but not more than 15 members to the Commission, including—

(A) recognized experts in the field of medicine, whose work involves—
   (i) the evaluation and treatment of disability in children,
   (ii) the study of congenital, genetic, or perinatal disorders in children, or
   (iii) the measurement of developmental milestones and developmental deficits in children; and

(B) recognized experts in the fields of—
   (i) psychology,
   (ii) education and rehabilitation,
   (iii) law,
   (iv) the administration of disability programs,
   (v) social insurance (including health insurance), and
   (vi) other fields of expertise that the Secretary determines to be appropriate.
(2) Members shall be appointed by January 1, 1995, without regard to the provisions of title 5, United States Code, governing appointments to competitive service.

(3) Members appointed under this subsection shall serve for a term equivalent to the duration of the Commission.

(4) The Secretary shall designate a member of the Commission to serve as Chair of the Commission for a term equivalent to the duration of the Commission.

(c) ADMINISTRATIVE PROVISIONS.—(1) Service as a member of the Commission by an individual who is not otherwise a Federal employee shall not be considered service in an appointive or elective position in the Federal Government for the purposes of title 5, United States Code.

(2) Each member of the Commission who is not a full-time Federal employee shall be paid compensation at a rate equal to the daily equivalent of the rate of basic pay in effect for Level IV of the Executive Schedule for each day (including travel time) the member attends meetings or otherwise performs the duties of the Commission.

(3) While away from their homes or regular places of business on the business of the Commission, each member who is not a full-time Federal employee may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(d) ASSISTANCE TO COMMISSION.—The Commission may engage individuals skilled in medical and other aspects of childhood disability to provide such technical assistance as may be necessary to carry out the functions of the Commission. The Secretary shall make available to the Commission such secretarial, clerical, and other assistance as the Commission may require to carry out the functions of the Commission.

(e) STUDY BY THE COMMISSION.—(1) The Commission shall conduct a study, in consultation with the National Academy of Sciences, of the effects of the definition of "disability" under title XVI of the Social Security Act (42 U.S.C. 1382 et seq.) in effect on the date of enactment of this Act, as such definition applies to determining whether a child under the age of 18 is eligible to receive benefits under such title, the appropriateness of such definition, and the advantages and disadvantages of using any alternative definition of disability in determining whether a child under age 18 is eligible to receive benefits under such title.

(2) The study described in paragraph (1) shall include issues of—

(A) whether the need by families for assistance in meeting high costs of medical care for children with serious physical or mental impairments, whether or not they are eligible for disability benefits under title XVI of the Social Security Act, might appropriately be met through expansion of Federal health assistance programs (including the program of medical assistance under title XIX of such Act);

(B) the feasibility of providing benefits to children through noncash means, including but not limited to vouchers, debit cards, and electronic benefit transfer systems;

(C) the extent to which the Social Security Administration can involve private organizations in an effort to increase the provision of social services, education, and vocational instruction with the aim of promoting independence and the ability to engage in substantial gainful activity;

(D) the feasibility of providing retroactive supplemental security income benefits pursuant to the decision in Sullivan v. Zebley, 110 S. Ct. 2658 (1990), on a prorated basis or by means of a packaged trust;

(E) methods to increase the extent to which benefits are used in the effort to assist the child achieve independence and engage in substantial gainful activity; and

(F) such other issues that the Secretary determines to be appropriate.

(f) REPORT.—Not later than November 30, 1995, the Commission shall prepare a report and submit such report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate which shall summarize the results of the study described in subsection (e) and include any recommendations that the Commission determines to be appropriate.

SEC. 234. DISREGARD DEEMED INCOME AND RESOURCES OF INELIGIBLE SPOUSE IN DETERMINING CONTINUED ELIGIBILITY UNDER SECTION 1619(b).

(a) IN GENERAL.—Section 1619(b)(2) of the Social Security Act (42 U.S.C. 1382h(b)(2)) is amended by adding at the end the following:

"(C)(1) For purposes of paragraph (1), in determining the earnings of an individual whose spouse is not an eligible individual, there shall be disregarded the net income of the spouse to the extent such net income does not exceed an amount equal to twice the threshold amount determined for the individual."
"(I) As used in subclause (I), the term 'threshold amount' means, with respect to an individual—

(a) $85, plus twice the amount of benefits payable under this title (including federally administered State supplementary payments) to an individual who is living in his or her own household and who has no other income, plus the average amount expended per individual, under the State plan approved under title XIX by the State in which the individual resides, on individuals who are recipients of benefits under this title by reason of disability; or

(b) if the gross earnings of the individual exceed the amount described in item (aa), the amount that would be sufficient to allow the individual to provide for himself or herself a reasonable equivalent of benefits and services described in paragraph (1XD).

(ii) For purposes of paragraph (1XA), in determining the resources of an individual whose spouse is not an eligible individual, there shall be disregarded the resources of the spouse to the extent the amount of such resources does not exceed the community spouse resource allowance (as defined in section 1924(0(2)) of the State in which the individual resides.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1995.

SEC. 225. PLANS FOR ACHIEVING SELF-SUPPORT NOT DISAPPROVED WITHIN 60 DAYS TO BE DEEMED APPROVED.

(a) AMENDMENTS TO INCOME EXCLUSION RULES.—Section 1612(b(4)) of the Social Security Act (42 U.S.C. 1382a(b)(4)(A)) is amended in each of subparagraphs (A) and (B) by inserting "and, for purposes of this clause, a completed plan for achieving self-support which is not disapproved by the Board within 60 days after the date of submission shall be deemed to be approved by the Board until subsequently disapproved by the Board (with appropriate notification to the individual)," after "plan,.

(b) AMENDMENT TO RESOURCE EXCLUSION RULE.—Section 1613(a(4)) of such Act (42 U.S.C. 1382b(a)(4)) is amended by inserting ", and, for purposes of this paragraph, a completed plan for achieving self-support which is not disapproved by the Board within 60 days after the date of submission shall be deemed to be approved by the Board until 6 months after subsequently disapproved by the Board (with appropriate notification to the individual)" after "such plan".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1995.

SEC. 226. TEMPORARY AUTHORITY TO APPROVE A LIMITED NUMBER OF PLANS FOR ACHIEVING SELF-SUPPORT THAT INCLUDE HOUSING GOALS.

(a) IN GENERAL.—During the 42-month period that begins on January 1, 1995, the Board may, under title XVI of the Social Security Act, approve not more than 20 percent of the plans for achieving self-support that include a housing goal.

(b) REPORT.—Within 12 months after the end of the 5-year period that begins on January 1, 1995, the Board shall submit to the Congress a report on the activities under subsection (a).

SEC. 227. REGULATIONS REGARDING COMPLETION OF PLANS FOR ACHIEVING SELF-SUPPORT.

(a) IN GENERAL.—Section 1633 of the Social Security Act (42 U.S.C. 1383b) is amended by adding at the end the following:

"(d) The Board shall establish by regulation time limits and other criteria related to individuals' plans for achieving self-support, that take into account the difficulty of achieving self-support based on the needs of individuals and the goals of the plan."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1995.

SEC. 228. TREATMENT OF CERTAIN GRANT, SCHOLARSHIP, OR FELLOWSHIP INCOME AS EARNED INCOME FOR SSI PURPOSES.

(a) IN GENERAL.—Section 1612(a(1)) of the Social Security Act (42 U.S.C. 1382a(a)(1)) is amended—

(1) by striking "and" at the end of subparagraph (D); and

(2) by adding at the end the following:

"(F) any grant, scholarship, or fellowship.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to eligibility and benefit determinations for any month that begins after the 2nd month after the month in which this Act is enacted.
SEC. 229. SSI ELIGIBILITY FOR STUDENTS TEMPORARILY ABROAD.
(a) IN GENERAL.—Section 1611(f) of the Social Security Act (42 U.S.C. 1382(f)) is amended—

(1) by inserting "(1)" after "(6)"; and

(2) by adding after and below the end the following:

"(A) was eligible to receive a benefit under this title for the month immediately preceding the first month during all of which the individual was outside the United States; and

"(B) demonstrates to the satisfaction of the Board that the absence of the individual from the United States is—

"(i) temporary; and

"(ii) for the purpose of conducting studies as part of an educational program that is designed to prepare the individual for gainful employment, and is sponsored by a school, college, or university in the United States.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1995.

SEC. 230. DISREGARD OF COST-OF-LIVING INCREASES FOR CONTINUED ELIGIBILITY FOR WORK INCENTIVES.
(a) IN GENERAL.—Section 1619(b)(1)(B) of the Social Security Act (42 U.S.C. 1382h(b)(1)(B)) is amended by inserting "and increases pursuant to section 215(i) in the level of monthly insurance benefits to which the individual is entitled under title II that occur while such individual is considered to be receiving supplemental security income benefits by reason of this subsection" after "earnings".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to eligibility determinations for months after December 1994.

SEC. 231. EXPANSION OF THE AUTHORITY OF THE SOCIAL SECURITY ADMINISTRATION TO PREVENT, DETECT, AND TERMINATE FRAUDULENT CLAIMS FOR SSI BENEFITS.
(a) PREVENTION OF FRAUD IN THE SSI PROGRAM BY TRANSLATORS OF FOREIGN LANGUAGES.—

(1) IN GENERAL.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)) is amended by inserting after paragraph (3) the following:

"(4) A translation into English by a third party of a statement made in a foreign language by an applicant for or recipient of benefits under this title shall not be regarded as reliable unless the third party, under penalty of perjury—

"(A) certifies that the translation is accurate; and

"(B) discloses the nature and scope of the relationship between the third party and the applicant or recipient, as the case may be.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(b) CIVIL MONETARY PENALTIES, ASSESSMENTS, AND EXCLUSIONS FOR TITLE XVI.—

(1) IN GENERAL.—Title XI of the Social Security Act (42 U.S.C. 1301—1320b—14) is amended by inserting after section 1128B the following:

"SEC. 1129. CIVIL MONETARY PENALTIES AND ASSESSMENTS FOR TITLE XVI.

"(a) Any person (including an organization, agency, or other entity) who makes, or causes to be made, a statement or representation of a material fact for use in determining any initial or continuing right to benefits or payments under title XVI that the person knows or should know is false or misleading or knows or should know omits a material fact shall be subject to, in addition to any other penalties that may be prescribed by law, a civil money penalty of not more than $5,000 for each such statement or representation. Such person also shall be subject to an assessment, in lieu of damages sustained by the United States because of such statement or representation, of not more than twice the amount of benefits or payments paid as a result of such a statement or representation. In addition, the Board may make a determination in the same proceeding to exclude the person from participation in the programs under title XVIII and to direct the appropriate State agency to exclude the person from participation in any State health care program.

"(b) The Board may initiate a proceeding to determine whether to impose a civil money penalty, assessment, or exclusion under subsection (a) only as authorized by the Attorney General pursuant to procedures agreed upon by the Board and the Attorney General. The Board may not initiate an action under this section with respect to any violation described in subsection (a) later than 6 years after the date the violation was committed. The Board may initiate an action under this section by serving notice of the action in any manner authorized by Rule 4 of the Federal Rules of Civil Procedure.

"(c)
"(2) The Board shall not make a determination adverse to any person under this section until the person has been given written notice and an opportunity for the determination to be made on the record after a hearing at which the person is entitled to be represented by counsel, to present witnesses, and to cross-examine witnesses against the person.

"(3) In a proceeding under this section which—
(A) is against a person who has been convicted (whether upon a verdict after trial or upon a plea of guilty or nolo contendere) of a Federal crime charging fraud or false statements; and
(B) involves the same transaction as in the criminal action, the person is estopped from denying the essential elements of the criminal offense.

"(4) The official conducting a hearing under this section may sanction a person, including any party or attorney, for failing to comply with an order or procedure, failing to defend an action, or other misconduct as would interfere with the speedy, orderly, or fair conduct of the hearing. Such sanction shall reasonably relate to the severity and nature of the failure or misconduct. Such sanction may include—
(A) in the case of refusal to provide or permit discovery, drawing negative factual inference or treating such refusal as an admission by deeming the matter, or certain facts, to be established;
(B) prohibiting a party from introducing certain evidence or otherwise supporting a particular claim or defense;
(C) striking pleadings, in whole or in part;
(D) staying the proceedings;
(E) dismissal of the action;
(F) entering a default judgment;
(G) ordering the party or attorney to pay attorneys' fees and other costs caused by the failure or misconduct; and
(H) refusing to consider any motion or other action which is not filed in a timely manner.

"(c) In determining the amount or scope of any penalty, assessment, or exclusion imposed pursuant to this section, the Board shall take into account—
(1) the nature of the statements and representations referred to in subsection (a) and the circumstances under which they occurred;
(2) the degree of culpability, history of prior offenses, and financial condition of the person committing the offense; and
(3) such other matters as justice may require.

"(d)(1) Any person adversely affected by a determination of the Board under this section may obtain a review of such determination in the United States Court of Appeals for the circuit in which the person resides, or in which the statement or representation referred to in subsection (a) was made, by filing in such court (within 60 days following the date the person is notified of the Board's determination) a written petition requesting that the determination be modified or set aside. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Board, and thereupon the Board shall file in the court the record in the proceeding as provided in section 2112 of title 28, United States Code. Upon such filing, the court shall have jurisdiction of the proceeding and of the question determined therein, and shall have the power to make and enter upon the pleadings, testimony, and proceedings set forth in such record a decree affirming, modifying, remanding for further consideration, or setting aside, in whole or in part, the determination of the Board and enforcing the same to the extent that such order is affirmed or modified. No objection that has not been urged before the Board shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances.

(2) The findings of the Board with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive in the review described in paragraph (1). If any party shall apply to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the hearing before the Board, the court may order such additional evidence to be taken before the Board and to be made a part of the record. The Board may modify its findings as to the facts, or make new findings, by reason of additional evidence so taken and filed, and the Board shall file with the court such modified or new findings, which findings with respect to questions of fact, if supported by substantial evidence on the record considered as a whole shall be conclusive, and his recommendations, if any, for the modification or setting aside of his original order.

(3) Upon the filing of the record with the Board's original or modified order, the jurisdiction of the court shall be exclusive and its judgment and decree shall be
final, except that the same shall be subject to review by the Supreme Court of the United States, as provided in section 1254 of title 28, United States Code.

"(e) Civil money penalties and assessments imposed under this section may be compromised by the Board and may be recovered—

(A) in a civil action in the name of the United States brought in United States district court for the district where the statement or representation referred to in subsection (a) was made, or where the person resides, as determined by the Board;

(B) by means of reduction in tax refunds to which the person is entitled, based on notice to the Secretary of the Treasury as permitted under section 3720A of title 31, United States Code;

(C) by decrease of any payment under title XVI to which the person is entitled, notwithstanding section 207 of this Act, as made applicable to this title by reason of section 1631(d)(1);

(D) by authorities provided under the Debt Collection Act of 1982, as amended, to the extent applicable to debts arising under the Social Security Act;

(E) by deduction of the amount of such penalty or assessment, when finally determined, or the amount agreed upon in compromise, from any sum then or later owing by the United States to the person against whom the penalty or assessment has been assessed; or

(F) by any combination of the foregoing.

"(f) A determination by the Board to impose a penalty, assessment, or exclusion under this section shall be final upon the expiration of the 60-day period referred to in subsection (d). Matters that were raised or that could have been raised in a hearing before the Board or in an appeal pursuant to subsection (d) may not be raised as a defense to a civil action by the United States to collect a penalty and assessment imposed under this section.

"(g) Whenever the Board's determination to impose a penalty, assessment, or exclusion under this section with respect to a medical provider or physician becomes final, the provisions of section 1128A(h) shall apply.

"(h) Whenever the Board has reason to believe that any person has engaged, is engaging, or is about to engage in any activity which makes the person subject to a civil monetary penalty under this section, the Board may bring an action in an appropriate district court of the United States (or, if applicable, a United States court of any territory) to enjoin such activity, or to enjoin the person from concealing, removing, encumbering, or disposing of assets which may be required in order to pay a civil monetary penalty and assessment if any such penalty were to be imposed or to seek other appropriate relief.

"(i) The provisions of subsections (d) and (e) of section 205 shall apply with respect to this section to the same extent as they are applicable with respect to title II. The Board may delegate the authority granted by section 205(d) (as made applicable to this section) to the Inspector General of the Department of Health and Human Services for purposes of any investigation under this section.

"(j) For purposes of this section, the term 'State agency' shall have the same meaning as in section 1128A(i)(1).

"(k) A principal is liable for penalties, assessments, and exclusions under this section for the actions of the principal's agent acting within the scope of the agency."

(2) CONFORMING AMENDMENTS.—Section 1128 of such Act (42 U.S.C. 1320a–7) is amended—

(A) in subsection (b)(7), by striking "or section 1128B" and inserting ", section 1128B, or section 1129";

(B) in subsection (b)(8)(B)(ii), by inserting "and section 1129" after "section 1128A";

(C) in subsection (c)(1), by striking "or under section 1129A" and inserting ", section 1129A, or section 11299";

(D) in subsection (c)(3)(A), by inserting "or section 1129" after "section 1128A";

(E) in subsection (d)(1), by striking "and section 1128A" and inserting ", section 1128A, and section 1129";

(F) in subsection (d)(2)(A), by striking "or section 1128A" and inserting ", section 1128A, or section 1129";

(G) in subsection (e)(1), by striking "or section 1128A" and inserting ", section 1128A, or section 1129";

(H) in subsection (f)(3), by inserting ", 1129," after "sections 1128A";

(I) in subsection (g)(1), by striking "or section 1128A" each place such term appears and inserting "section 1128A, or section 1129";
(J) in subsection (g)(2)(A), by inserting "and section 1129(a)" after "section 1128A(a)"); and

(K) in subsection (h), by striking "1128A and 1128B" and inserting "1128A, 1128B, and 1129".

(c) SSI FRAUD CONSIDERED A FELONY.—

(1) IN GENERAL.—Section 1632(a) of the Social Security Act (42 U.S.C. 1383a(a)) is amended by striking "shall" the 1st place such term appears and all that follows and inserting "shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both".

(2) CONFORMING AMENDMENT.—Section 1632(b) of such Act (42 U.S.C. 1383a(b)) is amended to read as follows:

"(b)(1) If a person or entity violates subsection (a) in the person's or entity's role as, or in applying to become, a payee under section 1631(a)(2) on behalf of another individual (other than the person's eligible spouse), and the violation includes a willful misuse of funds by the person or entity, the court may also require that full or partial restitution of funds be made to such other individual.

"(2) Any person or entity convicted of a violation of subsection (a) of this section or of section 208 may not be certified as a payee under section 1631(a)(2)").

(d) AUTHORITY TO REDETERMINE ELIGIBILITY IN DISABILITY CASES IF FRAUD IS INVOLVED, AND TO TERMINATE BENEFITS IF THERE IS INSUFFICIENT RELIABLE EVIDENCE OF DISABILITY.—

(1) IN GENERAL.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)) is amended by adding at the end the following:

"(6)(A) The Board shall immediately redetermine the eligibility of an individual for benefits under this title by reason of disability, disregarding any unreliable evidence of disability, if there is reason to believe that fraud was involved in the application of the individual for such benefits, unless a United States attorney, or equivalent State prosecutor, with jurisdiction over potential or actual related criminal cases, certifies, in writing, that there is a substantial risk that redetermining such eligibility would jeopardize the criminal prosecution of any person who is a subject of the investigation from which the information is derived.

"(B) If, after redetermining the eligibility of an individual for benefits under this title by reason of disability, the Board determines that there is insufficient reliable evidence of disability, the Board may terminate such eligibility.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 1994, and shall apply to eligibility determinations made before, on, or after such date.

(e) AVAILABILITY OF RECIPIENT IDENTIFYING INFORMATION FROM THE INSPECTOR GENERAL, SOCIAL SECURITY ADMINISTRATION.—

(1) IN GENERAL.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)), as amended by subsection (d) of this section, is amended by adding at the end the following:

"(7) As soon as the Inspector General, Social Security Administration, has reason to believe that fraud was involved in the application of a recipient for benefits under this title, the Inspector General shall make available to the Board information identifying the recipient, unless a United States attorney, or equivalent State prosecutor, with jurisdiction over potential or actual related criminal cases, certifies, in writing, that there is a substantial risk that making the information so available or redetermining the eligibility of the recipient for such benefits would jeopardize the criminal prosecution of any person who is a subject of the investigation from which the information is derived.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(f) AUTHORITY TO USE AVAILABLE PREADMISSION IMMIGRANT AND REFUGEE MEDICAL INFORMATION.—

(1) IN GENERAL.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)), as amended by the preceding provisions of this Act, is amended by adding at the end the following:

"(8) The Board shall request the Immigration and Naturalization Service and the Centers for Disease Control to provide the Board with whatever medical information either such entity has with respect to any alien who has applied for benefits under this title to the extent that the information is relevant to any determination relating to such eligibility.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(g) ANNUAL REPORTS ON REVIEWS OF SSI CASES.—The Board shall annually submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the extent to which the Board has
exercised its authority to review supplemental security income cases under title XVI of the Social Security Act, and the extent to which the cases reviewed were those that involved a high likelihood or probability of fraud.

SEC. 232. DISABILITY REVIEW REQUIRED FOR SSI RECIPIENTS WHO ARE 18 YEARS OF AGE.

(a) In general.—Section 1614(a)(3)(G) of the Social Security Act (42 U.S.C. 1382c(a)(3)(G)) is amended—

(1) by inserting "(i)" after "(G)"; and

(2) by adding after and below the end the following:

"(ii) During the 1-year period that begins on the date a recipient of benefits under this title by reason of disability attains 18 years of age, the applicable State agency or the Board (as may be appropriate) shall redetermine the eligibility of the recipient for such benefits by reason of disability, by applying the criteria used in determining eligibility for such benefits of applicants who have attained 18 years of age.

"(II) A review under subclause (I) of this clause shall be considered a substitute for a review required under clause (i)."

(b) Effective date.—The amendments made by subsection (a) shall apply to individuals who attain 18 years of age in or after the 9th month after the month in which this Act is enacted.

SEC. 233. CONTINUING DISABILITY REVIEWS.

(a) In general.—Section 1614(a)(3)(D) of such Act (42 U.S.C. 1382c(a)(3)(D)) is amended by inserting "221(i)," after "221(h),".

(b) Effective date.—The amendment made by subsection (A) shall take effect on October 1, 1995.

SEC. 234. TECHNICAL AND CLERICAL AMENDMENTS.

(a) Amendments to Title II of the Social Security Act.—

(1) Section 201(a) of the Social Security Act (42 U.S.C. 401(a)) is amended, in the matter following clause (4), by striking "and and" and inserting "and".

(2) Section 202(d)(8)(D)(ii) of such Act (42 U.S.C. 402(d)(8)(D)(ii)) is amended by adding a period at the end and by adjusting the left hand margination thereof so as to align with section 202(d)(8)(D)(i) of such Act.

(3) Section 202(q)(1)(A) of such Act (42 U.S.C. 402(q)(1)(A)) is amended by striking the dash at the end.

(4) Section 202(q)(9) of such Act (42 U.S.C. 402(q)(9)) is amended, in the matter preceding subparagraph (A), by striking "paragraph" and inserting "paragraph".

(5) Section 202(q)(10) of such Act (42 U.S.C. 402(q)(10)) is amended by inserting "if the" before "Secretary" the second and third places it appears.

(6) Clauses (i) and (ii) of section 203(f)(5)(C) of such Act (42 U.S.C. 403(f)(5)(C)) are amended by adjusting the left-hand margination thereof so as to align with clauses (i) and (ii) of section 203(f)(5)(B) of such Act.

(7) Paragraph (3)(A) and paragraph (3)(B) of section 205(b) of such Act (42 U.S.C. 405(b)) are amended by adjusting the left-hand margination thereof so as to align with the matter following section 205(b)(2)(C) of such Act.

(8) Section 205(c)(2)(D)(iii) of such Act (42 U.S.C. 405(c)(2)(D)(iii)) is amended by striking “non-public” and inserting “non-public”.

(9) Section 205(c)(2)(C) of such Act (42 U.S.C. 405(c)(2)(C)) is amended—

(A) by striking the clause (vii) added by section 2201(c) of Public Law 101–624; and

(B) by redesignating the clause (iii) added by section 2201(b)(3) of Public Law 101–624, clause (iv), clause (v), clause (vi), and the clause (vii) added by section 1735(b) of Public Law 101–624 as clause (iv), clause (v), clause (vi), and clause (vii), respectively;

(C) in clause (v) (as redesignated), by striking "subclause (I) of clause (i)" and inserting "subclause (II) of clause (i)"; and

(D) in clause (viii)(IV) (as redesignated), by inserting "a social security account number or" before "a request for".

(10) The heading for section 205(j) of such Act (42 U.S.C. 405(j)) is amended to read as follows:

"Representative Payees".

(11) The heading for section 205(s) of such Act (42 U.S.C. 405(s)) is amended to read as follows:
(12) Section 208(c) of such Act (42 U.S.C. 408(c)) is amended by striking “subsection (g)” and inserting “subsection (a)(7)”.  
(13) Section 210(a)(5)(B)(XV) of such Act (42 U.S.C. 410(a)(5)(B)(XV)) is amended by striking “section 105(e)(2)” and inserting “section 104(e)(2)”.  
(14) Section 211(a) of such Act (42 U.S.C. 411(a)) is amended—  
(A) in paragraph (13), by striking “and” at the end; and  
(B) in paragraph (14), by striking the period and inserting “; and”.  
(15) Section 213(c) of such Act (42 U.S.C. 413(c)) is amended by striking “section” the first place it appears and inserting “sections”.  
(16) Section 215(a)(5)(B)(X) of such Act (42 U.S.C. 415(a)(5)(B)(X)) is amended by striking “subsection” the second place it appears and inserting “subsections”.  
(17) Section 215(f)(7) of such Act (42 U.S.C. 415(f)(7)) is amended by inserting a period after “1990”.  
(18) Subparagraph (F) of section 218(c)(6) of such Act (42 U.S.C. 418(c)(6)) is amended by adding at the beginning the following heading:  

“Limitation on Payments to Prisoners”.  

(b) RELATED AMENDMENTS.—  
(1) Section 603(b)(5)(A) of Public Law 101–649 (amending section 202(n)(1) of the Social Security Act) (104 Stat. 5085) is amended by inserting “under” before “paragraph (1),” and by striking “(17), or (18)” and inserting “(17), (18), or (19)”, effective as if this paragraph were included in such section 603(b)(5)(A).  
(2) Section 10208(b)(1) of Public Law 101–239 (amending section 230(b)(2)(A) of the Social Security Act) (103 Stat. 2477) is amended by striking “230(b)(2)(A)” and “430(b)(2)(A)” and inserting “230(b)(2)” and “430(b)(2)”, respectively, effective as if this paragraph were included in such section 10208(b)(1).  

(c) CONFORMING, CLERICAL AMENDMENTS UPDATING, WITHOUT SUBSTANTIVE CHANGE, REFERENCES IN TITLE II OF THE SOCIAL SECURITY ACT TO THE INTERNAL REVENUE CODE.—  
(1) (A)(i) Section 201(g)(1) of such Act (42 U.S.C. 401(g)(1)) is amended—  
(I) in subparagraph (A), by striking “and subchapter E” and all that follows through “1954” and inserting “and chapters 2 and 21 of the Internal Revenue Code of 1986”;  
(II) in subparagraph (B), by striking “1954” and inserting “1986” and by striking “1954” each place it appears and inserting “1986”;  
(III) in the matter in subparagraph (A) following clause (ii), by striking “subchapter E” and all that follows through “1954,” and inserting “chapters 2 and 21 of the Internal Revenue Code of 1986.”, and by striking “1954” other” and inserting “1986 other”; and  
(IV) in subparagraph (B), by striking “1954” each place it appears and inserting “1986”.  
(ii) The amendments made by clause (i) shall apply only with respect to periods beginning on or after the date of the enactment of this Act.  
(B)(i) Section 201(g)(2) of such Act (42 U.S.C. 401(g)(2)) is amended by striking “section 3101(a)” and all that follows through “1950,” and inserting “section 3101(a) of the Internal Revenue Code of 1986 which are subject to refund under section 6413(c) of such Code with respect to wages (as defined in section 3121 of such Code).”, and by striking “wages reported” and all that follows through “1954,” and inserting “wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of such Code.”.  
(ii) The amendments made by clause (i) shall apply only with respect to wages paid on or after January 1, 1995.  

(2) (A) Section 201(g)(4) of such Act (42 U.S.C. 401(g)(4)) is amended—  
(i) by striking “The Board of Trustees shall prescribe before January 1, 1981, the method” and inserting “If at any time or times the Boards of Trustees of such Trust Funds deem such action advisable, they may modify the method prescribed by such Boards”;  
(ii) by striking “1954” and inserting “1986”; and  
(iii) by striking the last sentence.  
(2) (B) Section 202(v) of such Act (42 U.S.C. 402(v)) is amended—  
(A) in paragraph (1), by striking “1954” and inserting “1986”; and  
(B) in paragraph (3)(A), by inserting “of the Internal Revenue Code of 1986” after “3127.”.
Section 205(c)(5)(F)(i) of such Act (42 U.S.C. 405(c)(5)(F)(i)) is amended by inserting "or the Internal Revenue Code of 1986" after "1954".

Section 209(a)(4XA) of such Act (42 U.S.C. 409(a)(4XA)) is amended by inserting "or the Internal Revenue Code of 1986" after "1954".

Section 209(a) of such Act (42 U.S.C. 409(a)) is amended—
(i) in subparagraphs (C) and (E) of paragraph (4),
(ii) in paragraph (5XA),
(iii) in subparagraphs (A) and (B) of paragraph (14),
(iv) in paragraph (15),
(v) in paragraph (16), and
(vi) in paragraph (17),
by striking "1954" each place it appears and inserting "1986".

Subsections (b), (f), (g), (iX1), and (j) of section 209 of such Act (42 U.S.C. 409) are amended by striking "1954" each place it appears and inserting "1986".

Section 211(aX15) of such Act (42 U.S.C. 411(aX15)) is amended by inserting "of the Internal Revenue Code of 1986" after "section 162(m)".

Title II of such Act is further amended—
(A) in subsections (f)(5XB Xii) and (k) of section 203 (42 U.S.C. 403),
(B) in section 205(cX1XDXi) (42 U.S.C. 405(cX1XDXi)),
(C) in the matter in section 210(a) (42 U.S.C. 410(a)) preceding paragraph (1) and in paragraphs (8), (9), and (10) of section 210(a),
(D) in the matter in section 211(a) (42 U.S.C. 411(a)) preceding paragraph (1) and in paragraphs (3), (4), (6), (10), (11), and (12) and clauses (iii) and (iv) of section 211(a),
(F) in the matter in section 211(c) (42 U.S.C. 411(c)) preceding paragraph (1), in paragraphs (3) and (6) of section 211(c), and in the matter following paragraph (6) of section 211(c),
(G) in subsections (d), (e), and (hX1XBB) of section 211 (42 U.S.C. 411),
(H) in section 216(j) (42 U.S.C. 416(j)),
(I) in section 218(eX3) (42 U.S.C. 418(eX3)),
(J) in section 229(b) (42 U.S.C. 429(b)),
(K) in section 230(c) (42 U.S.C. 430(c)), and
(L) in section 232 (42 U.S.C. 432),
by striking "1954" each place it appears and inserting "1986".

Rules of Construction.—
(1) The preceding provisions of this section shall be construed only as technical and clerical corrections and as reflecting the original intent of the provisions amended thereby.
(2) Any reference in title II of the Social Security Act to the Internal Revenue Code of 1986 shall be construed to include a reference to the Internal Revenue Code of 1954 to the extent necessary to carry out the provisions of paragraph (1).

Utilization of National Average Wage Index for Wage-Based Adjustments.—
(1) Definition of national average wage index.—Section 209(k) of the Social Security Act (42 U.S.C. 409(k)) is amended—
(A) by redesignating paragraph (2) as paragraph (3);
(B) in paragraph (3) (as redesignated), by striking "this subsection" and inserting "this paragraph"; and
(C) by striking paragraph (1) and inserting the following new paragraphs:

"(k)(1) For purposes of sections 203(f)(6)(B)(ii), 213(dX2XBB), 215(aX1XBB)(ii), 215(aX1XCB)(ii), 215(aX1XCB)(ii), 215(bX3XAA)(ii), 215(iX1XEE), 215(iX2XCB)(ii), 224(fX2XBB), and 230(bX2) and 230(bX2) as in effect immediately prior to the enactment of the Social Security Amendments of 1977, the term "national average wage index" for any particular calendar year means, subject to regulations of the Secretary under paragraph (2), the average of the total wages for such particular calendar year.

"(2) The Secretary shall prescribe regulations under which the national average wage index for any calendar year shall be computed—

"(A) on the basis of amounts reported to the Secretary of the Treasury or his delegate for such year,

"(B) by disregarding the limitation on wages specified in subsection (aX1),

"(C) with respect to calendar years after 1990, by incorporating deferred compensation amounts and factoring in for such years the rate of change from year to year in such amounts, in a manner consistent with the requirements of section 10208 of the Omnibus Budget Reconciliation Act of 1989,
“(D) with respect to calendar years before 1978, in a manner consistent with the manner in which the average of the total wages for each of such calendar years was determined as provided by applicable law as in effect for such years.”

(2) CONFORMING AMENDMENTS.—

(A) Section 213(d)(2)(B) of such Act (42 U.S.C. 413(d)(2)(B)) is amended by striking “deemed average total wages” and inserting “national average wage index”, and by striking “the average of the total wages” and all that follows and inserting “the national average wage index (as so defined) for 1977.”.

(B) Section 215(a)(1)(B)(ii) of such Act (42 U.S.C. 415(a)(1)(B)(ii)) is amended—

(i) in subclause (I), by striking “deemed average total wages” and inserting “national average wage index”; and
(ii) in subclause (II), by striking “the average of the total wages” and all that follows and inserting “the national average wage index (as so defined) for 1977.”.

(C) Section 215(a)(1)(C)(ii) of such Act (42 U.S.C. 415(a)(1)(C)(ii)) is amended by striking “deemed average total wages” and inserting “national average wage index”.

(D) Section 215(a)(1)(D) of such Act (42 U.S.C. 415(a)(1)(D)) is amended—

(i) by striking “after 1978”;
(ii) by striking “and the average of the total wages (as described in subparagraph (B)(ii)(I))” and inserting “and the national average wage index (as defined in section 209(k)(1))”; and
(iii) by striking the last sentence.

(E) Section 215(b)(3)(A)(ii) of such Act (42 U.S.C. 415(b)(3)(A)(ii)) is amended by striking “deemed average total wages” each place it appears and inserting “national average wage index”.

(2) TECHNICAL CORRECTIONS RELATED TO OASDI IN THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990.—

(1) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5103(b) RELATING TO DISABLED WIDOWS.—Section 223(f)(2) of the Social Security Act (42 U.S.C. 423(f)(2)) is amended—

(A) in subparagraph (A), by striking “(in a case to which clause (ii)(II) does not apply)”;
(B) by striking subparagraph (B)(ii) and inserting the following:

“(ii) the individual is now able to engage in substantial gainful activity; or”.

(2) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5105(d) RELATING TO REPRESENTATIVE PAYEES.—

(A) TITLE II AMENDMENTS.—Section 5105(d)(1)(A) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508) is amended—

(i) by striking “Section 205(j)(5)” and inserting “Section 205(j)(6)”;

and
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(ii) by redesignating the paragraph (5) as amended thereby as paragraph (6).

(B) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of the Social Security Act (42 U.S.C. 1383(a)(2)) is amended—

(i) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(ii) by inserting after subparagraph (D) the following:

"(E) RESTITUTION.—In cases where the negligent failure of the Secretary to investigate or monitor a representative payee results in misuse of benefits by the representative payee, the Secretary shall make payment to the beneficiary or the beneficiary's representative payee of an amount equal to such misused benefits. The Secretary shall make a good faith effort to obtain restitution from the terminated representative payee."

(3) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5106 RELATING TO COORDINATION OF RULES UNDER TITLES II AND XVI GOVERNING FEES FOR REPRESENTATIVES OF CLAIMANTS WITH ENTITLEMENTS UNDER BOTH TITLES.—

(A) CALCULATION OF FEE OF CLAIMANT'S REPRESENTATIVE BASED ON AMOUNT OF PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS AFTER APPLICATION OF WINDFALL OFFSET PROVISION.—Section 1631(d)(2)(A)(i) of the Social Security Act (as amended by section 5106(a)(2) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 1383(d)(2)(A)(i)) is amended to read as follows:

"(i) by substituting, in subparagraphs (A)(ii)(I) and (C)(ii), the phrase 'as determined before any applicable reduction under section 1631(g), and reduced by the amount of any reduction in benefits under this title or title II made pursuant to section 1127(a)' for the parenthetical phrase contained therein; and"

(B) CALCULATION OF PAST-DUE BENEFITS FOR PURPOSES OF DETERMINING ATTORNEY FEES IN JUDICIAL PROCEEDINGS.—

(i) IN GENERAL.—Section 206(b)(1) of such Act (42 U.S.C. 406(b)(1)) is amended—

(I) by inserting "(A)" after "(b)(1)"; and

(II) by adding at the end the following new subparagraph:

"(B) For purposes of this paragraph—

"(i) the term 'past-due benefits' excludes any benefits with respect to which payment has been continued pursuant to subsection (g) or (h) of section 223, and

"(ii) amounts of past-due benefits shall be taken into account to the extent provided under the rules applicable in cases before the Secretary."

(ii) PROTECTION FROM OFFSETTING SSI BENEFITS—The last sentence of section 1127(a) of such Act (as added by section 5106(b) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 1320a-6(a)) is amended by striking "section 206(a)(4)" and inserting "subsection (a)(4) or (b) of section 206".

(4) APPLICATION OF SINGLE DOLLAR AMOUNT CEILING TO CONCURRENT CLAIMS UNDER TITLES II AND XVI.—

(A) IN GENERAL.—Section 206(a)(2) of such Act (as amended by section 5106(a)(1) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 406(a)(2)) is amended—

(i) by redesignating subparagraph (C) as subparagraph (D); and

(ii) by inserting after subparagraph (B) the following new subparagraph:

"(D) In any case involving—

"(i) an agreement described in subparagraph (A) with any person relating to both a claim of entitlement to past-due benefits under this title and a claim of entitlement to past-due benefits under title XVI, and

"(ii) a favorable determination made by the Secretary with respect to both such claims,

the Secretary may approve such agreement only if the total fee or fees specified in such agreement does not exceed, in the aggregate, the dollar amount in effect under subparagraph (A)(ii)(I)."

(B) CONFORMING AMENDMENT.—Section 206(a)(3)(A) of such Act (as amended by section 5106(a)(1) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 406(a)(3)(A)) is amended by striking "paragraph (2)(C)" and inserting "paragraph (2)(D)".

(5) EFFECTIVE DATE.—Each amendment made by this section shall take effect as if included in the provisions of the Omnibus Budget Reconciliation Act of 1990 to which such amendment relates.
(g) Elimination of Rounding Distortion in the Calculation of the Old-Age, Survivors, and Disability Insurance Contribution and Benefit Base and the Earnings Test Exempt Amounts.—

(1) Adjustment of OASDI Contribution and Benefit Base.—

(A) In General.—Section 230(b) of the Social Security Act (42 U.S.C. 430(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

"(1) $60,600, and

"(2) the ratio of (A) the national average wage index (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subsection (a) is made to (B) the national average wage index (as so defined) for 1992,"

(B) Conforming Amendment Relating to Applicable Prior Law.—Section 230(d) of such Act (42 U.S.C. 430(d)) is amended by striking "(except that" and all that follows through the end and inserting "(except that, for purposes of subsection (b) of such section 230 as so in effect, the reference to the contribution and benefit base in paragraph (1) of such subsection (b) shall be deemed a reference to an amount equal to $45,000, each reference in paragraph (2) of such subsection (b) to the average of the wages of all employees as reported to the Secretary of the Treasury shall be deemed a reference to the national average wage index (as defined in section 209(k)(1)), the reference to a preceding calendar year in paragraph (2)(A) of such subsection (b) shall be deemed a reference to the calendar year before the calendar year in which the determination under subsection (a) of such section 230 is made, and the reference to a calendar year in paragraph (2)(B) of such subsection (b) shall be deemed a reference to 1992.");

(C) Adjustment of Contribution and Benefit Base Applicable in Determining Years of Coverage for Purposes of Special Minimum Primary Insurance Amount.—Section 215(a)(1)(C)(ii) of such Act is amended by striking "(except that" and all that follows through the end and inserting "(except that, for purposes of subsection (b) of such section 230 as so in effect, the reference to the contribution and benefit base in paragraph (1) of such subsection (b) shall be deemed a reference to an amount equal to $45,000, each reference in paragraph (2) of such subsection (b) to the average of the wages of all employees as reported to the Secretary of the Treasury shall be deemed a reference to the national average wage index (as defined in section 209(k)(1)), the reference to a preceding calendar year in paragraph (2)(A) of such subsection (b) shall be deemed a reference to the calendar year before the calendar year in which the determination under subsection (a) of such section 230 is made, and the reference to a calendar year in paragraph (2)(B) of such subsection (b) shall be deemed a reference to 1992).".

(2) Adjustment of Earnings Test Exempt Amount.—Section 203(f)(8)(B)(ii) of the Social Security Act (42 U.S.C. 403(f)(8)(B)(ii)) is amended to read as follows:

"(ii) the product of the corresponding exempt amount which is in effect with respect to months in the taxable year ending after 1993 and before 1995, and the ratio of—

"(I) the national average wage index (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subparagraph (A) is made, to

"(II) the national average wage index (as so defined) for 1992, with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is a multiple of $5 but not of $10 and to the nearest multiple of $10 in any other case.");

(3) Effective Dates.—

(A) The amendments made by subsection (a) shall be effective with respect to the determination of the contribution and benefit base for years after 1994.

(B) The amendment made by subsection (b) shall be effective with respect to the determination of the exempt amounts applicable to any taxable year ending after 1994.
I. INTRODUCTION

A. PURPOSE AND SUMMARY

H.R. 4277 would amend the Social Security Act to establish the Social Security Administration as an independent agency, to restrict Social Security and Supplemental Security Income (SSI) disability payments to alcoholics and drug addicts, and to make miscellaneous improvements in the Social Security and Supplemental Security Income (SSI) programs.

The Committee's goal in establishing SSA an independent agency is to improve the quality of its service to the public. The provision would accomplish this by placing the independent agency under the direction of a bipartisan Social Security Board, insulating its operations from short-term political pressure, and stabilizing agency management. The Committee expects that these changes will help restore public confidence in Social Security by reinvigorating SSA's earlier tradition of excellence in public service.

The provisions dealing with disability payments based on substance addiction would restructure the DI and SSI programs to offer transitional, time-limited assistance to alcoholics and drug addicts who are seeking to regain control of their lives. These provisions are designed to assure, first, that individuals disabled by addiction participate in treatment, if available, as a condition of eligibility and, second, that DI and SSI cash benefits are used only for their intended purpose: to cover the cost of basic living needs such as food, clothing, and shelter. The Committee is troubled by reported instances in which substance abusers who are neither participating in nor seeking treatment use Federal disability payments to buy drugs and alcohol. The Committee regards this misuse of funds as a disservice both to the taxpaying public and to individuals caught in the trap of addiction.

The miscellaneous provisions in the bill would make minor improvements in the Social Security and SSI programs. The House has approved many of these provisions previously on one or more occasions—e.g., the increase in the Social Security exemption for election workers and the mandate to restore public telephone lines to local Social Security offices. In addition, several miscellaneous provisions address problems that have arisen recently in the Social Security and SSI programs—e.g., a study of the appropriateness of SSA's current criteria for assessing disability in children and additional tools with which to identify and combat fraud by SSI applicants.

B. BACKGROUND AND NEED FOR LEGISLATION

Independent Agency—Support for making SSA an independent agency is rooted in a marked decline in the agency's performance over the past 15 years. Several factors have contributed to this decline, including frequent turnover in agency personnel, multiple internal reorganizations, and increasing political intervention in the administration of the program.

With respect to personnel, SSA has had 10 commissioners in the past 15 years, 4 of whom served only as acting commissioner and 6 of whom served less than 18 months. During this same period,
the agency has undergone a series of reorganizations which have displaced personnel at all levels, creating repeated changes in responsibilities for program administration and policy development.

Political intervention in SSA's administration has also increased significantly. In the early 1980s, accelerated "continuing disability reviews" resulted in the termination of benefits to thousands of disabled Americans, eventually prompting both legislative and judicial action to reverse the policy. In the mid 1980s, an Administration downsizing plan reduced SSA staff by more than 20 percent. While SSA attempted to compensate with increased reliance on technology, its service has nevertheless declined in a number of areas. The time an individual must wait to file an application has risen significantly and now stands at 4 weeks in many areas of the country; telephone access to local Social Security offices has been curtailed or tightly restricted; and local SSA personnel are increasingly unable to serve walk-in clients, who are frequently among the most vulnerable Social Security beneficiaries.

In the 1990s, the most serious administrative problem at SSA relates to the handling of disability claims. The agency's backlog of claims has risen sharply and now exceeds 740,000, causing disabled Americans to wait more than 3 months on average for an initial decision on an application. For appeal decisions, the waiting time frequently exceeds 1 year. These delays have been accompanied by increased reversals of initial agency decisions on appeal. In 1992, more than two-thirds of denied disability claims which were appealed, or 69 percent, were reversed after a hearing.

Disability Benefits for Drug Addicts and Alcoholics—During 1992, the Committee received a number of anecdotal reports indicating that DI and SSI benefit payments to substance abusers were increasing rapidly. Information provided by employees of SSA and the State Disability Determination Services (DDSs), in constituent mail, and in several media reports suggested a sharp increase in such payments, as well as lax enforcement of the requirements in existing law that SSI substance abusers participate in treatment, if available, and receive payments through a representative payee charged with managing their finances.

In November 1992, the Subcommittees on Social Security and Human Resources requested an investigation of these issues by the General Accounting Office. In February 1994, the GAO presented its findings at a joint hearing held by the Subcommittees. The GAO confirmed that the number of substance abusers on the SSI rolls has risen sharply, from 23,000 to 69,000 between 1990 and mid-1993. Over the same period, the number of DI substance abusers increased by 35 percent, to approximately 50,000. The GAO also confirmed that SSA has failed to insure that SSI substance abusers participate in treatment, if available, as required by law. Of the 69,000 substance abusers as required by law. Of the 69,000 substance abusers on the SSI rolls, the GAO found that SSA was monitoring less than half and that only one out of five was receiving treatment.

Miscellaneous Provisions—A number of miscellaneous provisions were recommended by SSA to improve its administration of the Social Security retirement and disability programs. Other miscellaneous provisions address inequities, work disincentives, and prob-
lems of administration identified by the Committee through its own hearings and oversight activities.

C. LEGISLATIVE HISTORY

Independent Agency—Legislative efforts to make SSA an independent agency span more than a decade. In January 1983, the National Commission on Social Security Reform endorsed in principle the idea of an independent agency but recommended a feasibility study. The Social Security Amendments of 1983 established a commission to report to the Committee on Ways and Means and the Committee on Finance on how to implement a proposal to make SSA independent. The Commission made its report in 1984.

Following this report, Representative Pickle introduced independent agency legislation in the 98th Congress. A similar bill was introduced in the 99th Congress and passed the House as H.R. 5050 on July 22, 1986, by a vote of 401–0. In the 100th Congress, Representative Jacobs introduced H.R. 1036, which was similar to H.R. 5050. He reintroduced the bill in the 101st Congress, and it was again approved by the House as part of H.R. 3299, the Omnibus Budget Reconciliation Act of 1989.

In the 102nd Congress, Chairman Rostenkowski and Representative Jacobs jointly introduced H.R. 2838, which included the independent agency proposal as a principal provision. On June 18, 1992, Representative Jacobs reintroduced the proposal as a separate bill following its approval by the Subcommittee on Social Security. This legislation, H.R. 4277, was approved by the full House on June 29, 1992, by a vote of 350–8.

The Senate took action on an independent agency bill for the first time on March 2, 1994, approving S. 1560, introduced by Senator Moynihan, by voice vote.

Disability Benefits for Alcoholics and Drug Addicts—The Subcommittees on Social Security and Human Resources held a public hearing to examine Federal disability payments to alcoholics and drug addicts on February 9, 1994. The central focus of the hearing was a GAO report, described previously, which documented a sharp increase in the number of drug addicts and alcoholics on the disability rolls, as well as lax enforcement of the requirements in current law that SSI substance abusers participate in treatment, if available, and receive payments through a representative payee. Following this hearing, the Subcommittees worked closely with the Administration in developing legislative proposals to address these problems.

Miscellaneous Provisions—Legislation containing minor Social Security provisions similar to those included in H.R. 4277 was approved previously by the House on two occasions, first, as part of H.R. 11, the Revenue Act of 1992 and, subsequently, as part of H.R. 2264, the Omnibus Budget Reconciliation Act of 1993. (H.R. 11 was subsequently vetoed by President Bush. The Social Security provisions in H.R. 2264 were deleted in conference at the insistence of the Senate.)

The miscellaneous SSI provisions address problems identified by the Subcommittee on Human Resources in public hearings held on October 14, 1993, February 9 and 24, 1994, and March 1, 1994. These hearings examined SSA’s current criteria for assessing dis-
ability in children, instances of fraud by translators representing non-native speakers of English applying for SSI benefits, and work disincentives confronting disabled SSI recipients.

II. EXPLANATION OF PROVISIONS

A. SHORT SUMMARY

1. ESTABLISH THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

SSA would be separated from the Department of Health and Human Services (HHS) and established as an independent agency with administrative responsibility for the Social Security and Supplemental Security Income (SSI) programs. The new agency would be governed by a full-time, bipartisan Board with staggered terms. An Executive Director, appointed by the Board, would manage the day-to-day operations of the agency.

2. RESTRICT DISABILITY INSURANCE AND SUPPLEMENTAL SECURITY INCOME DISABILITY PAYMENTS TO SUBSTANCE ABUSERS

Restrictions would be placed on DI and SSI disability payments to alcoholics and drug addicts, and safeguards would be established to insure that benefits, when paid, are not used to support an addiction. Specifically, (a) DI benefits to substance abusers would be paid to a representative payee, as is presently required in the SSI program; (b) organizations, rather than family members or friends, would be designated to serve as representative payees for DI and SSI substance abusers, unless the Secretary of HHS determines that this preference is inappropriate; (c) substance abusers' eligibility for DI benefits would be conditioned on participation in treatment, if available, as is presently the case in the SSI program; (d) mandatory, progressive sanctions would be established for non-compliance with treatment for both DI and SSI substance abusers; (e) an overall time-limit of three years would be placed on substance abusers' eligibility for DI and SSI benefits; (f) retroactive DI and SSI benefits to substance abusers, now paid in a lump sum, would instead be prorated and paid gradually over a period of months; and (g) SSA would be required to consider illegal, as well as legal, activity in determining whether an individual alleging disability is engaging in substantial gainful activity (SGA).

3. REQUIRE ISSUANCE OF PHYSICAL DOCUMENTS IN THE FORM OF BONDS, NOTES, OR CERTIFICATES TO THE SOCIAL SECURITY TRUST FUNDS

Bonds, notes, and certificates of indebtedness issued to the Social Security Trust Funds would be evidenced by physical documents. Each such document would state the principal amount, date of maturity, and interest rate of the obligation and pledge the full faith and credit of the U.S. to its repayment.

4. INCREASE EXPLICITNESS OF REQUIREMENT FOR PUBLIC TELEPHONE ACCESS TO LOCAL SOCIAL SECURITY OFFICES

The existing requirement that SSA maintain public telephone access to local Social Security offices at the level generally available
on September 30, 1989, would be made more explicit by requiring
that the agency reestablish and maintain the same number of pub-
lic inquiry telephone lines to the offices as were in service on that
date, including telephone sets for the lines. Public access to SSA's
800 number would also be maintained at current levels.

5. INCREASE SOCIAL SECURITY EXCLUSION OF ELECTION WORKERS

The Federal Insurance Contributions Act (FICA) tax exclusion
for election workers would be raised from $100 to $1,000 annually,
beginning on January 1, 1995, and would be indexed thereafter.

6. PERMIT USE OF SOCIAL SECURITY ACCOUNT NUMBERS FOR JURY
SELECTION

States and Federal District Courts would be permitted to use So-
cial Security numbers, which have been collected for purposes per-
mitted under current law, to eliminate duplicate names and names
of convicted felons from jury source lists.

7. AUTHORITY FOR OPTIONAL SOCIAL SECURITY COVERAGE OF POLICE
AND FIREFIGHTERS

The option currently available in 24 States for the State to cover
under Social Security police and firefighters who participate in a
public retirement system would be expanded to apply to all States.

8. PROVIDE LIMITED EXEMPTION FROM SECA FOR AMERICAN
MINISTERS LIVING AND WORKING IN CANADA

Limited relief from Social Security taxes would be provided for
American citizens who are ministers residing and working in Can-
ada. The relief would be from double taxation—taxation under both
the U.S. and Canadian social insurance systems on the same
work—for years just prior to the U.S. totalization agreement with
Canada which eliminated such double taxation.

9. TOTALIZE THE WINDFALL ELIMINATION PROVISION

Under current law, the U.S. can enter into "totalization" agree-
ments with foreign countries in order to provide Social Security
benefits to individuals who have split their careers between the two
countries. The inappropriate application of the "windfall elimi-
nation" provision (which reduces benefits to an individual who also
receives a pension from work not covered by the U.S. Social
Security system) in certain totalized cases would be repealed.

10. EXCLUDE MILITARY RESERVISTS FROM APPLICATION OF THE GOV-
ERNMENT PENSION OFFSET AND THE WINDFALL ELIMINATION PRO-
VISION

Military retirees who receive a pension based on inactive duty
between 1956 and 1988 would be exempted from the government
pension offset and the windfall elimination provision, thus conform-
ing their treatment with that of other military retirees.

11. REPEAL FACILITY-OF-PAYMENT PROVISION

When a dependent beneficiary has benefits withheld (e.g., due to
the earnings test), the withheld benefits would be redistributed and
paid directly to the remaining beneficiaries, rather than being paid to the working beneficiary, with the understanding that they were for the use of the other dependent beneficiaries under the facility-of-payment provision of current law.

12. APPLICATION OF SUBSEQUENT ENTITLEMENT GUARANTEE TO MAXIMUM FAMILY BENEFITS

A worker who received disability benefits for a period of time, then returned to work, and subsequently became reentitled to benefits would be guaranteed the maximum family benefit applicable during the period of his or her earlier entitlement to disability benefits.

13. DISCLOSURE OF SOCIAL SECURITY ADMINISTRATION INFORMATION FOR EPIDEMIOLOGIC RESEARCH

SSA would be permitted to disclose, subject to safeguards, whether its records showed an individual to be alive or deceased for epidemiologic research purposes, if the information could reasonably be expected to contribute to the national health interest.

14. PROHIBIT MISUSE OF SYMBOLS, EMBLEMS, OR NAMES RELATED TO THE SOCIAL SECURITY ADMINISTRATION, THE HEALTH CARE FINANCING ADMINISTRATION AND THE TREASURY DEPARTMENT

The civil monetary penalties against misusing the names and symbols of SSA and SSA and HCFA would be strengthened by including in the protections the names and symbols of the Department of Health and Human Services, eliminating the annual $100,000 cap on civil monetary penalties, providing that a disclaimer on the material is so defense against an action, and making other improvements.

The use of Treasury and Internal Revenue Service (IRS) related words, letters, symbols, and emblems in a manner that could reasonably be construed as conveying a false impression that an activity is connected with Treasury, IRS, or any subsidiary agencies would be prohibited. Violations would be subject to civil and criminal penalties.

15. INCREASE PENALTIES FOR UNAUTHORIZED DISCLOSURE OF SOCIAL SECURITY INFORMATION

Disclosure of confidential information by the employees of the Department of Health and Human Services from Social Security files without authorization would be made a felony, punishable by a fine not exceeding $10,000, or imprisonment not exceeding five years, or both.

16. COORDINATE DATES FOR FILING ANNUAL EARNINGS REPORTS

The authorized extension of time for filing the required annual report of earnings by a Social Security beneficiary would be increased from three months to four months.
17. EXTEND DISABILITY INSURANCE PROGRAM DEMONSTRATION PROJECTS

The authority of the Secretary of HHS to conduct work-incentive demonstration projects would be extended to June 10, 1996.

18. AUTHORIZE CROSS-MATCHING OF SOCIAL SECURITY ACCOUNT NUMBERS AND EMPLOYER IDENTIFICATION NUMBERS OF THE DEPARTMENT OF AGRICULTURE

The Department of Agriculture would be permitted to share its list of the Social Security numbers and employer identification numbers of owners and officers of stores which redeem food stamps with other Federal agencies for purposes of investigating food stamp fraud and violations of other Federal laws.

19. EXTEND ON PERMANENT BASIS GENERAL FUND TRANSFER TO RAILROAD RETIREMENT ACCOUNT

The transfer of proceeds from the income taxation of Railroad Retirement Tier 2 benefits from the General Fund of the Treasury to the Railroad Retirement Account would be made permanent.

20. AUTHORIZE USE OF THE SOCIAL SECURITY NUMBER AS THE CLAIM IDENTIFICATION NUMBER FOR WORKERS' COMPENSATION CLAIMS FILED WITH THE DEPARTMENT OF LABOR

The Department of Labor would be permitted to use the Social Security number as the claim identification number for Workers Compensation claims in order to prevent the payment of duplicate and fraudulent claims.

21. RETIREMENT ELIGIBILITY FOR FEDERAL EMPLOYEES TRANSFERRED TO INTERNATIONAL ORGANIZATIONS

Federal government employees participating in a retirement program which provides Social Security coverage would be permitted to continue to pay into Social Security while on temporary assignment to an international organization.

22. EXTEND THE FICA TAX EXEMPTION TO INDIVIDUALS WHO ENTER THE U.S. UNDER A VISA ISSUED UNDER SECTION 101 OF THE IMMIGRATION AND NATIONALITY ACT

The proposal would reinstate the exemption from FICA taxes for individuals participating in short-term cultural exchanges who were inadvertently eliminated due to the recategorization of visas under the Immigration and Nationality Act of 1990.

23. STUDY OF RISING COST OF DISABILITY INSURANCE BENEFITS

By December 31, 1994, the Secretary of HHS would be required to complete a study of the underlying social, economic, demographic, programmatic, and other trends responsible for recent increases in DI program costs.

24. COMMISSION ON CHILDHOOD DISABILITY

The Secretary of HHS would be directed to appoint a Commission on the Evaluation of Disability in Children to conduct a study,
in consultation with the National Academy of Sciences, on the effect of the current SSI definition of disability as it applies to children under the age of 18 and their receipt of services, including the effect of using an alternative definition. The study would be due on November 30, 1995.

25. DISREGARD DEEMED INCOME AND RESOURCES OF INELIGIBLE SPOUSE WHEN DETERMINING CONTINUED ELIGIBILITY UNDER SECTION 1619(B)

An SSI recipient benefiting from the section 11619(b) work incentives would be allowed to retain Medicaid eligibility through disregarding his or her ineligible spouse's net income up to twice the eligible spouse's "threshold amount." The "threshold amount" would include the greater of the eligible spouse's personal average Medicaid cost, or the average State Medicaid cost.

26. PLANS FOR ACHIEVING SELF-SUPPORT NOT DISAPPROVED WITHIN 60 DAYS TO BE DEEMED APPROVED

Plans for achieving self-support (PASS) under the SSI program would be deemed to be approved within 60 days of application for PASS if SSA has not acted. SSA could disapprove the PASS prospectively if it has been automatically approved under this provision.

27. EXPANSION OF PLANS FOR ACHIEVING SELF-SUPPORT

Plans for achieving self-support (PASS) would be expanded to include housing goals in a five-year demonstration project.

28. REGULATIONS REGARDING COMPLETION OF PLAN FOR ACHIEVING SELF-SUPPORT

Under current regulations, plans for achieving self-sufficiency cannot exceed four years. The provision would require SSA to take into account individual needs in determining the time limit.

29. TREATMENT OF CERTAIN GRANT, SCHOLARSHIP, OR FELLOWSHIP INCOME AS EARNED INCOME

Any grant, scholarship, or fellowship income, not used to pay for tuition and fees, would be treated as earned income.

30. SSI ELIGIBILITY FOR STUDENTS TEMPORARILY ABROAD TO FULFILL DEGREE REQUIREMENTS

SSI recipients who are fulfilling an educational requirement which will result in improved employment potential would be exempt from the 30-day time limit on persons living outside the United States.

31. DISREGARD OF COST-OF-LIVING INCREASES FOR CONTINUED ELIGIBILITY FOR WORK INCENTIVES

The current SSI law protection against the loss of Medicaid eligibility because of a cost-of-living increase in Social Security benefits would be applied to SSI recipients who are working and using the benefits of section 1619(b) work.
32. EXPAND THE AUTHORITY OF SSA TO PREVENT, DETECT, AND TERMINATE FRAUDULENT CLAIMS FOR SSI BENEFITS

Additional authority and clarification of existing authority would be provided to SSA to prevent, detect, and terminate the payments of benefits to ineligible recipients, and to impose penalties on middlemen and medical professionals who defraud the SSI program.

33. DISABILITY REVIEWS FOR CHILDREN REACHING 18 YEARS OLD

SSA would be required to reevaluate under adult disability criteria the eligibility of children receiving SSI after they reach 18 years old and before they are 19 years old.

34. CONTINUING REVIEWS FOR SSI RECIPIENTS

SSA would be required to conduct continuing disability reviews for all SSI recipients in the same manner as they are conducted for DI recipients under present law.

35. TECHNICAL CORRECTIONS

Technical errors would be corrected.

B. SECTION-BY-SECTION ANALYSIS

1. ESTABLISH THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

a. Status of agency (section 101)

Present law

The Social Security Administration (SSA) is a component of the Department of Health and Human Services (HHS).

Explanation of provision

SSA would be made an independent agency in the executive branch of the Federal government, with responsibility for administration of the Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. The broad intent of this change is to improve the quality of service that SSA provides the general public by insulating the agency from short-term political pressure and stabilizing its management.

b. Agency leadership and management (section 102)

Present law

The Secretary of HHS has responsibility for administration of the OASDI and SSI programs. Administration of these programs has been delegated to the Commissioner of Social Security. The Commissioner reports to the Secretary.

Explanation of provision

SSA would be governed by a three-member, full-time Board, appointed by the President with the advice and consent of the Senate to serve staggered, 6-year terms, with no more than two members being from the same political party. Board members could be removed from office by the President only pursuant to a finding of
neglect of duty or malfeasance in office. The terms of the first members would expire after two, four, and six years.

The Committee believes that administration by an independent board would strengthen public confidence in the long-term viability of Social Security and highlight the trustee nature of government's responsibility for the program. Further, the Committee regards the three separate requirements that apply to the Board—long, staggered terms; political balance among members; and removal of members based only on neglect of duty or malfeasance in office—as measures for insulating the Board from short-term political pressures and providing increased management stability.

Recommendations for persons to serve on the Board would be made by the Chairmen of the House Ways and Means Committee and the Senate Finance Committee. A Board member would be permitted, at the request of the President, to serve for up to a year after the member's term expired until a successor had taken office. The President would have authority to reappoint Board members for additional terms.

The President would appoint one of the members to be chairman of the Board for a 4-year term. The chairman or two members would be authorized to call a meeting of the Board with any two members constituting a quorum. Any member alone would be permitted to hold a hearing.

Each member of the Board would be compensated at the rate provided in level II of the Executive Schedule. No member would be permitted to engage in any other business, vocation, profession, or employment.

The Board would:
- Govern OASDI and SSI by regulation;
- Establish the agency and oversee its efficient and effective operation;
- Establish policy and devise long-range plans for the agency;
- Appoint an Executive Director to act as the agency's chief operating officer;
- Constitute three members of a new seven-member Board of Trustees of the Social Security trust funds, with the chairperson of the agency's Board serving as chairperson of the Board of Trustees (the Secretary of Labor would be dropped as a member of the Board of Trustees);
- Prepare an annual budget, which would be presented by the President to Congress without revision, together with the President's annual budget for the agency;
- Study and make recommendations to the Congress and President of the most effective methods of providing economic security through social insurance, SSI, and related programs, as well as on matters related to OASDI and SSI administration;
- Provide the Congress and President with ongoing actuarial and other analyses; and
- Conduct policy analysis and research.

In delegating these responsibilities to the Board, the Committee intends that it use them to set broad policy for SSA, not that it attempt to manage the agency on a day-to-day basis.
To handle day-to-day operations, an Executive Director would be appointed by the Board to serve as the agency's chief operating officer. The Executive Director would serve a 4-year term. The individual would be permitted to serve up to one additional year until a successor has taken office (at the request of the chairperson of the Board), and could be appointed for additional terms. An Executive Director would be subject to removal from office before completion of his or her term only for cause found by the Board. Compensation would be set at the rate provided in level II of the Executive Schedule.

The Executive Director would:
- Be the chief operating officer responsible for administration;
- Maintain an efficient and effective administrative structure;
- Implement the long-term plans of the Board;
- Report annually to the Board on the program costs of OASDI and SSI; make annual budgetary recommendations for the administrative costs of the agency and defend budgetary recommendations before the Board;
- Advise the Board and Congress of effects on administration of proposed legislative changes;
- Serve as Secretary of the Board of Trustees (for OASDI);
- Report to the Board in December of each year, for transmittal to Congress, on administrative endeavors and accomplishments; and
- Carry out any additional duties assigned by the Board.

c. Deputy Commissioner of Social Security (section 102)

Present law

Under current SSA practice, there are six deputy commissioners (for operations, programs, financial assessment and management, policy and external affairs, systems, and human resources). None of these are statutory positions. In addition, a principal deputy commissioner is designated to serve as acting commissioner in the absence of the commissioner.

Explanation of provision

A Deputy Director would be appointed by and serve at the pleasure of the Executive Director.

The Deputy Director would perform such duties and exercise such powers as are assigned by the Executive Director and would serve as acting executive director during the absence or disability of the Executive Director. The Deputy Director would also serve as acting executive director in the event of a vacancy in the office of Executive Director unless the Board designates another official to fill this post. He or she would be compensated at the rate provided in level III of the Executive Schedule.

d. General Counsel (section 102)

Present law

SSA receives legal services from the Office of General Counsel of HHS through a component headed by a Chief Counsel for Social Security.
Examination of provision

A General Counsel would be appointed by and serve at the pleasure of the Board as SSA's principal legal officer. He or she would be compensated at the rate provided in level IV of the Executive Schedule.

e. Inspector General (section 102)

Present law

The Inspector General of HHS is responsible for oversight of SSA.

Explanation of provision

An Office of Inspector General would be created within SSA, to be headed by an Inspector General appointed in accordance with the Inspector General Act of 1978. He or she would be compensated at the rate provided in level IV of the Executive Schedule.

f. Beneficiary Ombudsman (section 102)

Present law

No formal position of this nature exists within SSA.

Explanation of provision

An Office of Beneficiary Ombudsman, headed by a Beneficiary Ombudsman appointed by the Board, would be created within SSA. The term of office would be 5 years, except for the first Ombudsman whose term would end September 30, 2000. The Beneficiary Ombudsman could serve up to 1 additional year until a successor has taken office (at the request of the chairperson of the Board) and could be appointed for additional terms. The Ombudsman could be removed from office before completion of his or her term only for cause found by the Board. Compensation would be set at the rate provided in level V of the Executive Schedule.

The Beneficiary Ombudsman would:

Represent the interests and concerns of program beneficiaries within SSA's decision-making process;
Review SSA's policies and procedures for possible adverse effects on beneficiaries;
Recommend within SSA's decision-making process changes in policies which have caused problems for beneficiaries;
Help resolve problems for individual beneficiaries in unusual or difficult circumstances, as determined by the agency; and
Represent the views of beneficiaries within SSA's decision-making process in the design of forms and the issuance of instructions.

The Board would assure that the Office of Beneficiary Ombudsman is sufficiently staffed in regional offices, program service centers, and the central office.

The annual report of the Board would include a description of the activities of the Beneficiary Ombudsman.
g. Chief administrative law judge (section 102)

Present law

The Social Security Act requires SSA to conduct hearings to consider appeals of SSA decisions by beneficiaries. These hearings are conducted by administrative law judges (ALJs). The agency follows the procedures of the Administrative Procedures Act (APA) with respect to the appointment of ALJs and the conduct of hearings. Organizationally, the ALJs are located within the Office of Hearings and Appeals, headed by an associate commissioner who reports to the Commissioner of SSA.

Explanation of provision

An Office of Chief Administrative Law Judge, headed by a chief ALJ appointed by the Board, would be created within SSA to administer the affairs of SSA's ALJs in a manner so as to ensure that hearings and other business are conducted in accordance with applicable law and regulations. The chief ALJ would report directly to the Board.

h. Interim authority of the commissioner (section 102)

Present law

No provision.

Explanation of provision

The President would be required to nominate appointments to the Board not later than April 1, 1995. If all members of the Board are not in office by October 1, 1995, the person then serving as Commissioner of Social Security would continue to serve as head of SSA, assuming the powers and duties of the Board and the Executive Director.

i. Personnel; budgetary matters; facilities; procurement; and seal of office (section 103)

Present law

No provision.

Explanation of provision

The Board would appoint additional officers and employees as it deems necessary (with compensation fixed in accordance with title 5 of the U.S. Code), except as otherwise provided by law, and would be permitted to procure the services of experts and consultants. The Director of the Office of Personnel Management (OPM) would be required to give SSA an allotment of Senior Executive Service (SES) positions that exceeds the number authorized for SSA immediately before enactment of this Act to the extent a larger number is specified in a comprehensive work plan developed by the Board. The total number of such positions could not be reduced at any time below the number SSA held immediately before enactment of this Act.

SSA also would be authorized six additional positions at level IV and six additional positions at level V of the Executive Schedule.
(i.e., beyond those provided for the Inspector General and Bene-
ficiary Ombudsman).

Appropriation requests for SSA would be based on staffing and
personnel requirements set out in periodically-revised comprehen-
sive work plans developed by the Board.

The Board would create a Seal of Office for SSA, and judicial no-
tice would be taken of it.

\textit{j. Transfers and transitional rules (sections 104 and 105)}

\textit{Present law}

No provision.

\textit{Explanation of provision}

Appropriate allocations of personnel and assets (as determined
by the Board in consultation with the Secretary of HHS) would be
transferred from HHS to SSA. In addition, there would be trans-
ferred such number of ALJs as are necessary to carry out the func-
tions transferred by this act.

All orders, determinations, rules, regulations, permits, contracts,
collective bargaining agreements, recognitions of labor organiza-
tions, certificates, licenses, and privileges in effect at SSA at the
time of the transition would remain in force at the agency until
their expiration or modification in accordance with law. Thus, a
union's national consultation rights with SSA would be unaffected
by the transition; individual work units would retain their collective bargaining agent to the extent that the same community of in-
terest continued to exist within them after the transition, in ac-
cordance with current law; and the practice of appointment ALJs
pursuant to the provisions of the Administrative Procedures Act
would be unaffected by the transition to the new agency.

Furthermore, following the precedent of legislation establishing
the Department of Energy, the Department of Education, and sepa-
rating the National Archives from GSA, transfers to the new agen-
cy would not cause any full-time or part-time employee to be re-
duced in grade or compensation for 1 year after the transition. Fur-
ther, SSA's independent status would not alter any pending suits,
penalties, or other proceedings before the Secretary, except that
such proceedings would continue before the Board.

Finally, the Committee wishes to assure that the transition to
the new agency is carried out so as to avoid inconvenience for el-
derly and disabled individuals who rely on SSA for services. To this
end, the Committee expects the Board to enter into contractual ar-
rangements with the Secretary of Health and Human services to
coordinate the administration of the programs under their respec-
tive authorities.

\textit{k. Effective date (section 109)}

In general, the legislation would take effect October 1, 1995.
2. RESTRICT DISABILITY INSURANCE (DI) AND SUPPLEMENTAL SECURITY INCOME (SSI) DISABILITY PAYMENTS TO SUBSTANCE ABUSERS

Present law

The Social Security Act provides for the payment of DI and SSI disability benefits to individuals who cannot work because of a medically determinable physical or mental impairment that has lasted, or is expected to last, for at least 12 months or to result in death. In administering this standard, SSA has developed listings of physical and mental impairments that it accepts as prima facie evidence of disability. The SSA listing of mental impairments includes "substance abuse disorders." To be awarded benefits under this listing, DI and SSI applicants must have a severe condition associated with alcoholism or drug abuse—e.g., a personality disorder, chronic depression or anxiety, organ damage, or an organic mental disorder. Applicants with drug- or alcohol-related impairments that differ from those described in this listing are given an individual assessment and may be granted benefits on the basis of reduced overall functional capacity.

SSI applicants who meet this medical definition of disability must also comply with two statutory restrictions in order to receive benefits: (1) they must participate in a substance-abuse treatment program approved by the Secretary of HHS, if available, and (2) their SSI benefits must be paid to another person or organization (a "representative payee") who is responsible for managing their finances.

By regulation, SSA gives first priority to family and friends of a beneficiary in appointing representative payees. However, drug addicts and alcoholics can become physically and verbally abusive to those who control access to their benefits. In an attempt to avoid confrontation, family members and friends may simply turn the benefits over to the substance abuser who in turn uses them to buy drugs and alcohol. The General Accounting Office has reported that approximately half of the family and friends who serve as representative payee exercise incomplete control over beneficiaries' finances.

SSA has issued regulations applying the statutory requirements for participation in treatment and payment through a representative payee to those SSI substance abusers whose addiction is a contributing factor material to their disability—i.e., those who would not be disabled were they cured of their addiction. Individuals who have another qualifying disability that would continue to render them disabled if their addiction were cured—e.g., a heart condition, paralysis, or cancer—are not subject to these requirements.

In 1990, following allegations of abuse, Congress enacted stringent reforms of the representative payee system. The new law required SSA to conduct more thorough investigations of representative applicants and prohibited creditors (including bartenders, convenience store operators, and boardinghouse owners) from acting as representative payees for the customers they serve. In addition, community-based nonprofit social service agencies in existence on October 1, 1988, were permitted to collect a fee for providing representative payee services. Congress intended that the fee for service provision would provide more representative payees for drug ad-
dicts, alcoholics, the mentally ill and mentally retarded for whom it is often difficult to find and keep individuals who would serve as representative payees. Currently, 122 organizations provide representative payee services to over 7,500 beneficiaries. The continuing short supply of such organizations is reflected in a recent GAO study which determined that organizations serve as representative payees for only five percent of SSI substance abusers.

**Explanation of provision**

The provision would place new restrictions on DI and SSI benefit payments to alcoholics and drug addicts and establish safeguards to insure that benefits, when paid, are not used to support an addiction. It would do so by: (a) requiring that DI benefits to substance abusers be paid to a representative payee; (b) requiring that preference be given to organizations, as opposed to friends or family members, in selecting representative payees for DI and SSI substance abusers; (c) conditioning substance abusers' eligibility for DI benefits on participation in treatment, if available; (d) establishing mandatory, progressive sanctions for non-compliance with treatment for both DI and SSI substance abusers; (e) placing an overall three-year time limit on substance abusers' eligibility for DI and SSI benefits; (f) requiring gradual payment of retroactive DI and SSI benefits to substance abusers; and (g) stipulating that illegal, as well as legal, activity is considered in determining whether an individual alleging disability is engaging in substantial gainful activity (SGA).

(a) **Representative Payees for DI Beneficiaries**—DI beneficiaries whose alcoholism or drug addiction is a contributing factor material to their disability would, like SSI beneficiaries, receive payments through a representative payee charged with managing their finances. This requirement would apply both to newly-eligible beneficiaries and to those presently on the DI rolls.

The Committee is aware that identifying substance abusers on the DI rolls is a labor-intensive task that will require substantial resources from SSA's administrative budget, which is already tightly constrained. The Committee imposes this requirement in spite of SSA's difficult budget situation because of the clear need for tighter controls on cash payments to substance abusers and the threat to DI and SSI program integrity that would result from failure to address this problem.

In addition, the Secretary of HHS would be required to study the feasibility, cost, and equity of requiring representative payees for all DI and SSI beneficiaries who are alcoholics or drug addicts, regardless of whether their addiction is a contributing factor material to their disability. The Secretary would also study methods of paying benefits to alcoholics and drug addicts that avoid their direct receipt of cash (e.g., vouchers, debit cards, and electronic transfer of benefits), as well as the incidence of substance abuse among disabled children and their representative payees. The Secretary would report to the Committee on Ways and Means and the Committee on Finance on the results of the study no later than April 1, 1995.

(b) **Increased Reliance on Professional Representative Payees**—Preference would be given to organizations (or their designees) over
family and friends in selecting representative payees for DI and SSI substance abusers, unless the Secretary of HHS determines that this preference is not appropriate.

In order to expand the number of organizations available to serve as payees, the provision of present law which authorizes community-based, nonprofit social service agencies to collect a fee for providing representative payee services would be reauthorized without the requirement that such organizations have been in existence on September 30, 1988. This provision would also be expanded to apply to State and local government agencies whose mission is to carry out income maintenance, social service, or health care-related activities and to State and local agencies with fiduciary responsibilities. The Committee intends State and local government agencies with fiduciary responsibilities to mean agencies that administer conservatorship or guardianships or that are responsible for individuals' financial well-being. To encourage these organizations to serve as representative payees for alcoholics and drug addicts, the existing $25 cap on fees would be eliminated for payees of these individuals, thereby making the payee's fee a flat 10 percent of the substance abuser's monthly SSI, DI, or combined DI-SSI benefit.

(c) Mandatory Participation in Treatment for DI Beneficiaries—Mandatory participation in an appropriate program of treatment, if available, would be required for substance abusers receiving DI benefits, like those receiving SSI benefits. For individuals already on the DI benefit rolls, the requirement for treatment would apply to those with a primary diagnosis of alcoholism or drug addiction. For new DI beneficiaries, treatment would be required if alcoholism or drug addiction is a contributing factor material to the individual's disability.

The Secretary would be required to provide for the monitoring and testing of DI beneficiaries, like SSI beneficiaries, who are required to participate in treatment and to establish Referral and Monitoring Agencies (RMAs) in all 50 States to insure their compliance. These agencies would identify appropriate placements for DI and SSI substance abusers, refer them to such treatment, monitor their participation, and promptly report instances of noncompliance to the Secretary. Each year, the Secretary would be required to submit a full and complete report on required referral and monitoring activities to Congress, including a tally of any DI and SSI substance abusers who did not receive regular drug testing during the year. The Secretary would also be given demonstration authority to explore innovative referral, monitoring, and treatment approaches.

(d) Progressive Sanctions for Non-Compliance with Treatment—DI and SSI beneficiaries who are required to undergo treatment and fail to comply with the terms of their treatment program would have their benefits suspended. To qualify for benefit reinstatement, these individuals would have to demonstrate compliance with treatment for progressively longer periods. For the first instance of noncompliance, benefits would be reinstated only after the individual complies with treatment for at least two months. For the second such instance, the required period of compliance would be three months. For the third and subsequent instances, the required period of compliance would be six months.
Individuals whose benefits are suspended for 12 consecutive months for failure to comply with treatment would be terminated from the DI/SSI benefit rolls. As under current law, terminated individuals who continue to be disabled could reapply for DI or SSI benefits.

Benefits paid to qualified dependents of DI substance abusers would continue during suspension periods, as would the Medicare and/or Medicaid of suspended DI and SSI recipients who are otherwise eligible for these programs. Qualified dependents of terminated DI beneficiaries would continue to receive benefits for 24 months.

The Secretary would be required to issue regulations defining appropriate treatment for alcoholics and drug addicts and establishing guidelines for assessing their compliance, including measures of progress expected of participants.

(e) Three-year Time Limit on Eligibility—Individuals whose alcoholism or drug addiction is a contributing factor material to their disability would be subject to an overall three-year time limit on eligibility for DI and SSI benefits. Periods of benefit suspension would be included in calculating this period.

(f) Proration of Lump-sum Retroactive Benefits—The payment of retroactive lump-sum DI and SSI benefits to individuals whose substance abuse is a contributing factor material to their disability would be prorated in such a way that the total amount of the monthly payment (that is, current monthly benefit plus prorated lump-sum amount) does not exceed two times the individual's normal benefit amount.

(g) Illegal Activity as SGA—The existing statutory reference to substantial gainful activity would be revised to include an explicit statement that both legal and illegal activity are considered in determining whether an individual is engaging in SGA.

Effective date

In general, the provision would be effective 180 days after enactment.

3. REQUIRE ISSUANCE OF PHYSICAL DOCUMENTS IN THE FORM OF BONDS, NOTES, OR CERTIFICATES TO THE SOCIAL SECURITY TRUST FUNDS

Present law

In general, section 201(d) of the Social Security Act requires the Secretary of the Treasury to invest annual surpluses of the Social Security Trust Funds in interest bearing obligations of the U.S. government. Under current Treasury practice, these holdings are recorded as entries on a ledger. No physical documents are issued to the Trust Funds evidencing these obligations.

Explanation of provision

The provision would require that each obligation issued for purchase by the Social Security Trust Funds be evidenced by a physical document in the form of a bond, note, or certificate of indebtedness. This physical document would state the principal amount,
date of maturity, and interest rate of the obligation. It would also state on its face that:

* * * * the obligation shall be incontestable in the hands of the Trust Fund to which it is issued, that it is supported by the full faith and credit of the United States, and that the U.S. is pledged to the payment of the obligation with respect to both principal and interest.

In addition, interest on such obligations would be paid to the Trust Funds with paper checks drawn on the general fund.

No later than 60 days after enactment, the Secretary of the Treasury would be required to issue physical documents in the form of bonds, notes, or certificates of indebtedness for all outstanding Social Security Trust Fund obligations.

Effective date

The provision would apply with respect to obligations issued, and payments made, after 60 days after the date of enactment.

4. INCREASE EXPLICITNESS OF REQUIREMENT FOR PUBLIC TELEPHONE ACCESS TO LOCAL SOCIAL SECURITY OFFICES

Present law

During the late 1980s, the Social Security Administration (SSA) initiated a project whose dual goals were to establish a national 800 number and to restrict public telephone access to local Social Security offices. It implemented this project in two steps. In October 1988, it integrated its 37 teleservice centers (TSCs) into a national telephone network that served 60 percent of the population—in general, individuals living in large urban areas. In October 1989, it extended toll-free service via the TSCs and four new mega-TSCs to the entire country. At the same time, it eliminated direct public access to local Social Security offices by: (a) diverting calls placed to them to the 800 number, (b) removing general inquiry telephone lines, and (c) deleting office numbers from local telephone directories. As a result, the public was no longer able to call most local offices directly.

In the Omnibus Budget Reconciliation Act of 1990 (P.L. 101—508), Congress responded to widespread public dissatisfaction with this loss of local service by requiring SSA to: (a) maintain telephone access to local offices at the level generally available as of September 30, 1989, and (b) relist the numbers of affected offices in local telephone directories. P.L. 101—508 also required the General Accounting Office to report to Congress on the level of public telephone access to local offices following enactment of these requirements.

In September 1991, the GAO reported that, while SSA has generally complied with the requirement that it relist local office telephone numbers, general inquiry lines to the offices targeted by P.L. 101—508 had decreased by 30 percent, or 766 lines, below the level that existed on September 30, 1989. For those offices that had lines removed, the average loss was 57 percent. In explaining this situation, SSA asserted that P.L. 101—508 requires only that it relist local office numbers, not that it restore the general inquiry lines used by the public to reach him.
Explanation of provision

The provision would make more explicit the requirement in P.L. 101-508 that SSA maintain public access to its local offices at the level generally available on September 30, 1989, by adding the following sentence to the statute:

In carrying out the requirements of the preceding sentence, the Secretary shall reestablish and maintain in service the same number of telephone lines to each such local office which were in place as of such date, including telephone sets for connections to such lines.

Thus, SSA would be required to reinstall to the appropriate local offices the 766 public inquiry lines which were in service in these offices on September 30, 1989, thereby achieving the objective of restored public access that Congress intended in enacting P.L. 101-508.

The General Accounting Office would be required to make an independent determination of the number of telephone lines to each SSA local office which are in place 90 days after enactment and to report its findings to the House Committee on Ways and Means and Senate Committee on Finance no later than 150 days after enactment.

To avoid any curtailment of national 800-number service, the provision would require that SSA maintain its toll-free service at a level at least equal to that in effect on the date of enactment.

Effective date

The provision relating to local telephone access would be effective 90 days after enactment. The provision relating to toll-free service would be effective upon enactment.

5. INCREASE IN SOCIAL SECURITY EXCLUSION FOR ELECTION WORKERS

Present law

Election workers who earn less than $100 per year are subject to three Social Security exclusions: (a) at the option of a State, they may be excluded from the State's voluntary coverage agreement with the Secretary of Health and Human Services (HHS); (b) they are excluded from the requirement that State and local workers hired after March 31, 1986, pay the hospital insurance portion of the Social Security tax (1.45 percent); and (c) they are excluded from the requirement in the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) that State and local workers who are neither covered by a State or local retirement system nor by a voluntary agreement pay the full Social Security tax (7.65 percent).

Explanation of provision

These three exclusions would be increased to apply to election workers with annual earnings of up to $1,000, rather than the current $100; and the new exempt amount would be indexed for increases in wages in the economy.

Effective date

The increased exclusions would apply to service performed on or after January 1, 1995. Modifications of State voluntary agreements...
would be effective with respect to services performed in and after the calendar year in which the modification is mailed or delivered to the Secretary.

6. PERMIT USE OF SOCIAL SECURITY NUMBERS FOR JURY SELECTION

Present law

The Privacy Act of 1974 prohibits States from requiring individuals to provide Social Security numbers for identification purposes unless the State was doing so prior to January 1, 1975, or the State is specifically permitted to do so under Federal law. The Social Security Act currently authorizes States to use the Social Security number in administration of any tax, general public assistance and driver's license or motor vehicle registration law within its jurisdiction. Other Federal statutes authorize the State use of the Social Security number for other purposes.

Currently, courts utilize jury source lists within their jurisdiction to select jurors. Source lists (most commonly made up to lists of licensed drivers and registered voters) are usually computer tapes merged by the courts to form one pool—or master list—from which jurors are selected.

Court administrators and judges believe that these lists would be more reliable if the courts could use Social Security numbers to enable computers to identify and eliminate duplicate names as the lists are being merged. States which are permitted under current law to collect Social Security numbers for purposes such as driver's licenses and voter registration are not allowed to use those Social Security numbers for other purposes such as refining jury selection master lists, unless the court was using the Social Security number for that purpose before the Privacy Act took effect.

Current law likewise prevents States from using the Social Security number to run the merged list against computerized lists of convicted felons in order to eliminate these individuals from jury pools.

Explanation of provision

States and Federal District Courts would be permitted to use Social Security numbers which have already been collected for purposes permitted under current law to use those numbers to eliminate duplicate names and names of convicted felons from jury source lists.

Effective date

The provision would be effective upon enactment.

7. AUTHORIZE OPTIONAL SOCIAL SECURITY COVERAGE OF POLICE OFFICERS AND FIREFIGHTERS

Present law

In general, employees of State and local governments who participate in a public retirement system can be brought under Social Security by means of voluntary voluntary agreements entered into by the States with the Secretary of Health and Human Services. However, the State option to obtain Social Security coverage for police officers and firefighters who are under a public retirement
system applies only in 24 States that are named in the Social Security Act. (An additional option applies with respect to firefighters only: any State may obtain coverage for them if the governor certifies that it would improve the overall benefit protection of firefighters in the coverage group and a referendum is held among the group under authorization of the State). The Act also provides that, in the 24 named States, Social Security coverage can be obtained only after a State-sponsored referendum.

Explanation of provision

The provision would extend to all States the option to provide police officers and firefighters who participate in a public retirement system with Social Security coverage under their voluntary agreements with the Secretary of HHS. The existing requirement for a referendum held under the authority of the State would continue to apply.

Effective date

The provision would apply with respect to modifications in voluntary agreements filed by States after enactment.

8. PROVIDE LIMITED EXEMPTION FROM SECA FOR AMERICAN MINISTERS WORKING AND RESIDENT IN CANADA

Present law

Section 233(c)(1) of the Social Security Act authorizes the President to enter into “totalization agreements” with foreign countries to coordinate entitlement to Social Security benefits in the U.S. with pension benefits in those foreign countries. The law requires that international agreements concluded pursuant to that section provide for the elimination of dual coverage of work under the Social Security systems of the United States and another country.

Article V(7) of the totalization agreement between the United States and Canada provides that individuals considered self-employed by the United States who are American citizens but are residents of Canada are covered only under the Canadian Pension Plan.

Under the Social Security Act, an individual who is a duly ordained, commissioned, or licensed minister of a church or a member of a religious order is generally considered self-employed for Social Security payroll tax purposes and subject to SECA taxes.

The Canadian social insurance program treats ministers as employees of the church rather than self-employed.

Prior to the 1984 totalization agreement with Canada, duly ordained and licensed ministers who were American citizens but residents of Canada were required to pay SECA taxes to the United States and Social Security taxes to Canada.

In some cases, ministers who were American citizens but residents of Canada failed to file tax returns or pay SECA tax believing that they were not required to do so because they were paying into the Canadian Pension Plan as residents of Canada. The Internal Revenue Service has assessed taxes and penalties against those ministers who failed to file a return and pay the required taxes. Thus, although the totalization agreement now prevents these min-
isters from being taxed in two countries on the same earnings, they remain liable for pre-1984 taxes.

Explanation of provision

The provision would exempt ministers who failed to pay SECA taxes in the United States on earnings from services performed in Canada before the 1984 totalization agreement between the United States and Canada went into effect, and who were required to pay social insurance taxes in Canada on such earnings, from the payment of such taxes or related penalties, owed to the United States. In addition, the provision provides that the ministers' Social Security earnings records would not be credited for years in which the SECA tax was not paid.

Effective date

The provision would be effective for individuals who meet the requirements of the statute and who file a certificate with the Internal Revenue Service within six months after the IRS issues regulations implementing this provision. The certificate shall be effective for taxable years 1979 through 1984.

9. TOTALIZE THE WINDFALL ELIMINATION PROVISION

Present law

The President is authorized to enter into "totalization agreements" with foreign countries. If an individual has worked under Social Security systems in both the U.S. and a foreign country with which the U.S. has an agreement, but has not worked long enough to qualify for a benefit, a totalization agreement allows the individual's coverage under both systems to be combined, or "totalized," in order for one country (or both) to pay a benefit. Benefits paid under a totalization agreement are generally prorated to take account of the fact that the person did not work for an entire career under the system that is paying benefits.

The windfall elimination provision (WEP) is applied to the computation of Social Security benefits for workers who are eligible for both Social Security and a pension from work not covered by Social Security. Under the WEP, a different benefit formula yielding a lower amount is used to calculate the worker's Social Security benefit. (Due to the weighting of the Social Security benefit formula toward workers with lower lifetime wages, workers with many years of work not covered by Social Security would receive a windfall in their Social Security benefit in the absence of the WEP.)

With respect to individuals who have worked under Social Security systems in both the U.S. and a foreign country with which the U.S. has a totalization agreement, the WEP applies: (1) in the computation of some U.S. totalization benefits, and (2) in the computation of regular U.S. Social Security benefits if the individual receives a foreign totalization benefit.

With respect to U.S. totalization benefits, the benefit is prorated (to account for the fact that the worker did not work his or her entire career under the U.S. Social Security system), and in this way the weighting of the benefit formula is largely removed. Thus, the application of the WEP in this instance is inappropriate.
With respect to the calculation of regular U.S. benefits when the individual also receives a foreign totalization benefit, application of the WEP is also inappropriate. This is because a foreign pension that is based in part on U.S.-covered work should not be considered a pension based on non-covered employment for purposes of triggering application of the WEP.

Explanation of provision

The provision would disregard the Windfall Elimination Provision: (1) in computing any U.S. totalization benefit, and (2) in computing the amount of a regular U.S. benefit of an individual who receives a foreign totalization benefit based in part on U.S. employment and who does not receive any other pension which is based on noncovered employment.

Effective date

The provisions would be effective with respect to benefits payable for months after January, 1995.

10. EXCLUDE MILITARY RESERVISTS FROM APPLICATION OF THE GOVERNMENT PENSION OFFSET AND THE WINDFALL ELIMINATION PROVISION

Present law

The Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) are intended to reduce Social Security benefits payable to an individual who qualifies for both a Social Security benefit and a pension based on employment not covered by Social Security.

The WEP reduces a worker's Social Security retirement or disability benefit in cases where the worker is receiving both a Social Security benefit and a pension based on employment not covered by Social Security. The WEP is designed to eliminate the windfall resulting from the weighted Social Security benefit formula which is intended to replace a higher proportion of wages for low-earning workers than for high-earning workers.

Active military service became covered under Social Security in 1957. Inactive duty by reservists (such as weekend drills) became covered under Social Security in 1988. A pension based on either type of service (active or inactive), if performed before 1957, does not trigger the WEP. The only military pension which triggers the WEP is a pension based on inactive duty after 1956 and before 1988. This produces arbitrary and inequitable results for a small, closed group of people who receive military pensions based, at least in part, on noncovered military reserve duty after 1956 and before 1986.

Under the GPO, spouse's and widow(er)'s benefits received by an individual based on his or her spouse's Social Security-covered work are reduced by two-thirds of the amount of any government pension to which the individual is entitled based on his or her own work in a government job not covered under Social Security.

In general, an individual is exempt from the GPO if the last day of his or her work in a government job was covered by Social Security. Thus, reservists who retired from military service before 1988...
may be arbitrarily subject to the GPO depending on whether the last day of their duty status happened to be covered (active duty, such as two-week training duty) and therefore exempt from the GPO or not covered (inactive duty) and therefore subject to the GPO.

**Explanation of provision**

The provision would provide that military pensions based on service performed in the military reserves before 1988 would not trigger application of the GPO or WEP to the individual's Social Security benefits.

**Effective date**

The provision would be effective with respect to benefits payable for months after January, 1995.

11. REPEAL OF FACILITY-OF-PAYMENT PROVISION

**Present law**

As a general rule, when an individual receiving benefits as the dependent of a worker has a deduction in his or her benefits—for example, due to the earnings test—and the Maximum Family Benefit rule applies, the withheld benefits are redistributed and paid to the other dependents. (The Maximum Family Benefit, or MFB, is a limit on the total amount of benefits which can be paid on a worker's record to the worker and his or her dependents).

However, if all the dependents are living in the same household, the affected individual's benefit check is not actually withheld; instead, the individual receives a notice from the Social Security Administration accompanying the benefit check. This notice explains that the beneficiary is subject to a benefit deduction and should not actually receive the benefit check. However, the benefit is being paid with the understanding that it is for the use and benefit of the other dependent beneficiaries. This procedure is known as the facility-of-payment provision.

Although the facility-of-payment provision was intended as an administrative simplification, it in fact requires complex computations that are error-prone and difficult to automate. Further, the facility-of-payment provision confuses beneficiaries.

In cases where all of the dependent beneficiaries are not residing in the same household, the facility-of-payment provision does not apply and the withheld benefits are redistributed and paid directly to the to the remaining dependents.

**Explanation of provision**

The facility-of-payment provision would be repealed. A beneficiary who is subject to a deduction would have his or her benefits withheld, and the withheld amount would be redistributed and paid directly to the other dependents.

**Effective date**

The provision would be effective for benefits for months after December, 1995.
12. CONFORM FAMILY MAXIMUM BENEFIT TO PRIMARY INSURED AMOUNT GUARANTEE

Present law

A guarantee is provided for workers who receive disability benefits, then stop receiving disability benefits, and subsequently become reentitled to benefits due to death, retirement or disability. This "subsequent entitlement guarantee" provides that the basic benefit amount (the Primary Insurance Amount, or PIA) of a worker who becomes reentitled to benefits or dies (thereby entitling his or her survivors) cannot be less than the PIA in effect in the last month of the worker's prior entitlement to disability benefits.

Due to a drafting error in the 1977 Social Security Amendments, when this guarantee was created, the guarantee does not extend to the Maximum Family Benefit (MFB) payable on the worker's record, which is determined based upon the PIA. (The MFB is a limit on the total amount of benefits which may be paid on a worker's record to the worker and his or her dependents.) As a result, the MFB which is payable when the worker becomes reentitled to benefits or dies may be less than the MFB payable in the last month of the worker's prior entitlement to disability benefits.

Explanation of provision

The provision would make a conforming change in the Maximum Family Benefit, so that the guaranteed PIA would be the basis for calculating the guaranteed MFB.

Effective date

The provision would be effective for the MFB of workers who become reentitled to benefits or die (after previously having been entitled) after January, 1995.

13. DISCLOSURE OF SOCIAL SECURITY ADMINISTRATION INFORMATION FOR EPIDEMIOLOGICAL RESEARCH

Present law

Current law prohibits Federal agencies from releasing personal information contained in an individual file without the written consent of the individual.

Prior to the 1989 Supreme Court decision United States Department of Justice v. Reporters Committee for Freedom of the Press (Reporters Committee), the Social Security Administration (SSA) would permit disclosure of personally identifiable information to epidemiological researchers believing that it was permitted to do so under the Freedom of Information Act (FOIA). Disclosure of personal information is permitted under FOIA when the public interest served by the disclosure outweighs the privacy interest served by withholding the information.

In the Reporters Committee decision, the Supreme Court restricted disclosures of personally identifiable information under FOIA, ruling that disclosure of personal information serves the public interest only when the requested information gives the public insight into the Federal government's performance of its statutory duties.
As a result of the Reporters Committee decision, SSA has discontinued the practice of disclosing information from its files to epidemiological researchers.

Epidemiological research examines specific risk factors (such as exposure to chemical agents or specific medical treatments) that may cause disease by measuring the effect of these factors on a known population. For example, medical researchers may need to know which members of a research population have died or in which state they died (in order to follow-up on the cause of death). The information is usually requested by private researchers and colleges and universities conducting research on behalf of private entities.

Explanation of provision

The provision would require SSA, under certain circumstances, to disclose limited personally identifiable information for epidemiological research purposes only, and it would permit the Secretary of the Treasury to provide such information to SSA for purposes of complying with such requirement.

Under the provision, SSA would be required to comply with requests for information showing whether an individual is alive or deceased. However, the requestor must meet two requirements: (1) the information must be for epidemiological or similar research which the Secretary has determined shows a reasonable promise of contributing to a national health interest; and (2) the requestor must agree to reimburse the Secretary for providing such information and agree to comply with limitations on safeguarding and rerelease or redisclosure of such information, as specified by the Secretary.

Effective date

The provision would be effective upon enactment.

14. PROHIBIT MISUSE OF SYMBOLS, EMBLEMS OR NAMES RELATED TO THE SOCIAL SECURITY ADMINISTRATION, HEALTH CARE FINANCING ADMINISTRATION, AND TREASURY DEPARTMENT

Present law

In 1988, Congress enacted a provision prohibiting the misuse of words, letters, symbols and emblems of the Social Security Administration (SSA) and the Health Care Financing Administration (HCFA). The purpose of the provision was to prohibit organizations from conveying the false impression to recipients of mailings or solicitations that the product was endorsed, approved, or authorized by SSA or HCFA.

The law permits the Secretary of Health and Human Services (HHS) to impose civil monetary penalties not to exceed $5,000 per violation or, in the case of a broadcast or telecast, $25,000 per violation. The total amount of penalties which may be imposed is limited to $100,000 per year.

Amounts collected by the Secretary are deposited as miscellaneous receipts of the Treasury of the United States.

There is no provision in present law prohibiting the use of titles, symbols, emblems, and names of the Department of the Treasury.
and its (subsidiary agencies) in connection with advertisements, mailings, solicitations, or other business activities.

In May 1992, the Subcommittee on Social Security and the Subcommittee on Oversight held a joint hearing to examine the effectiveness of laws designed to prevent fraud through deceptive advertising and solicitation practices. Of particular interest to Members of the Subcommittees was the adequacy of section 1140 of the Social Security Act which prohibits the misuse of names, symbols and emblems of SSA and HCFA.

The Subcommittee heard testimony from the Commissioner of the Social Security Administration, and representatives from the Office of Inspector General, Department of Health and Human Services and United States Postal Inspector as well as State Attorney's General and State Aging Agencies. The hearing prompted development of a proposal to strengthen section 1140.

**Explanation of provision**

Numerous witnesses testified that the $100,000 annual limit on the total amount of penalties that can be levied against individuals for violations of section 1140 did not serve as an adequate deterrent to groups who can take in millions of dollars each year by engaging in deceptive practices. The provision would eliminate the provision in section 1140 which provides for an annual cap on penalties, to allow the Secretary to set fines at a level which is both reasonable and would provide a strong deterrent to organizations and individuals engaged in deceptive mailings and other violations of section 1140.

The provision would define a "violation" with regard to mailings as each individual piece of mail in a mass mailing. Regulations promulgated by the HHS Inspector General treat each piece of mail addressed to specific individuals as a violation. However, the regulations define an entire mass mailing addressed to "resident" as only one violation. The provision would strengthen the deterrent against deceptive mailings by making each piece a violation.

Section 1140 would be amended to include the use of names, letters, symbols or emblems of the Department of Health and Human Services as protected items.

The provision would amend current law, which prevents a person from using names and symbols in a manner which such person "knows or should know would convey a false impression" of a relationship with SSA, HCFA, or HHS, to provide an alternate standard. In addition, to the above current standard, the provision would add a prohibition against the use of the names or symbols in a manner which "reasonably could be interpreted or construed as conveying" a relationship to SSA, HCFA, or HHS.

In addition the provision would repeal the present-law requirement that the Department of Health and Human Services obtain a formal declination from the Department of Justice (DOJ) before pursuing a civil monetary penalty case under section 1140. Since section 1140 is specific to activities related to agencies within the Department of Health and Human Services, there is no danger of overlap with other Department of Justice actions. Moreover, the Department of Justice has shown no interest in pursuing actions
in this area. Clearance from DOJ has only delayed the assessment of penalties.

The provision would provide that penalties collected by the Secretary for violations of section 1140 would be deposited in the Old-Age and Survivors Insurance Trust Fund.

In response to numerous complaints from the public generally and concerns expressed by hearing witnesses regarding organizations that offer to provide individuals with Social Security forms for a fee, the provision would require groups to receive approval from SSA in order to engage in these activities. The provision would stipulate that no person may reproduce, reprint, or distribute for a fee any form, application, or other publication of the Social Security Administration unless it has obtained specific written authorization for such activity in accordance with regulations prescribed by the Secretary.

The provision would provide that any disclaimer found on a mailing or other item would not provide a defense against an action for violation of section 1140. Many consumers do not read, or cannot read, disclaimers on mass mailings. Similarly, disclaimers in other forms of media may not be heard or understood by the consumer. Thus, the provision would provide that any determination of whether there is a violation of section 1140 shall be made without regard to a disclaimer.

The HHS Secretary would be required to report annually to Congress detailing the number of complaints of deceptive practices received by SSA, the number of cases in which SSA sent a notice of violation of this section to an individual requesting that individual cease misleading activities, the number of cases referred by SSA to the HHS IG, the number of investigations undertaken by the HHS IG, the number of civil monetary penalties formally proposed by the HHS IG in a demand letter, the total amount of civil monetary penalties assessed during the year, and the total amount of civil monetary penalties deposited in the OASI trust fund during the year. In addition, reflecting the view of Committee Members that every individual should be afforded due process under the law, the Secretary would be required to report to the Committee the number of hearings requested by the respondents and the disposition of these hearings.

Finally, the provision would clarify that the stipulations of section 1140 would continue to be enforced by the Office of Inspector General of the Department of Health and Human Services. The Committee expects that SSA and HCFA would continue their present practice of seeking voluntary compliance under the law before determining whether to refer cases to the Inspector General.

With regard to the Department of Treasury, the provision would prohibit the use in advertisements, solicitations, and other business activities of words, abbreviations, titles, letter, symbols, or emblems associated with the Department of Treasury (and services bureaus, offices or subdivisions of the Department, including the Internal Revenue Service) in a manner which could reasonably be interpreted as conveying a connection with or approval by the Department of Treasury. The prohibition would apply not only to official words, titles, abbreviations, initials, symbols and emblems, but also to colorable imitations thereof.
The proposal would establish a civil penalty of not more than $5,000 per violation (or not more than $25,000 in the case of a broadcast). In addition, the bill would establish a criminal penalty of not more than $10,000 (or not more than $50,000 in the case of a broadcast) or imprisonment of not more than one year, or both, or in any case in which the prohibition is knowingly violated. Any determination of whether there is a violation would be made without regard to the use of a disclaimer of affiliation with the Federal Government. The Secretary of the Treasury would be required to provide to the Committee on Ways and Means and the Committee on Finance, no later than May 1, 1996, a report on enforcement activities relating to the implementation of the provision.

Effective date
The provision would be effective upon enactment.

15. INCREASE IN PENALTIES FOR UNAUTHORIZED DISCLOSURE OF SOCIAL SECURITY INFORMATION

Present law
Each year, SSA receives and maintains earnings information, including the names and addresses of employers, on over 130 million working Americans in its computer system. Employers are required to file annually with the Social Security Administration copies of their workers' W-2 statements. The statements contain the worker's Social Security numbers and the amount of wages the workers received during the year. In addition, each SSA file contains an individual's birth certificate information, such as date of birth, father's name and mother's maiden name. For those receiving Social Security benefits, the file contains a current address and monthly benefit amounts.

During the mid-1980's, SSA developed an automated record-keeping system which made beneficiary records and worker earnings reports, previously stored and available only from SSA's central office in Baltimore, easily accessible to employees in over 1300 local offices and teleservice centers around the country.

In September 1993, the Subcommittee on Social Security held a hearing to examine allegations that employees of the Department of Health and Human Services (HHS) had sold confidential information from SSA files to individuals known as information brokers. The United States Attorney from Newark, New Jersey, testified that in December 1991, following a two-year nationwide investigation, 24 individuals were arrested for engaging in schemes to buy and sell information from Government computer files. Among those arrested were employees of the Social Security Administration and the Department of Health and Human Services, Office of Inspector General (IG).

The Social Security Act includes provisions which prohibit the unauthorized disclosures of information contained in Social Security Administration files. The Act provides that any person who violates these provisions and makes an unauthorized disclosure can be found guilty of a misdemeanor and, upon conviction, punished by a fine not exceeding $1,000 or by imprisonment not exceeding one year, or both.
Explanation of provision

The provision would stipulate that unauthorized disclosure of information and fraudulent attempts to obtain personal information under the Social Security Act would be made a felony. Each occurrence of a violation would be punishable by a fine not exceeding $10,000 or by imprisonment not exceeding five years, or both.

Effective date

The provisions would be effective upon enactment.

16. COORDINATE DATES FOR FILING BENEFICIARY EARNINGS REPORTS

Present law

In general, individuals under age 70 who receive Social Security retirement or survivors' benefits must file an annual report of their earnings with the Social Security Administration for any taxable year in which their earnings or wages exceed the annual exempt amount of earnings under the Social Security earnings test. These reports are due to be filed by the same date as Federal income tax returns, the fifteenth day of the fourth month after the close of the taxable year (normally April 15). Individuals may be granted a reasonable extension of time for filing an earnings report if there is a valid reason for delay, but not more than 3 months. An extension of time for filing an income tax return may be granted for up to 4 months.

Explanation of provision

The time for which an extension could be granted for filing an earnings report would be increased to 4 months.

Effective date

The provision would be effective with respect to reports of earnings for taxable years ending on or after December 31, 1994.

17. EXTEND DISABILITY INSURANCE DEMONSTRATION PROJECTS

Present law

Section 505(a) of the Social Security Disability Insurance Amendments (P.L. 96–265), as extended by the Omnibus Budget Reconciliation Act of 1989 (P.L. 101–239) and the Omnibus Budget Reconciliation Act of 1990 (P.L. 102–508), authorizes the Secretary of Health and Human Services to waive compliance with the benefit requirements of titles II and XVIII for purposes of conducting work incentive demonstration projects to encourage disabled beneficiaries to return to work. The authority to waive compliance applies to projects initiated prior to June 10, 1993. A final report was due no later than October 1, 1993.

Explanation of provision

The Secretary's authority to initiate disability work incentive demonstrations projects that waive compliance with benefit provisions (as provided in P.L. 96–265) would be extended through June 9, 1996. A final report on the projects would be due no later than October 1, 1996.
Effective date
The provision would be effective upon enactment.

18. AUTHORIZE CROSS-MATCHING OF SOCIAL SECURITY ACCOUNT NUMBERS AND EMPLOYER IDENTIFICATION NUMBERS OF THE DEPARTMENT OF AGRICULTURE

Present law
Under current law, the Department of Agriculture is allowed to collect and maintain a list of the names, Social Security numbers and employer identification numbers of the owners and officers of retail grocery stores which redeem food stamps. The list is used only to keep track of grocery store operators who have been sanctioned for violations under the Food Stamp Act.

Explanation of provision
The provision would permit the Department of Agriculture to share the list of names and identifying numbers with other Federal agencies for the purpose of investigating both incidents of food stamp fraud and violations of other Federal laws.

The Committee intends that the Department of Agriculture would use this authority to report to appropriate Federal agencies potential violations of other Federal laws discovered in the course of conducting investigations of food stamp fraud. For example, the Committee intends that the Department of Agriculture would be authorized to report to the Internal Revenue Service information relating to violations of Federal income tax laws.

Effective date
The provision would be effective upon enactment.

19. EXTEND ON PERMANENT BASIS GENERAL FUND TRANSFER TO RAILROAD RETIREMENT TIER 2 FUND

Present law
A portion of the railroad retirement tier 2 benefits are included in gross income of recipients (similar to the treatment accorded recipients of private pensions) for Federal income tax purposes. The proceeds from the income taxation of railroad tier 2 benefits received prior to October 1, 1992, have been transferred from the General Fund of the Treasury to the railroad retirement account. Proceeds from the income taxation of benefits received after September 30, 1992 remain in the General Fund.

Explanation of provision
The transfer of proceeds from the income taxation of railroad retirement tier 2 benefits from the General Fund of the Treasury to the railroad retirement account would be made permanent.

Effective date
The provision would be effective for income taxes on benefits received after September 30, 1992.
20. AUTHORIZE USE OF THE SOCIAL SECURITY NUMBER AS THE CLAIM IDENTIFICATION NUMBER FOR WORKERS' COMPENSATION CLAIMS FILED WITH THE DEPARTMENT OF LABOR

**Present law**

The Privacy Act of 1974 prohibits a Federal agency from using the Social Security number as an identification number unless it is specifically permitted by statute.

The Department of Labor, which administers the Federal Employees' Compensation Act (FECA) and the Longshore and Harbor Workers' Compensation Act (LHWCA) and its extensions, would like the statutory authority to utilize Social Security numbers to identify claimants. The Department believes that using an individual's Social Security number as an identifier will assist it in preventing duplicate claims, identifying fraud and eliminating deceased beneficiaries from the rolls.

**Explanation of provision**

The provision would amend section 205 of the Social Security Act to permit the Department of Labor to utilize Social Security numbers as the claim identification number for workers' compensation claims.

**Effective date**

The provision would be effective upon enactment.

21. RETIREMENT ELIGIBILITY FOR FEDERAL EMPLOYEES TRANSFERRED TO INTERNATIONAL ORGANIZATIONS

**Present law**

During the past 30 years, Federal agencies have loaned employees for temporary periods of service to the technical and specialized agencies of the United Nations and other international organizations, allowing these employees to continue to receive United States Government retirement credit as an incentive.

The law specifically provides that Federal employees participating in the old Civil Service Retirement System are entitled to retain coverage rights and benefits under the Federal retirement system. Due to the definition of employment in the Social Security Act, however, employees covered under the new Federal Employees Retirement System (FERS) or the Foreign Service Pension System (FOPS) (which in general provide Federal employees hired on or after January 1, 1984 with both Social Security coverage and a supplemental government pension) may not continue to contribute to Social Security if they transfer to international organizations.

**Explanation of provision**

The provision would allow Federal Government employees participating in a retirement program which provides Social Security coverage to continue to pay into Social Security while on temporary assignment to an international organization. The loaning agency would continue to pay the employer's share of the FICA tax.
Effective date

The provision would apply with respect to service performed after the calendar quarter following the calendar quarter of enactment.

22. EXTENDING THE FICA TAX EXEMPTION AND CERTAIN TAX RULES TO INDIVIDUALS WHO ENTER THE UNITED STATES UNDER A VISA ISSUED UNDER SECTION 101(A)(15)(Q) OF THE IMMIGRATION AND NATIONALITY ACT

Present law

Prior to 1990, aliens who entered the United States for a limited period of time as part of a cultural exchange were issued a visa under section 101(a)(15)(J) of the Immigration and Nationality Act. Under the Internal Revenue Code, individuals who enter the country on a visa issued under section 101(a)(15)(J), (F), or (M), of the Immigration and Nationality Act are subject to certain Internal Revenue Code provisions which generally exclude such visa holders from the FICA, FUTA, and Railroad Retirement Act systems. For income tax purposes, the holder of such a visa may be treated as a "nonresident," certain of whose income is deemed to be derived from the conduct of a trade or business in the United States.

As part of the Immigration Act of 1990, Congress created section 101(a)(15)(Q) of the Immigration and Nationality Act. Section 101(a)(15)(Q) provided for the issuance of visas to individuals who enter the country for a limited period as part of a cultural exchange. Because section 101(a)(15)(Q) is not expressly cross-referenced in the Internal Revenue Code, individuals entering the United States under such a visa are not eligible for treatment under the Internal Revenue Code provisions described above.

Explanation of provision

The proposal would add a reference to section 101(a)(15)(Q) in the Internal Revenue Code cross-references to section 101(a)(15)(J). As a result, individuals entering the United States under a program described in section 101(a)(15)(Q) would be eligible for Internal Revenue Code treatment, such as exclusion from the FICA system, now afforded to individuals entering the United States under a visa issued pursuant to section 101(a)(15)(J).

Effective date

The provision would take effect with the calendar quarter following the date of enactment.

23. STUDY RISING COST OF DISABILITY INSURANCE BENEFITS

Present law

In their 1993 and 1994 annual reports to Congress, the Social Security Board of Trustees reported that, under intermediate economic assumptions, the Disability Insurance Trust Fund would become insolvent during 1995. To address this problem, the Trustees recommended a reallocation of the Social Security payroll tax rate from the OASI Trust Fund to the DI Trust Fund. The Board's recommendation was first approved by the House as part of H.R.
2264, the Omnibus Budget Reconciliation Act of 1993, but was de-
leted in conference at the insistence of the Senate. On April 28,
1994, the Committee on Ways and Means again approved the
Board's recommendation as part of H.R. 4278.

In addition to the reallocation, the Board recommended that the
best possible research be undertaken to establish whether higher-
than-expected DI program costs are a temporary trend or longer-
term phenomenon.

Explanation of provision

The Secretary of Health and Human
Services would be required
to conduct a comprehensive study of the reasons for rising costs in
the Disability Insurance program. The study would determine the
relative importance of: (a) increased numbers of applications for
benefits, (b) higher rates of benefit allowances, and (c) decreased
rates of benefit terminations in increasing DI program costs. It
would also identify, to the extent possible, underlying social, eco-
nomic, demographic, programmatic, and other trends responsible
for changes in DI applications, allowances, and terminations. No
later than December 31, 1994, the Secretary would be required to
issue a report to the House Committee on Ways and Means and
the Senate Committee on Finance summarizing the results of the
study and, if appropriate, making legislative recommendations.

Effective date

The study would be due no later than December 31, 1994.

24. COMMISSION ON CHILDHOOD DISABILITY

Present law

No provision.

Explanation of provision

The Secretary would be directed to appoint a Commission on the
Evaluation of Disability in Children, consisting of 15 members in-
cluding recognized experts in relevant fields of medicine; recognized
experts in psychology, education and rehabilitation, law or admin-
istration of disability programs; and other experts determined ap-
propriate by the Secretary.

The Commission would conduct a study, in consultation with the
National Academy of Sciences, on the effect of the current Supple-
mental Security Income definition of disability, as it applies to chil-
dren under the age of 18 and their receipt of services, including the
effect of using an alternative definition. The Commission would
summarize the results of this study in a report due to the Commit-
tees on Finance and Ways and Means, due no later than November

Effective date

The provision would take effect with the calendar quarter follow-
ing the date of enactment.
25. DISREGARD DEEMED INCOME AND RESOURCES OF INELIGIBLE SPOUSE WHEN DETERMINING CONTINUED ELIGIBILITY UNDER SECTION 1619(B)

Present law

Under section 1619(a) of the Social Security Act, SSI benefits continue for those working and earning above the substantial gainful activity level, which is currently $500 per month, as long as there is no medical improvement in the disabling condition. Benefits decline at a rate of $1 for each additional $2 earned after disregarding the first $65 of earned income and the first $20 of unearned income. In general, the point at which a recipient, who has at least $20 in monthly unearned income, would be ineligible for cash SSI benefits in a month would be the sum of $85 plus twice the sum of the Federal benefit and State supplement, if any. In 1994, this "breakeven point" for an individual was $977 per month without a State supplement. For States with a supplement, the breakeven point increases by $2 for every $1 in State supplement.

Under section 1619(b), SSI recipients can continue on Medicaid even if their earnings cause their income to exceed the breakeven point and they no longer receive cash SSI benefits. In some States, so-called 209(b) States, this does not apply. However, in most States, Medicaid continues as long as the SSI recipient: (1) continues to be blind or disabled; (2) except for earnings, continues to meet all of the eligibility requirements; (3) is seriously inhibited from continuing work by termination of eligibility of Medicaid; and (4) has earnings insufficient to provide a reasonable equivalent to cash SSI benefits, Medicaid, and publicly funded attendant care that would have been available if he or she did not have earnings.

In making determinations on the fourth criterion above, SSA compares the individual's gross earnings to a "threshold" amount. The threshold amount is the sum of the breakeven level for gross earnings of cash benefits for an individual with no other income living in his or her own household plus the average Medicaid expenditures for disabled SSI cash recipients for the State of residence. If the recipient's gross earnings exceed the threshold, an individualized threshold is calculated which considers the person's actual Medicaid use, State supplement rate, and publicly funded attendant care. In other words, under the fourth criterion Medicaid eligibility continues until the individual's earnings reach a higher plateau which takes into account the person's ability to afford medical care, as well as his or her normal living expenses.

An eligible spouse's income and resources are deemed to include the income and resources of his or her ineligible spouse with whom he or she lives. In some cases, SSI recipients who are working and are eligible for Medicaid under section 1619(b) may become ineligible for Medicaid because they marry a person who has sufficient income to render the SSI recipient ineligible for Medicaid. In other cases, the SSI recipient's ineligible spouse might receive additional income which makes the SSI recipient ineligible for Medicaid under the deeming rules.
*Explanation of provision*

An SSI recipient benefiting from section 1619(b) work incentives would be allowed to retain Medicaid eligibility through disregarding: (1) his or her ineligible spouse's net income up to twice the eligible spouse's "threshold amount," and (2) the ineligible spouses resources up to the State's spousal impoverishment resource amount. Under current regulations, twice the "threshold amount" would vary from as little as about $22,000 to as much as about $63,000 annually and the spousal impoverishment resource limits would vary from a minimum of $14,532 to a maximum of $72,660.

*Effective date*

The provision would take effect October 1, 1995.

26. PLANS FOR ACHIEVING SELF-SUPPORT NOT DISAPPROVED WITHIN 60 DAYS TO BE DEEMED APPROVED

*Present law*

Under a plan to achieve self-support (PASS) certain income and resources are not taken into account in determining eligibility for or the amount of SSI benefits. An approved PASS allows a person who is blind or disabled to set aside the income and resources needed to achieve a work goal. The funds set aside can be used to pay for education, vocational training, or starting a business. The recipient must have a feasible work goal, a specific savings and spending plan, and must provide for a clearly identifiable accounting for the funds which are set aside. The individual must then follow the plan and negotiate revisions as needed.

SSA regulations provide the basic rules for a PASS. Under these rules, the individually designed plan can be for an initial period of at most 18 months, but an 18-month extension can be obtained. For participants engaged in lengthy education or training programs, an additional 12-month extension can be obtained. All plans must be approved by SSA before the income and resource exclusions can be excluded. If the recipient attains his or her goal, fails to follow the plan, or time expires, the income and resource exclusions are again countable.

*Explanation of provision*

A plan for achieving self-support (PASS) would be deemed to be approved if SSA has not acted upon a recipient's application for a PASS within 60 days of the application for the PASS.

*Effective date*

The provision would take effect January 1, 1995.

27. EXPANSION OF PLANS FOR ACHIEVING SELF-SUPPORT

*Present law*

A PASS allows an SSI recipient to shelter income and resources from limits if the funds are set aside to help him or her achieve a work goal. Funds may be set aside for education, vocational training, or starting a business.
**Explanation of provision**

Plans for achieving self-support would be expanded to include housing goals in addition to the current work goals under a five year demonstration.

**Effective date**

The provision would take effect January 1, 1995.

28. REGULATIONS REGARDING COMPLETION OF PLAN FOR ACHIEVING SELF-SUPPORT

**Present law**

Under current PASS regulations, an SSI recipient with a PASS may be eligible for its income and resource exclusions for 18 months, followed by two possible extensions of 18 and 12 months, respectively. An individual involved in a lengthy education program, could receive a pass for up to 4 years.

**Explanation of provision**

SSA would be required to take into account individual needs in determining the time limit on a PASS.

**Effective date**

The provision would take effect January 1, 1995.

29. TREATMENT OF CERTAIN GRANT, SCHOLARSHIP, OR FELLOWSHIP INCOME

**Present law**

Grant, scholarship, and fellowship income are treated as unearned income. The portion of this kind of income that is received for use in paying the cost of tuition and fees at any educational institution is excluded from income.

**Explanation of provision**

Grant, scholarship, and fellowship income, not used to pay for tuition and fees, would be treated as earned income.

**Effective date**

Applies to eligibility determinations for any month beginning after the second month following the month of enactment.

30. SSI ELIGIBILITY FOR STUDENTS TEMPORARILY ABROAD TO FULFILL DEGREE REQUIREMENTS

**Present law**

A recipient who is outside the United States for a full calendar month or more and who is not a child living outside the United States with a parent in the military service, is not eligible for SSI benefits for such month or months. A person who has been outside the United States for 30 consecutive days or more is not considered to be back until he or she has spent 30 consecutive days in the United States. After an absence of 30 consecutive days, SSI eligibility may resume effective with the day following the 30th day of
continuous presence in the United States, if the individual continues to meet all other eligibility criteria.

**Explanatin of provision**

SSI recipients who travel outside the United States for the purpose of fulfilling an educational requirement which will result in improved employment potential would be exempt from the calendar month and 30-day time limit.

**Effective date**

The provision would take effect January 1, 1995.

### 31. DISREGARD OF COST-OF-LIVING INCREASES FOR CONTINUED ELIGIBILITY FOR WORK INCENTIVES

**Present law**

Under the so-called Pickle amendment, State Medicaid plans are required to provide medical assistance to an individual if he or she: (1) simultaneously received both Social Security and SSI in some month after April 1977; (2) is currently eligible for and receiving OASDI benefits; (3) is currently ineligible for SSI; and (4) receives income that would qualify him or her for SSI after deducting all OASDI cost-of-living adjustment increases received since the last month in which he or she was eligible for both OASDI and SSI. The provision protects the individual against the loss of Medicaid coverage in many States because of a cost-of-living increase in Social Security benefits.

**Explanation of provision**

The protection against the loss of Medicaid coverage because of a cost-of-living increase in Social Security benefits would be extended to those no longer receiving cash SSI but who are receiving Medicaid coverage under section 1619(b) of the Social Security Act.

**Effective date**

Applies to eligibility determinations for months after the calendar year 1994.

### 32. EXPAND THE AUTHORITY OF SSA TO PREVENT, DETECT, AND TERMINATE FRAUDULENT CLAIMS FOR SSI BENEFITS

**a. Prevention of fraud in the SSI program by translators of foreign languages**

**Present law**

No provision.

**Explanation of provision**

The Board would be required to obtain a certification, under penalty of perjury, from any third-party translator who accompanies an SSI applicant or recipient, regarding the accuracy of the translation. The certification would also include the translator's characterization of the relationship between the translator and the applicant/recipient. For example, the translator might be the neighbor of the applicant/recipient, a middleman who has an oral or written
contractual relationship covering a myriad of services including translating, or a translator receiving a fee for the assistance provided. If a translator does not provide this certification, the Board would be required to consider any information provided by an applicant/recipient, through that translator, as unreliable. Where a certification is provided, the Board would continue to exercise its authority, under current law, to determine whether such information is reliable. If it is later discovered that either the translation was inaccurate or that the translator misrepresented their relationship on the certification, then the translator can be charged by law enforcement officials with the felony of providing a false statement to the government.

b. Civil money penalties in SSI cases involving fraud

Present law

Federal law provides broad authority for imposing civil penalties against persons who submit fraudulent claims to the Government. There are two applicable Federal statutes. The Civil False Claims Act (CFCA) requires the Government to use the normal judicial process, whereby the Department of Justice initiates a civil action in Federal Court to impose a penalty. The Program Fraud Civil Remedies Act (PFCRA) authorizes an administrative process under which Federal agencies may impose penalties. These statutes are intended to address fraud from a Government-wide perspective, and the process of imposing penalties can be complex and time-consuming. Further, the PFCRA is restricted to initial applications for benefits, in some circumstances, which limits its usefulness for SSI purposes.

Explanation of provision

The Board would have the same authority to impose civil penalties in SSI cases as the Secretary of HHS now has under sections 1128 and 1128A of the Social Security Act involving false claims in the Medicare and Medicaid programs. It would give the Board direct authority, after approval by the Department of Justice, to impose civil penalties when an individual or entity has been involved in submitting or causing to be submitted any false statement under the SSI program.

Each offense involving the SSI program would be subject to a penalty of not more than $5,000 and an assessment, in lieu of damages, of not more than twice the amount of benefits paid as a result of the false statement. In addition, medical providers or physicians who commit much offenses with respect to the SSI program would be subject to exclusion from participation in the Medicare and Medicaid programs.

The process would be similar to that used under section 1128A with respect to false claims in the Medicare and Medicaid programs. The Board would initiate and investigate cases, refer proposed actions to the Department of Justice for approval before proceeding, and adjudicate and impose penalties, assessments, or exclusions. As with section 1128A, any person adversely affected by a determination of the Board could obtain a review of such determination in the United States Court of Appeals. The amendment
would also provide, as in current section 1128, that an action solely to exclude a medical provider or physician, from participation in the Medicare and Medicaid programs could be undertaken and implemented without referral to the Department of Justice.

c. SSI Fraud Considered a Felony

Present law

SSI fraud is punishable by a fine of no more than $1,000,000 or a prison term of no more than one year, a misdemenator.

Explanation of provision

SSI fraud would be punishable by a fine as determined under the general criminal fine statutes, by a prison term of not more than five years, or both. This provision conforms the specific crime of SSI fraud to the criminal sanctions currently available for Social Security Disability Insurance fraud.

d. Authority to redetermine eligibility in disability cases if fraud is involved and to terminate benefits if there is insufficient reliable evidence of disability

Present law

SSA is only permitted to terminate SSI benefits under well-defined conditions, unless the benefits were obtained fraudulently. The statute provides no guidance on the use of this authority. SSA has very little experience with this provision and has not established clear procedures to redetermine eligibility for SSI benefits in cases involving fraud.

Explanation of provision

The Board would be required to proceed immediately to redetermine eligibility in SSI cases involving fraud unless a U.S. Attorney or equivalent State prosecutor, as coordinated by the OIG, SSA, certifies, in writing, that to do so would create a substantial risk of jeopardizing any current or anticipated criminal proceeding. When redetermining eligibility, the Board would be required to disregard any unreliable evidence of eligibility, such as application forms completed by middlemen, or medical reports submitted by medical professionals who have been found to have been involved in fraudulent schemes intended to obtain SSI benefits for ineligible individuals.

e. Availability of recipient identifying information from the Inspector General, Social Security Administration

Present law

There is no current statutory requirement for the OIG to provide SSI recipient identifying information obtained during a criminal investigation to the SSA for administrative action. Such identifying information is transmitted to the SSA at such time as the OIG believes it appropriate and often not until the conclusion of a criminal investigation or a Federal or State criminal prosecutorial process. Consequently, SSI benefits continue to be paid to individuals under
active investigation or prosecution for having fraudulently obtained SSI benefits through a variety of illegal schemes.

Explanation of provision

Enforcement officers of the SSA Office of the Inspector General would be required to disclose to the Board recipient identifying information at such time as they have reason to believe that any individual, or group of individuals, have secured SSI benefits in a fraudulent manner. The OIG should request this information from the appropriate State fraud investigative units, and the State units should routinely provide it.

Following the initial receipt, or discovery during the course of a criminal investigation, of information that an individual or individuals may have fraudulently obtained SSI benefits, the OIG would undertake such steps as necessary to determine the validity, veracity and viability of such information. The requirement to disclose that information to the Board for their administrative action would occur at the point in the preliminary OIG inquiry or criminal investigation that the OIG has reason to believe that an individual or individuals have fraudulently obtained SSI benefits.

If at the time of discovery, or at any time during the course of a criminal investigation or prosecution, a U.S. Attorney or State prosecutor who has jurisdiction to file a criminal action against any of the parties involved in the fraud, determines that disclosure of SSI recipient information by the OIG to the Board would seriously jeopardize the investigative or prosecutorial process, the U.S. Attorney or State prosecutor would be able to request, in writing, that such disclosure be withheld.

In the event that the risk to the criminal case is of equal degree regarding all or a group, of the related recipients, any such request by the U.S. Attorney or State prosecutor would not need to be specific as to each and every recipient. Thus, a request identifying the OIG case number, case name, or operational name or the prosecutorial case number, and, if varying degrees of risk are associated with different groups of related recipients, a description of the group to be exempted, would exempt all recipient identifying information, relating to either the entire case or the appropriate group, known or discovered during the course of the criminal inquiry or particular operation from disclosure to the SSA until such time as the risk to the criminal case becomes less substantial.

f. Authority to use available pre-admission immigrant and refugee medical information

Present law

No provision.

Explanation of provision

The Board would be required to request the medical information from the Immigration and Naturalization Service, and the Centers for Disease Control, which is collected during their physical and mental examinations of candidates for admission into the United States.
The Board would also be required to consider this information, if found to be relevant, under the following two circumstances. First, if an application is pending, the information would be considered when determining eligibility. Second, if benefits have been awarded pending receipt of the information, The Board would be required to determine whether that information is so inconsistent with evidence provided during the application process as to form a reason to believe fraud was involved in the application for benefits.

g. Annual reports on reviews of SSI cases

Present law

No provision.

Explanation of provision

The Board would be required to annually report to the Committee on Ways and Means and the Committee on Finance on the extent to which it has conducted reviews of SSI cases, and the extent to which the cases reviewed involved a high likelihood or probability of fraud. The report should contain specific supporting information, such as, the number of reviews conducted, the nature of those reviews, the reason for the review, a description of any fraudulent activity involved, and the outcome of the review.

h. Effective date

In general, the provision would take effect on October 1, 1994. The provisions dealing with civil monetary penalties in SSI cases involving fraud, with the treatment of SSI fraud as a felony, and with annual reports of reviews of SSI cases would be effective upon enactment.

33. DISABILITY REVIEWS FOR CHILDREN REACHING 18 YEARS OLD

Present law

A needy child under the age of 18 years old who has an impairment of comparable severity with that of an adult may be considered disabled and eligible for SSI benefits. To be found disabled, a child must have a medically determinable impairment that substantially reduces his or her ability to independently, appropriately, and effectively engage in age-appropriate activities. This impairment must be expected to result in death or to last for a continuous period of at least 12 months.

Under the adult disability determination process, individuals whose impairments do not "meet or equal" the listings of impairments in regulations are subjected to an assessment of residual functional capacity. SSA determines whether adults are able to do their past work or whether they are able to do any substantial gainful work. If they cannot do either one, then they are disabled.

Under the disability determination process for children, individuals whose impairments do not "meet or equal" the listings of impairments in regulations are subjected to an individualized functional assessment. This assessment examines whether the children can engage in age-appropriate activities effectively. If it is found that the children's impairments are of comparable severity to an
adult's, without assessing past work or ability to do substantial
gainful work, the children are disabled.

Explanation of provision

SSA would be required to reevaluate under adult disability cri-
teria the eligibility of children receiving SSI after they reach 18
years old and before they are 19 years old.

Effective date

Applies to recipients attaining the age of 18 years old in or after
the ninth month following the month of enactment.

34. CONTINUING DISABILITY REVIEWS FOR ALL SSI RECIPIENTS

Present law

Title II of the Social Security Act requires the Secretary of
Health and Human Services to conduct periodic continuing disabil-
dy reviews (CDRs) of disabled beneficiaries. These reviews are
aimed at protecting the Social Security Trust Funds by identifying
ineligible individuals and promptly terminating their benefits. For
those beneficiaries whose impairments are not permanent, CDRs
must generally be performed every three years. Beneficiaries with
permanent disabilities receive CDRs at such times as the Secretary
determines appropriate.

CDRs are funded as part of the Social Security Administration's
administrative budget, which is subject to annual appropriations.
Due to limited administrative funding and a sharp increase in dis-
ability applications, SSA has fallen behind in performing mandated
reviews in recent years. Approximately 1.2 million reviews are now
overdue. The SSA Office of the Actuary has estimated that the
agency's failure to perform mandated CDRs from 1990 through
1993 will result in a net loss to the Social Security Trust Funds
of $1.4 billion by 1997.

Explanation of provision

The provision would require the Secretary to conduct continuing
disability reviews on all SSI recipients.

Effective date

The provision would take effect October 1, 1995.

35. TECHNICAL CORRECTIONS

Present law

Title II of the Social Security Act contains a number of typo-
graphical errors, erroneous references, circular cross references, in-
consistent margination, incorrect punctuation, and references to
outdated versions of the Internal Revenue Code. In addition,
present law includes certain inconsistent statutory provisions.

Explanation of provision

Technical changes would be made to correct inconsistencies in
provisions relating to fees for claimant representatives, rounding
procedures for indexing certain program amounts, and deemed av-
average total wages, among others. These corrections would not change the meaning of any section of the Social Security Act.

Effective date
In general, the provision would be effective upon enactment.

III. Vote of the Committee
In compliance with clause 2(1)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made: the bill, H.R. 4277, was ordered favorably reported to the House of Representatives on May 4, 1994, by voice vote.

IV. Budget Effects of the Bill
A. COMMITTEE ESTIMATE OF BUDGET EFFECTS
In compliance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the following statement is made: the Committee agrees with the estimate prepared by the Congressional Budget Office (CBO) which is included below.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES
In compliance with clause 2(1)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 4277 does not require any new budget authority nor create additional tax expenditures.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE
In compliance with clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives requiring a cost estimate prepared by the Congressional Budget Office, the following report prepared by CBO is provided.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has prepared the enclosed cost estimate for H.R. 4277, the Social Security Administrative Reform Act of 1994, as ordered reported by the Committee on Ways and Means on May 4, 1994. The bill would establish the Social Security Administration as an independent agency and make other improvements in the old-age, survivors, and disability insurance programs.

Enactment of H.R. 4277 would affect direct spending and receipts and thus would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.
If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,  

JAMES L. BLUM  
(for Robert D. Reischauer, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

3. Bill status: As ordered reported by the Committee on Ways and Means on May 4, 1994.
4. Bill purpose: To establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program.
5. Estimated cost to the Federal Government:

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Note—Details may not add to totals because of rounding.

The costs of this bill fall primarily within budget functions 550, 570, and 650.

Basis of Estimate: H.R. 4277 would establish the Social Security Administration as an independent agency, restrict benefits paid to persons with disabilities based upon drug or alcohol additions, alter the manner by which continuing disability reviews are funded, and make numerous other changes in the Social Security and Supplemental Security Income (SSI) programs. Provisions with budgetary effects of less than $500,000 per year are excluded from the discussion below. The estimate is based on the assumption that the bill would be enacted on September 30, 1994.

Section 101–109. Social Security as An Independent Agency. The bill would remove the Social Security Administration (SSA) from the Department of Health and Human Services (HHS) and establish SSA as an independent agency. The policies of the agency would be determined by a full-time, three-member board appointed by the President, with no more than two board members from one political party. The bill creates the position of executive director who would oversee the daily operations of the agency, and who would ensure that the policies set by the board are implemented.
The estimated cost of these sections of the bill, which comprise title I, is $13 million over the 1995–1999 period. Because the bill allows one year to complete the transition process, the costs in fiscal 1995 are less than $100,000 and involve only pay raises for the executive director (now the commissioner) and the deputy executive director (now the deputy commissioner). The costs after 1995 result primarily from establishing new offices for the board members and for a beneficiary ombudsman, as well as new positions within the agency for an inspector general, a general counsel, and a chief administrative law judge. These costs are estimated to total about $3 million annually, beginning in 1996.

H.R. 4277 would transfer to the new independent agency the positions currently used by the Secretary of HHS in overseeing SSA. Because these positions would be eliminated within HHS, this transfer would have no budgetary effect.

Section 201. Restrictions on Benefits for Substance Abusers. H.R. 4277 would place new requirements on benefits to individuals receiving Social Security payments based on disabilities involving drug or alcohol addiction. It would also put new limitations on payments to substance abusers in the SSI program.

The bill would require that all recipients whose addiction is a material factor in the Secretary of HHS’s determination that the person is disabled would face five new requirements. The beneficiary could not longer receive benefits directly, but rather they would be paid to a representative who would be responsible to ensure that the benefits would be used in the best interest of the disabled person. (Although many beneficiaries now are paid through a go-between, this is not required. The bill would mandate the use of intermediaries, called representative payees, in substance abuse cases.) Beneficiaries with substance abuse problems would not be allowed to receive any past-due benefits as a lump-sum payment, but rather the retroactive benefits would be paid out at the rate of roughly one month’s worth of benefits at a time. H.R. 4277 also would require that the Secretary establish a referral, monitoring, and testing agency that would seek treatment programs for the beneficiaries who are substance abusers, monitor their compliance with the treatment program, and periodically test the recipient for continuing substance abuse problems. Any beneficiary found to be out of compliance with the treatment program would become ineligible to receive benefits during the noncompliance period. This period would include a number of months after the individual rejoins the treatment regimen, with the number of months increasing with the number of episodes of noncompliance. Finally, after receiving benefits for three years, benefit payment to substance abusers would be terminated unless the individual can demonstrate to the satisfaction of the Secretary that the disability is not dependent on the finding of substance abuse.

Some of the changes that would be applied to Social Security recipients are already required of SSI recipients with addictions, but others would be new. Currently, SSI recipients who have substance abuse problems that materially contribute to the Secretary’s determination of disability are required to be paid through a second party—although the bill would set new standards for determining the beneficiary’s representative—and are subject to the referral,
monitoring, and testing provisions of H.R. 4277. The non-compliance penalties in the bill are stricter than those under current law. The new provisions limit SSI benefits for substance abusers to three years and require the payment of lump-sum benefits over a number of months.

CBO estimates that these new restrictions on disability payments would save $886 million in Social Security benefits and $562 million in SSI benefits over the next five years. (See Table 1.) In addition, terminations of cash benefits would also trigger losses of health care benefits, resulting in savings of $642 million in Medicare and $440 million in Medicaid over the next five years. Implementation of the new restrictions, however, also would require that significant additional administrative resources be allocated to these new functions. The costs of the representative payees would total $116 million in Social Security and $40 million in SSI over the 1995–1999 period—amounts that would be subject to discretionary spending limits under the Balanced Budget and Emergency Deficit Control Act of 1985. An additional $399 million in Social Security outlays and $5 million in SSI outlays would be for referral and monitoring functions, outlays that would be considered direct spending. (Although the Social Security outlays would be direct spending, these monies are specifically exempt from the pay-as-you-go budgetary rules.)

**TABLE 1.—DETAILS OF FEDERAL GOVERNMENT COSTS OF H.R. 4277**

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TABLE 1.—DETAILS OF FEDERAL GOVERNMENT COSTS OF H.R. 4277—Continued

(By fiscal year, in millions of dollars) 1

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TABLE 1.—DETAILS OF FEDERAL GOVERNMENT COSTS OF H.R. 4277—Continued
(By fiscal year, in millions of dollars) 4

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TABLE 1.—DETAILS OF FEDERAL GOVERNMENT COSTS OF H.R. 4277—Continued
(By fiscal year, in millions of dollars)¹

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¹The bill is assumed to be enacted on Sept. 30, 1994.
²Under the FY 1994 Budget Resolution, administrative expenses of the OASDI program are considered on-budget because they fall under the discretionary spending limits.
³Indicates less than $500,000.
⁴Administrative costs would not have effects that must be considered for the purposes of the Budget Enforcement Act.
⁵Effects on Hospital insurance revenues are included as off-budget to be consistent with the Budget Resolution for FY 1994.
⁶Preliminary estimate provided by the Joint Committee on Taxation.

Source—Congressional Budget Office.

CBO also estimates that some beneficiaries losing their Social Security and SSI benefits would apply for and receive benefits from other public programs. Specifically, CBO estimates that added federal spending for Aid for Families with Dependent Children and food stamps would total $56 million over the next five years.

These estimates are based upon assumptions of a rapidly growing number of Social Security and SSI recipients with substance abuse problems. In SSI, there were nearly 79,000 people receiving disability benefits in December 1993 where substance abuse materially contributed to the individual's disability. This figure compares to 54,000 one year earlier. Such growth is not expected to abate because more people with substance abuse problems are coming forward to seek benefits, and because SSA is identifying more claimants with these problems. CBO projects those with disabling drug and/or alcohol addictions to reach 135,000 in fiscal 1995 and 243,000 by 1999.

The data on the number of Social Security disability recipients with severe substance abuse are less clear. At the end of 1993, about 43,000 beneficiaries could be identified with a primary condition of substance abuse. Moreover, during calendar year 1993, there were 18,000 cases awarded Social Security disability benefits where the primary condition was drug or alcohol addiction, and another 10,000 where the secondary condition was indicated to be substance abuse. In some of these cases, however, the addiction
would not have been a material contributing factor for determining the beneficiary's disability. CBO has assumed that about three-quarters of those with primary or secondary conditions of addiction would actually be found to have the addiction as a material contributing factor. Based upon recent data on awards and discussions with SSA's Office of the Actuary, CBO expects that the number of persons receiving Social Security benefits under this new category would grow from 90,000 in 1995 to nearly 260,000 in 1999.

Section 204. Expand FICA Exemption for Election Workers. At state option, election workers paid less than $100 per year are exempt from paying Social Security and Medicare payroll taxes on these earnings. The bill would increase that earnings exclusion to $1,000 in January 1995, and would index this threshold by the increase in average wages beginning in 1996.

The net revenue loss for this provision would amount to $8 million in 1995 and $73 million for the 1995–1999 period. The net loss incorporates losses of Social Security and Medicare receipts of $66 million and $15 million respectively, partially offset by a gain in income tax receipts of $8 million.

Section 208. Totalization Benefits and the Windfall Elimination Provision. Under current law, the U.S. can enter into pacts called totalization agreements with other countries that allow credit towards Social Security benefits for work outside the U.S. The payment is computed by prorating the benefit according to the number of years worked under the U.S. system. Nevertheless, when a person receives a pension from non-covered employment, the so-called windfall elimination provision applies and reduces the Social Security benefit payable to the worker. The effect of the windfall elimination provision is to eliminate some of the weighting in the benefit formula designed to benefit low earners. Consequently, some workers could be affected by both the proration from a totalization agreement and the windfall elimination provision. This section nullifies the windfall elimination provision in cases where benefits are calculated under a totalization agreement. This provision is expected to increase benefit payments by less than $500,000 in 1995 and by about $1 million annually thereafter, with the five-year cost totalling $4 million.

Section 210. Repeal Facility-of-Payment Provision. H.R. 4277 would repeal the current facility-of-payment provision, which permits SSA not to reduce one family member's benefits if the reduction simply would redistribute the benefits to other family members. The bill would affect situations where the maximum family benefit rule applies and all the recipients error-prone procedure, and uses up scarce administrative resources. Repeal of the provision would be effective on December 31, 1995.

Repealing the facility-of-payment provision would not affect benefit payments. Nevertheless, it is estimated to save $3 million dollars annually in administrative costs.

Section 220. Retirement Eligibility for Federal Workers Transferred to International Organizations. H.R. 4277 would allow federal employees covered under the Federal Employees' Retirement System (FRS) and the Foreign Service Pension System (FSPS) to remain covered under those retirement systems if they transfer to international organizations abroad. A provision similar to the pro-
posed change already applies to persons covered under the Civil Service Retirement System.

This section would allow certain transferees to retain both FERS (or FSPS) and Social Security coverage while employed by these international organizations. The CBO estimates that this provision would affect roughly 40 to 50 transferees a year. The revenue effect of the proposed change is estimated to be less than $500,000 annually, and to total about $1 million over the five-year period.

This provision also would affect the agencies that employ the transferring workers because the agencies would have to pay the employer contributions for the retirement systems. CBO estimates these agency payments to Social Security and federal retirement programs to be about $1 million per year.

Section 221. Extend FICA Exemption to Individuals Who Enter U.S. under Certain Visas. Under current law, individuals in the U.S. on Q visas have to pay Social Security and Medicare payroll taxes on any wages they may earn. H.R. 4277 would alter the tax status of persons working under these visas and make it comparable to status of persons in the U.S. under J visas.

According to the Joint Committee on Taxation, this provision would reduce revenues by $5 million in 1995 and $32 million over the 1995–1999 period. The Social Security revenue loss would be $4 million and $27 million, respectively.

Section 222. Commission on Childhood Disability. This section of the bill would authorize the creation of a commission that would study issues pertaining to the payment of SSI benefits to disabled children. The commission would report its findings to the Secretary of HHS.

Based on the costs incurred through the establishment of similar commissions in the past, CBO estimates that the commission would cost about $1 million per year for each of the two years of its operation.

Section 232. Disability Reviews for Children Reaching 18 Years Old. H.R. 4277 would require a disability review at age 18 for any individual who was awarded SSI on the basis of a childhood disability. This review would assess the individual under the criteria applicable to persons 18 years old or over who apply for SSI disability benefits.

CBO estimates that this provision would result in SSI (and therefore Medicaid) terminations that would reduce SSI and federal Medicaid benefit payments by $82 million and $61 million, respectively, over the next five years. Increased food stamp and AFDC benefits would offset $8 million of these savings. The additional administrative costs of the required reviews would amount to about $90 million over the same period.

These estimates are based upon CBO's projections that the number of disabled SSI children turning 18 over the next five years will grow from 45,000 in fiscal 1995 to 70,000 by 1999. The average review was assumed to cost $440 in 1995, and to have an associated termination rate of 5 percent.

Section 233. Periodic Disability Reviews for Persons Receiving SSI on the Basis of Disability. H.R. 4277 would require the Social Security Administration to conduct periodic disability reviews for individuals who are eligible for SSI as a result of disability. CBO's
estimate assumes that SSA will conduct CDRs in the SSI program with approximately the same frequency as in the Social Security Disability Insurance program. Due to the large and rapidly increasing number of disabled persons on the program and the limited resources available to SSA, we assume that it would take several years before disability reviews are conducted in the SSI program at the rate that they are conducted in the SSDI program. CBO estimates that over the five years from 1995 through 1999, SSA would conduct approximately 400,000 CDRs on disabled SSI recipients at a total cost of about $190 million. Based on the 4 percent rate of terminations resulting from CDRs in the Social Security Disability Insurance Program, this would result in an estimated 16,000 terminations over that period of time. SSI benefit payments over the five-year period would be reduced by an estimated $120 million and federal Medicaid payments would be reduced by about $100 million. Higher spending for food stamps and AFDC would offset $13 million of these savings over the five-year period.

6. Pay-as-you-go considerations: The pay-as-you-go effects of the bill are as follows:

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The on-budget outlay changes in SSI, Medicare, Medicaid, Food Stamps, and AFDC would be included on the pay-as-you-go scorecard. The on-budget receipt effects in Medicare payroll taxes and in income taxes would also be included. The Social Security revenue and benefit changes are exempt from the pay-as-you-go rules.

7. Estimated cost to State and local government: H.R. 4277 would have some impact on state costs, but these costs differ significantly by state depending upon a state's general assistance and health programs. Because the bill would result in benefit termination for some SSI and Medicaid recipients, states could expect to save about $2 million in Medicaid spending in 1995 and about $460 million during the 1995–1999 period. On the other hand, the loss of Medicaid eligibility might require states to provide other funds to health care providers to help pay for the expected increase in uncompensated care. Moreover, general assistance payment would rise in those states with programs that would allow substance abusers to receive benefits. In addition, they would experience small increases in AFDC spending—about $2 million over the next five years.

8. Estimate comparison: None.

9. Previous CBO estimate: None.

10. Estimate prepared by: Paul Cullinan, Patrick Purcell, and Wayne Boyington.

11. Estimate approved by: C.G. Nuckols, Assistant Director for Budget Analysis.
V. Other Matters Required to be Discussed Under the Rules of the House

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the Subcommittee on Social Security held three hearings (two in the 102d Congress and one in the 103d Congress) that relate to the need for an independent SSA, that the Human Resources Subcommittee held three hearings during the 103d Congress that relate to the miscellaneous SSI provisions in the bill, and that the Subcommittees on Social Security and Human Resources jointly a hearing in the 103d Congress relating to the need for reforms in disability payments to alcoholics and drug addicts.

September 17, 1991.—The Social Security Subcommittee held a hearing on H.R. 2838, which included a provision to make SSA an independent agency. This provision received strong support from several witnesses representing broad-based organizations of elderly and disabled individuals, who asserted that independence would reduce political intervention in SSA's basic operations, stabilize agency management, and improve the quality of its service to the public.

February 20, 1992.—The Social Security Subcommittee held a hearing on the Administration's fiscal year 1993 budget request. Many witnesses, including the Administration, predicted a further decline in SSA's services to the elderly and disabled as a result of the inadequacy of the SSA administrative funding request.

March 25, 1993.—The Social Security Subcommittee held a hearing on President Clinton's stimulus and investment proposals affecting the Social Security Administration. The principal focus of this hearing was the service delivery problems that SSA is experiencing as a result of the 21 percent staffing cut that occurred at the agency during the 1980s.

October 14, 1993.—The Subcommittee on Human Resources held an oversight hearing on the Supplemental Security Income program. Witnesses testified on issues including recommendations of the SSI Modernization Project, the impact of the U.S. Supreme Court decision in Sullivan v. Zebley, eligibility requirements for immigrants and substance abusers, trusts, and services to clients. An official of SSA testified that it had implemented the childhood disability regulations under the Zebley decision with a four-year sunset date. In response to recent criticisms of the implementation of the Zebley decision, the official said SSA was waiting to receive the audit results of the Office of the Inspector General before taking any further action.

February 10, 1994.—The Subcommittee on Social Security and Human Resources held a joint hearing on disability payments to alcoholics and drug addicts. The testimony documented a sharp increase in DI and SSI payments to these individuals, as well as lax enforcement of the existing requirements that SSI substance abusers participate in treatment, if available, and receive payments through a representative payee responsible for managing their finances.
February 24, 1994.—The Subcommittee on Human Resources held an oversight hearing on Supplemental Security Income (SSI) fraud involving middlemen and others who have organized to defraud the SSI program by offering a myriad of services to applicants during the application process. Middlemen were coaching SSI applicants on what to say to doctors and SSA personnel to increase their chances of receiving SSI benefits. In addition, middlemen were preparing SSI applications and other papers as supporting evidence for disability determination often without consulting the applicant regarding the claimed impairments. Administration witnesses offered their recommendations for prevention and establishing penalties to combat this abuse of the SSI program. These included: improving interpreter services to non-English speaking claimants; requiring signed statements with a penalty clause acknowledging accurate translation by the interpreter; establishing procedures to review any claim where interpreter fraud is suspected and redo all interviews, documentation, and decisions from the beginning, independently of the original application; establishing an interpreter database; and granting SSA similar authorities to combat fraud and abuse in the Social Security and SSI programs as those in the Medicare program, where the Secretary has extensive civil monetary sanctions available.

March 1, 1994.—The Subcommittee on Human Resources held a hearing to discuss the recommendations made by the SSI Modernization Project. This hearing was a follow-up to the SSI oversight hearing held on October 14, 1993. Witnesses, including members of the Modernization Project, testified in support of the project's recommendations and offered further suggestions for improvements in the SSI program. The receipt of SSI disability benefits by children as a result of the U.S. Supreme Court decision in Sullivan v. Zebley received special attention as an area of rapid growth. Results of a survey of school personnel conducted by the Arkansas State University found: 81 percent of the respondents thought children referred for SST have made comments that they have been told to misbehave in order to qualify for disability payments; 79 percent thought that once children qualify for SSI, their motivation to complete schoolwork decreases; and only 9 percent thought that SSI benefits for children were being used properly.

B. SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE GOVERNMENT OPERATIONS COMMITTEE

In compliance with clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee states that no oversight findings and recommendations have been submitted to this Committee by the Committee on Government Operations with respect to the provisions contained in this bill.

C. INFLATIONARY IMPACT STATEMENT

With respect to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee believes that H.R. 4277 would not have an inflationary impact on prices and costs in the operation of the general economy.
VI. Changes in Existing Law Made by the Bill as Reported

In the opinion of the committee, in order to expedite the business of the House of Representatives, it is necessary to dispense with the requirements of clause 3 of rule XIII of the Rules of the House of Representatives (relating to showing changes in existing law made by the bill as reported).
To establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program.

IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 1994

Mr. JACOBS (for himself and Mr. FORD of Tennessee) introduced the following bill; which was referred to the Committee on Ways and Means

MAY 12, 1994

Additional sponsors: Mr. ROSTENKOWSKI, Mr. ARCHER, Mr. PICKLE, Mr. STARK, Mrs. KENNELLY, Mr. COYNE, Mr. KLECKZA, Mr. PAYNE of Virginia, Mr. JEFFERSON, Mr. BREWSTER, Mr. REYNOLDS, Mr. THOMAS of California, Mrs. JOHNSON of Connecticut, Mr. BUNNING, Mr. GRANDY, Mr. HOUGHTON, Mr. HERGER, Mr. McCrery, Mr. SANTORUM, Mr. CAMP, Mrs. VUCANOVICH, and Mr. BACHUS of Alabama

MAY 12, 1994

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on April 21, 1994]

A BILL

To establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program.
Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “So-
cial Security Administrative Reform Act of 1994”.

(b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.
Sec. 2. Declaration of purposes.

TITLE I—ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

Sec. 101. Establishment of the Social Security Administration as a separate, independent agency; responsibilities of the agency.
Sec. 102. Social Security Board, executive director, deputy director, beneficiary ombudsman; other officers.
Sec. 103. Personnel; budgetary matters; seal of office.
Sec. 104. Transfers to the new Social Security Administration.
Sec. 105. Transitional rules.
Sec. 106. Conforming amendments to Titles II and XVI of the Social Security Act.
Sec. 107. Other conforming amendments.
Sec. 108. Rules of construction.
Sec. 109. Effective dates.

TITLE II—IMPROVEMENTS TO THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

Sec. 201. Restrictions on payment of benefits based on disability to substance abusers.
Sec. 202. Issuance of physical documents in the form of bonds, notes, or certificates to the social security trust funds.
Sec. 203. Explicit requirements for maintenance of telephone access to local offices of the Social Security Administration.
Sec. 204. Expansion of State option to exclude service of election officials or election workers from coverage.
Sec. 205. Use of social security numbers by States and local governments and Federal district courts for jury selection purposes.
Sec. 206. Authorization for all States to extend coverage to State and local policemen and firemen under existing coverage agreements.
Sec. 207. Limited exemption for Canadian ministers from certain self-employment tax liability.
Sec. 208. Exclusion of totalization benefits from the application of the windfall elimination provision.
Sec. 209. Exclusion of military reservists from application of the government pension offset and windfall elimination provisions.
Sec. 211. Maximum family benefits in guarantee cases.
Sec. 212. Authorization for disclosure by the Secretary of Health and Human Services of information for purposes of public or private epidemiological and similar research.

Sec. 213. Misuse of symbols, emblems, or names in reference to social security programs and agencies.

Sec. 214. Increased penalties for unauthorized disclosure of social security information.

Sec. 215. Increase in authorized period for extension of time to file annual earnings report.

Sec. 216. Extension of disability insurance program demonstration project authority.

Sec. 217. Cross-matching of social security account number information and employer identification number information maintained by the Department of Agriculture.

Sec. 218. Certain transfers to railroad retirement account made permanent.

Sec. 219. Authorization for use of social security account numbers by department of labor in administration of Federal workers' compensation laws.

Sec. 220. Coverage under FICA of Federal employees transferred temporarily to international organizations.

Sec. 221. Extension of the FICA tax exemption and certain tax rules to individuals who enter the United States under a visa issued under section 101 of the Immigration and Nationality Act.

Sec. 222. Study of rising costs of disability insurance benefits.

Sec. 223. Commission on childhood disability.

Sec. 224. Disregard deemed income and resources of ineligible spouse in determining continued eligibility under section 1619(b).

Sec. 225. Plans for achieving self-support not disapproved within 60 days to be deemed approved.

Sec. 226. Temporary authority to approve a limited number of plans for achieving self-support that include housing goals.

Sec. 227. Regulations regarding completion of plans for achieving self-support.

Sec. 228. Treatment of certain grant, scholarship, or fellowship income as earned income for SSI purposes.

Sec. 229. SSI eligibility for students temporarily abroad.

Sec. 230. Disregard of cost-of-living increases for continued eligibility for work incentives.

Sec. 231. Expansion of the authority of the Social Security Administration to prevent, detect, and terminate fraudulent claims for SSI benefits.

Sec. 232. Disability review required for SSI recipients who are 18 years of age.

Sec. 233. Continuing disability reviews.

Sec. 234. Technical and clerical amendments.

1 SEC. 2. DECLARATION OF PURPOSES.

The purposes of this Act are as follows:

(1) To establish the Social Security Administration as an independent agency, separate from the Department of Health and Human Services.
(2) To charge the Social Security Administration with administration of the old-age, survivors, and disability insurance program and supplemental security income program.

(3) To establish a Social Security board as head of the Social Security Administration and define the powers and duties of such Board.

(4) To establish an Executive Director of the Administration and define the powers and duties of the Executive Director.

(5) To provide for delegating major authorities to the Board and the Executive Director.

(6) To make other improvements in the old-age, survivors, and disability insurance program under title II of the Social Security Act.

**TITLE I—ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY**

**SEC. 101. ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS A SEPARATE, INDEPENDENT AGENCY; RESPONSIBILITIES OF THE AGENCY.**

Section 701 of the Social Security Act (42 U.S.C. 901) is amended to read as follows:
"SOCIAL SECURITY ADMINISTRATION

"SEC. 701. There is hereby established, as an independent agency in the executive branch of the Government, a Social Security Administration. It shall be the duty of the Administration to administer the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI."

SEC. 102. SOCIAL SECURITY BOARD, EXECUTIVE DIRECTOR, DEPUTY DIRECTOR, BENEFICIARY OMBUDSMAN; OTHER OFFICERS.

(a) IN GENERAL.—Section 702 of the Social Security Act (42 U.S.C. 902) is amended to read as follows:

"SOCIAL SECURITY BOARD; EXECUTIVE DIRECTOR; OTHER OFFICERS

"Social Security Board

"SEC. 702. (a)(1)(A) The Administration shall be governed by a Social Security Board. The Board shall be composed of three members appointed by the President, by and with the advice and consent of the Senate. The members shall be chosen on the basis of their integrity, impartiality, and good judgment, and shall be individuals who are, by reason of their education, experience, and attainments, exceptionally qualified to perform the duties of members of the Board.

"(B)(i) Except as provided in clauses (ii) and (iii), members of the Board shall be appointed for terms of six
years. A member of the Board may be removed only pursuant to a finding by the President of neglect of duty or malfeasance in office. The President shall transmit any such finding to the Speaker of the House of Representatives and the majority leader of the Senate not later than five days after the date on which such finding is made.

"(ii) Of the members first appointed—

"(I) one shall be appointed for a term of 2 years,

"(II) one shall be appointed for a term of 4 years, and

"(III) one shall be appointed for a term of 6 years,

as designated by the President at the time of appointment. Such members shall be appointed after active consideration of recommendations made by the chairman of the Committee on Ways and Means of the House of Representatives and of recommendations made by the chairman of the Committee on Finance of the Senate.

"(iii) The President may not nominate an individual for appointment to a term of office as member of the Board before the commencement of the President’s term of office in which the member’s term of office commences. Any member appointed to a term of office after the commencement of such term may serve under such appointment only for the remainder of such term. A member may, at the request
of the President, serve for not more than one year after the expiration of his or her term until his or her successor has taken office. A member of the Board may be appointed for additional terms.

"(C) Not more than two members of the Board shall be of the same political party.

"(D) A member of the Board may not, during his or her term as member, engage in any other business, vocation, profession, or employment. A member of the Board may continue as a member of the Board for not longer than the 30-day period beginning on the date such member first fails to meet the requirements of the preceding sentence.

"(E) Two members of the Board shall constitute a quorum, except that one member may hold hearings.

"(F) A member of the Board shall be designated by the President to serve as Chairperson of the Board for a term of 4 years.

"(G) The Board shall meet at the call of the Chairperson or two members of the Board.

"(2) Each member of the Board shall be compensated at the rate provided for level II of the Executive Schedule.

"(3) The Board shall—

"(A) govern by regulation the old-age, survivors, and disability insurance program under title II and
the supplemental security income program under title XVI,

"(B) establish the Administration and oversee its efficient and effective operation,

"(C) establish policy and devise long-term plans to promote and maintain the effective implementation of programs referred to in subparagraph (A),

"(D) appoint an Executive Director of the Administration, as described in subsection (b), to act as the chief operating officer of the Administration responsible for administering the programs referred to in subparagraph (A),

"(E) constitute three of the members of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, with the Chairperson of the Social Security Board serving as Chairperson of such Board of Trustees,

"(F) prepare an annual budget for the Administration, which shall be submitted by the President to the Congress without revision, together with the President's annual budget for the Administration,

"(G) study and make recommendations to the Congress and the President as to the most effective methods of providing economic security through social
insurance, supplemental security income, and related programs and as to legislation and matters of administrative policy concerning the programs referred to in subparagraph (A),

"(H) provide the Congress and the President with the ongoing actuarial and other analysis undertaken by the Administration with respect to the programs referred to in subparagraph (A) and any other information relating to such programs, and

"(I) conduct policy analysis and research relating to the programs referred to in subparagraph (A).

"(4)(A) The Board may prescribe such rules and regulations as the Board determines necessary or appropriate to carry out the functions of the Administration. The regulations prescribed by the Board shall be subject to the rule-making procedures established under section 553 of title 5, United States Code.

"(B) The Board may establish, alter, consolidate, or discontinue such organizational units or components within the Administration as the Board considers necessary or appropriate to carry out its functions, except that this subparagraph shall not apply with respect to any unit, component, or position provided for by this Act.

"(C) The Board may, with respect to the administration of the old-age, survivors, and disability insurance pro-
gram under title II and the supplemental security income program under title XVI, assign duties, and delegate, or authorize successive redelegations of, authority to act and to render decisions, to such officers and employees as the Board may find necessary. Within the limitations of such delegations, redelegations, or assignments, all official acts and decisions of such officers and employees shall have the same force and effect as though performed or rendered by the Board.

"Executive Director"

"(b)(1) There shall be in the Administration an Executive Director who shall be appointed by the Social Security Board.

"(2)(A) The Executive Director shall be appointed for a term of four years. An individual appointed to a term of office as Executive Director after the commencement of such term of office may serve under such appointment only for the remainder of such term. An individual may, at the request of the Chairperson of the Board, serve as Executive Director after the expiration of his or her term for not more than one year until his or her successor has taken office. An individual may be appointed as Executive Director for additional terms.
“(B) An individual may be removed from the office of Executive Director before completion of his or her term only for cause found by the Board.

“(3) The Executive Director shall be compensated at the rate provided for level II of the Executive Schedule.

“(4) The Executive Director shall—

“(A) constitute the chief operating officer of the Administration, responsible for administering, in accordance with applicable statutes and regulations, the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI,

“(B) maintain an efficient and effective operational structure for the Administration,

“(C) implement the long-term plans of the Board to promote and maintain the effective implementation of such programs,

“(D) report annually to the Board on program costs under titles II and XVI, make annual budgetary recommendations to the Board for the ongoing administrative costs of the Administration under this Act, and defend the recommendations before the Board,

“(E) advise the Board and the Congress on the effect on the administration of such programs of proposed legislative changes in such programs,
"(F) serve as Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund,

"(G) report in December of each year to the Board for transmittal to the Congress concerning the administrative endeavors and accomplishments of the Administration, and

"(H) carry out such additional duties as are assigned by the Board from time to time.

Any reference to the Board in this Act or any other provision of law in connection with the exercise of a function of the Board which is delegated to the Executive Director pursuant to this section shall be considered a reference to the Executive Director.

"Deputy Director of Social Security

"(c)(1) There shall be in the Office of the Executive Director a Deputy Director, who shall be appointed by and serve at the pleasure of the Executive Director.

"(2) The Deputy Director shall be compensated at the rate provided for level III of the Executive Schedule.

"(3) The Deputy Director shall perform such duties and exercise such powers as the Executive Director shall from time to time assign or delegate. The Deputy Director shall be Acting Executive Director of the Administration
1 during the absence or disability of the Executive Director
and, unless the Board designates another officer of the Gov-
ernment as Acting Executive Director, in the event of a va-
cancy in the office of the Executive Director.

“General Counsel

“(d)(1) There shall be in the Administration a General
Counsel, who shall be appointed by and serve at the pleasure
of the Board. The General Counsel shall be the principal
legal officer in the Administration.

“(2) The General Counsel shall be compensated at the
rate provided for level IV of the Executive Schedule.

“Inspector General

“(e)(1) There shall be in the Administration an Office
of the Inspector General. Such Office shall be headed by an
Inspector General appointed in accordance with the Inspec-

“(2) The Inspector General shall be compensated at the
rate provided for level IV of the Executive Schedule.

“Beneficiary Ombudsman

“(f)(1) There shall be in the Administration an Office
of the Beneficiary Ombudsman, to be headed by a Bene-
ficiary Ombudsman appointed by the Board.

“(2)(A) The Beneficiary Ombudsman shall be ap-
pointed for a term of five years, except that the individual
first appointed to the Office of Beneficiary Ombudsman
shall be appointed for a term ending September 30, 2000. An individual appointed to a term of office as Beneficiary Ombudsman after the commencement of such term may serve under such appointment only for the remainder of such term. An individual may, at the request of the Chairperson of the Board, serve as Beneficiary Ombudsman after the expiration of his or her term for not more than one year until his or her successor has taken office. An individual may be appointed as Beneficiary Ombudsman for additional terms.

"(B) An individual may be removed from the office of Beneficiary Ombudsman before completion of his or her term only for cause found by the Board.

"(3) The Beneficiary Ombudsman shall be compensated at the rate provided for level V of the Executive Schedule.

"(4) The duties of the Beneficiary Ombudsman are as follows:

"(A) To represent within the Administration's decisionmaking process the interests and concerns of beneficiaries under the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI.
“(B) To review the Administration’s policies and procedures for possible adverse effects on such beneficiaries.

“(C) To recommend within the Administration’s decisionmaking process changes in policies which have caused problems for such beneficiaries.

“(D) To help resolve the problems under such programs of individual beneficiaries in unusual or difficult circumstances, as determined by the Administration.

“(E) To represent within the Administration’s decisionmaking process the views of beneficiaries in the design of forms and the issuance of instructions.

“(5) The Board shall assure that the Office of the Beneficiary Ombudsman has staff sufficient to enable the Beneficiary Ombudsman to efficiently carry out his or her duties. Such staff shall be located in the regional offices, program centers, and central office of the Administration.

“(6) The annual report of the Board under section 704 shall include a description of the activities of the Beneficiary Ombudsman.

“Administrative Law Judge

“(g)(1) There shall be in the Administration an Office of the Chief Administrative Law Judge, who shall be appointed by the Board. The duty of the Chief Administrative
Law Judge shall be to administer the affairs of the administrative law judges serving in the Administration in a manner so as to ensure that hearings and other business are conducted by the administrative law judges in accordance with applicable law and regulations.

"(2) The Chief Administrative Law Judge shall report directly to the Board."

(b) CONFORMING AMENDMENTS RELATING TO COMPOSITION OF BOARD OF TRUSTEES OF OASDI TRUST FUNDS.—Section 201(c) of such Act (42 U.S.C. 401(c)) is amended—

(1) in the first sentence, by striking "shall be composed of" and all that follows down through "ex officio" and inserting the following: "shall be composed of the members of the Social Security Board, the Secretary of the Treasury, the Secretary of Health and Human Services, all ex officio";

(2) by inserting after the first sentence the following new sentence: "The Chairperson of the Social Security Board shall be the Chairperson of the Board of Trustees."; and

(3) by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration".
(c) **INTERIM AUTHORITY OF THE COMMISSIONER.**—

The President shall nominate for appointment the initial members of the Social Security Board not later than April 1, 1995. In the event that, as of October 1, 1995, all members of the Social Security Board have not entered upon office, until all members of the Board have entered upon office, the officer serving on October 1, 1995, as Commissioner of Social Security in the Department of Health and Human Services (or Acting Commissioner, if applicable), or such officer's successor, shall, while continuing to serve as Commissioner of Social Security (or Acting Commissioner) in such Department, serve as head of the Social Security Administration established under section 701 of the Social Security Act (as amended by this Act) and shall assume the powers and duties of such Board and of the Executive Director under such Act (as amended by this Act).

**SEC. 103. PERSONNEL; BUDGETARY MATTERS; SEAL OF OFFICE.**

Section 703 of the Social Security Act (42 U.S.C. 903) is amended to read as follows:

"**ADMINISTRATIVE DUTIES OF THE SOCIAL SECURITY BOARD**

"Personnel

"**Sec. 703. (a)(1) The Social Security Board shall ap- point such additional officers and employees as it considers necessary to carry out its functions. Except as otherwise
provided in any other provision of law, such officers and
employees shall be appointed, and their compensation shall
be fixed, in accordance with title 5, United States Code.

"(2) The Board may procure the services of experts and
consultants in accordance with the provisions of section
3109 of title 5, United States Code.

"(3) The Director of the Office of Personnel Manage-
ment shall authorize for the Administration a total number
of Senior Executive Service positions which is greater than
the number of such positions authorized in the Social Secu-
ritv Administration in the Department of Health and
Human Services as of immediately before the date of the
enactment of the Social Security Administrative Reform
Act of 1994, to the extent that the greater number of such
authorized positions is specified in the comprehensive
workforce plan as established and revised by the Board
under subsection (b)(1). The total number of such positions
authorized for the Administration pursuant to such section
3133 shall not at any time be less than the number of such
authorized positions as of immediately before such date.

"(4) In addition to the positions of the Administration
in the Executive Schedule specified in section 702, the Ad-
ministration is authorized six additional positions at level
IV of the Executive Schedule and six additional positions
at level V of the Executive Schedule.
"Budgetary Matters
(b) Appropriations requests for staffing and personnel of the Administration shall be based upon a comprehensive workforce plan, which shall be established and revised from time to time by the Board.

"Seal of Office
(c) The Board shall cause a seal of office to be made for the Administration of such design as the Board shall approve. Judicial notice shall be taken of such seal."

SEC. 104. TRANSFERS TO THE NEW SOCIAL SECURITY ADMINISTRATION.

(a) FUNCTIONS.—There are transferred to the Social Security Administration all functions carried out by the Secretary of Health and Human Services with respect to the programs and activities the administration of which is vested in the Social Security Administration by reason of this Act and the amendments made thereby. The Social Security Board shall allocate such functions in accordance with sections 701, 702, and 703 of the Social Security Act (as amended by this Act).

(b) PERSONNEL, ASSETS, ETC.—(1) There are transferred from the Department of Health and Human Services to the Social Security Administration, for appropriate allocation by the Social Security Board in the Social Security Administration—
(A) the personnel (other than administrative law judges) employed in connection with the functions transferred by this Act and the amendments made thereby, as considered appropriate by the Board in consultation with the Secretary of Health and Human Services,

(B) such number of administrative law judges as are necessary to carry out the functions transferred by this Act and the amendments made thereby, as determined by the Board in consultation with the Secretary of Health and Human Services, and

(C) the assets, liabilities, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, or used in connection with such functions, arising from such functions, or available, or to be made available, in connection with such functions.

(2) Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

(3) The Secretary of Health and Human Services shall terminate—

(A) six positions in the Department of Health and Human Services placed in level IV of the Executive Schedule (or equivalent positions) other than po-
sitions specifically required under section 5315 of title 5, United States Code, or any other provision of law, and

(B) six positions in such Department placed in level V of the Executive Schedule (or equivalent positions) other than positions specifically required under section 5316 of such title or any other provision of law.

(4) The transfer pursuant to this section of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any such employees to be separated or reduced in grade or compensation for 1 year after such transfer or October 1, 1995, whichever is later.

(c) ABOLISHMENT OF OFFICE OF COMMISSIONER IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—

Effective upon the entry upon office of all initial members of the Social Security Board pursuant to section 702 of the Social Security Act (as amended by this Act), the position of Commissioner of Social Security in the Department of Health and Human Services is abolished.

SEC. 105. TRANSITIONAL RULES.

(a) INTERIM AUTHORITY FOR APPOINTMENT AND COMPENSATION.—At any time on or after the date of the enactment of this Act—

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(1) any of the officers provided for in section 702 of the Social Security Act (as amended by this Act) may enter upon office, as provided in such section, and

(2) the Social Security Board, upon entry upon office of all of the members thereof, may prescribe regulations providing for the orderly transfer of proceedings before the Secretary of Health and Human Services to the Social Security Board.

Funds available to any official or component of the Department of Health and Human Services, functions of which are transferred to the Social Security Board or the Social Security Administration by this Act, may be used, with the approval of the Director of the Office of Management and Budget, to pay the compensation and expenses of any officer entering upon office pursuant to this section until such time as funds for that purpose are otherwise available.

(b) CONTINUATION OF ORDERS, DETERMINATIONS, RULES, REGULATIONS, ETC.—All orders, determinations, rules, regulations, permits, contracts, collective bargaining agreements, recognitions of labor organizations, certificates, licenses, and privileges—

(1) which have been issued, made, promulgated, granted, or allowed to become effective, in the exercise of functions (A) which were exercised by the Secretary
of Health and Human Services (or his delegate), and
(B) which relate to functions which, by reason of this
Act, the amendments made thereby, and regulations
prescribed thereunder, are vested in the Social Secu-

rity Board, and

(2) which are in effect immediately before Octo-
ber 1, 1995,

shall (to the extent that they relate to functions described
in paragraph (1)(B)) continue in effect according to their
terms until modified, terminated, suspended, set aside, or
repealed, in accordance with law, by such Board.

(c) CONTINUATION OF PROCEEDINGS.—The provisions
of this Act (including the amendments made thereby) shall
not affect any proceeding pending before the Secretary of
Health and Human Services immediately before October 1,
1995, with respect to functions vested (by reason of this Act,
the amendments made thereby, and regulations prescribed
thereunder) in the Social Security Board, except that such
proceedings, to the extent that they relate to such functions,
shall continue before such Board. Orders shall be issued
under any such proceeding, appeals taken therefrom, and
payments shall be made pursuant to such orders, in like
manner as if this Act had not been enacted, and orders is-
sued in any such proceeding shall continue in effect until
modified, terminated, superseded, or repealed by such
Board, by a court of competent jurisdiction, or by operation of law.

(d) CONTINUATION OF SUITS.—Except as provided in this subsection—

(1) the provisions of this Act shall not affect suits commenced prior to October 1, 1995; and

(2) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted.

No cause of action, and no suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of the Department of Health and Human Services, shall abate by reason of the enactment of this Act. Causes of action, suits, actions, or other proceedings may be asserted by or against the United States and the Social Security Administration, or such official of such Administration as may be appropriate, and, in any litigation pending immediately before October 1, 1995, the court may at any time, on its own motion or that of a party, enter an order which will give effect to the provisions of this subsection (including, where appropriate, an order for substitution of parties).

(e) CONTINUATION OF PENALTIES.—This Act shall not have the effect of releasing or extinguishing any criminal
prosecution, penalty, forfeiture, or liability incurred as a result of any function which (by reason of this Act), the amendments made thereby, and regulations prescribed thereunder) is vested in the Social Security Board.

(f) JUDICIAL REVIEW.—Orders and actions of the Social Security Board in the exercise of functions vested in such Board under this Act (and the amendments made thereby) shall be subject to judicial review to the same extent and in the same manner as if such orders had been made and such actions had been taken by the Secretary of Health and Human Services in the exercise of such functions immediately before October 1, 1995. Any statutory requirements relating to notice, hearings, action upon the record, or administrative review that apply to any function so vested in such Board shall continue to apply to the exercise of such function by such Board.

(g) EXERCISE OF FUNCTIONS.—In the exercise of the functions vested in the Social Security Board under this Act, the amendments made thereby, and regulations prescribed thereunder, such Board shall have the same authority as that vested in the Secretary of Health and Human Services with respect to the exercise of such functions immediately preceding the vesting of such functions in such Board, and actions of such Board shall have the same force and effect as when exercised by such Secretary.
(h) Operation of Transitional Rules in the Event of Interim Authority in the Commissioner.—

For purposes of this section, in any case in which the powers and duties to be transferred to the Social Security Board are transferred to the Commissioner of Social Security (or acting Commissioner) in the Department of Health and Human Services for an interim period pursuant to section 102(c), the preceding provisions of this section shall apply with respect to the transfer of such powers and duties to and from such Commissioner (or acting Commissioner) pursuant to section 102(c) in the same manner and to the same extent as they would have applied to a direct transfer from the Secretary of Health and Human Services to the Social Security Board if all members of the Board had entered upon office.

SEC. 106. CONFORMING AMENDMENTS TO TITLES II AND XVI OF THE SOCIAL SECURITY ACT.

(a) In general.—Title II of the Social Security Act (other than section 201, section 218(d), section 226, section 226A, and section 231(c)) and title XVI of such Act are each amended—

(1) by striking, wherever it appears therein, “Secretary of Health and Human Services” and inserting “Social Security Board”;

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(2) by striking, wherever it appears therein, "Department of Health and Human Services" and inserting "Social Security Administration";

(3) by striking, wherever it appears therein, "Department" (but only if it is not immediately succeeded by the words "of Health and Human Services", and only if it is used in reference to the Department of Health and Human Services) and inserting "Administration";

(4) by striking, wherever it appears therein, each of the following words (but, in the case of any such word only if such word refers to the Secretary of Health and Human Services): "Secretary", "Secretary's", "his", "him", and "he", and inserting (in the case of the word "Secretary") "Social Security Board", (in the case of the word "Secretary's") "Board's", (in the case of the word "his") "the Board's", (in the case of the word "him") "the Board", and (in the case of the word "he") "the Board"; and

(5) by striking, wherever it appears therein, "Internal Revenue Code of 1954" and inserting "Internal Revenue Code of 1986".

(b) AMENDMENTS TO SECTION 218.—Section 218(d) of such Act (42 U.S.C. 418(d)) is amended by striking "Sec
(c) **AMENDMENTS TO SECTION 222.**—Section 222(d) of such Act (42 U.S.C. 422(d)) is amended—

(1) in the last sentence of paragraph (1), by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration"; and

(2) in the first sentence of paragraph (2), by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration".

(d) **AMENDMENT TO SECTION 231.**—Section 231(c) of such Act (42 U.S.C. 431(c)) is amended by striking "Secretary determines" and inserting "Social Security Board and the Secretary jointly determine".

(e) **AMENDMENT TO SECTION 1615.**—Section 1615(d) of such Act (422 U.S.C. 1832d(d)) is amended by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration".

**SEC. 107. OTHER CONFORMING AMENDMENTS.**

Title VII of the Social Security Act is amended—

(1) by striking section 704 (42 U.S.C. 904) and inserting the following new section:
REPORTS

"SEC. 704. The Secretary and the Social Security Board shall make full reports to Congress, within 120 days after the beginning of each regular session, of the administration of the functions with which they are charged under this Act. In addition to the number of copies of such reports authorized by other law to be printed, there is hereby authorized to be printed not more than 5,000 copies of each such report for use by the Secretary and Social Security Board for distribution to Members of Congress and to State and other public or private agencies or organizations participating in or concerned with the programs provided for in this Act."

(2) in section 709(b)(2) (42 U.S.C. 910(b)(2)), by striking "(as estimated by the Secretary)" and inserting "as estimated by the Social Security Board or the Secretary (whichever administers the program involved)";

(3) by adding at the end thereof the following new section:

"DUTIES AND AUTHORITY OF SECRETARY

"SEC. 712. (a) The Secretary shall perform the duties imposed upon him by this Act and shall also have the duty of studying and making recommendations as to the most effective methods of providing economic security and as to legislation and matters of administrative policy concerning
the programs administered by the Secretary and related subjects; except that nothing in this section shall be construed to require the Secretary to make studies or recommendations with respect to programs administered by the Social Security Administration.

"(b) The Secretary is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures, as may be necessary for carrying out the Secretary's functions under this Act. Appointments of attorneys and experts may be made without regard to the civil service laws."

SEC. 108. RULES OF CONSTRUCTION.

(a) REFERENCES TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, court order, or other document to the Department of Health and Human Services with respect to such Department's functions under the old-age, survivors, and disability insurance program under title II of the Social Security Act or the supplemental security income program under title XVI of such Act, such reference shall be considered a reference to the Social Security Administration.

(b) REFERENCES TO THE SECRETARY OF HEALTH AND HUMAN SERVICES.—Whenever any reference is made in
any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, court order, or other document to the Secretary of Health and Human Services with respect to such Secretary's functions under such programs, such reference shall be considered a reference to the Social Security Board.

(c) REFERENCES TO OTHER OFFICERS AND EMPLOYEES.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, or document to any other officer or employee of the Department of Health and Human Services with respect to such officer's or employee's functions under such programs, such reference shall be considered a reference to the appropriate officer or employee of the Social Security Administration.

SEC. 109. EFFECTIVE DATES.

(a) IN GENERAL.—Sections 101, 102(a), 103, 104, 106, 107, and 108 of this Act (and the amendments made thereby) shall take effect October 1, 1995.

(b) EXCEPTIONS.—Section 102(b) of this Act shall take effect upon the entry upon office of all initial members of the Social Security Board. Sections 102(c) and 105 of this Act shall take effect on the date of the enactment of this Act.
(c) **NEW SPENDING AUTHORITY.**—Any new spending authority provided by this title shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

**TITLE II—IMPROVEMENTS TO THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM**

**SEC. 201. RESTRICTIONS ON PAYMENT OF BENEFITS BASED ON DISABILITY TO SUBSTANCE ABUSERS.**

(a) **AMENDMENTS RELATING TO BENEFITS BASED ON DISABILITY UNDER TITLE II OF THE SOCIAL SECURITY ACT.**—

(1) **REQUIRED PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.**—

(A) **IN GENERAL.**—Section 205(j)(1) of the Social Security Act (42 U.S.C. 405(j)(1)) is amended—

(i) by inserting after the first sentence the following new sentence: "In the case of an individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, certification of pay-
ment of such benefits to a representative payee shall be deemed to serve the interest of such individual under this title.”; and

(ii) in the last sentence, by inserting “, if the interest of the individual under this title would be served thereby,” after “alternative representative payee or”.

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.

(C) STUDY REGARDING FEASIBILITY, COST, AND EQUITY OF REQUIRING REPRESENTATIVE PAYEES FOR ALL DISABILITY BENEFICIARIES SUFFERING FROM ALCOHOLISM OR DRUG ADDICTION.—

(i) Study.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services shall conduct a study of the representative payee program. In such study, the Secretary shall examine—

(I) the feasibility, cost, and equity of requiring representative payees for all individuals entitled to benefits
based on disability under title II or XVI of the Social Security Act who suffer from alcoholism or drug addiction, irrespective of whether the alcoholism or drug addiction was material in any case to the Secretary's determination of disability,

(II) the feasibility of and appropriate timetable for providing benefits through non-cash means, including (but not limited to) vouchers, debit cards, and electronic benefits transfer systems,

(III) the extent to which child beneficiaries are afflicted by drug addiction or alcoholism and ways of addressing such affliction, including the feasibility of requiring treatment, and

(IV) the extent to which children's representative payees are afflicted by drug addiction or alcoholism, and methods to identify children's representative payees afflicted by drug addiction or alcoholism and to ensure that
benefits continue to be provided to beneficiaries appropriately.

(ii) REPORT.—Not later than April 1, 1995, the Secretary shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report setting forth the findings of the Secretary based on such Study. Such report shall include such recommendations for administrative or legislative changes as the Secretary considers appropriate.

(2) INCREASED RELIANCE ON PROFESSIONAL REPRESENTATIVE PAYEES.—

(A) PREFERENCE REQUIRED FOR ORGANIZATIONAL REPRESENTATIVE PAYEES.—Section 205(j)(2)(C) of such Act (42 U.S.C. 405(j)(2)(C)) is amended by adding at the end the following new clause:

“(v) In the case of an individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary’s determination that the individual is under a disability, when selecting such individual’s representative payee, preference shall be given to—
“(I) a community-based nonprofit social service agency licensed or bonded by the State,

“(II) a State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities, or

“(III) a State or local government agency with fiduciary responsibilities,

(or a designee of such an agency if the Secretary deems it appropriate), unless the Secretary determines that selection of such an agency would not be appropriate.”.

(B) AVAILABILITY OF PUBLIC AGENCIES AND OTHER QUALIFIED ORGANIZATIONS TO SERVE AS REPRESENTATIVE PAYEES.—Section 205(j)(4) of such Act (42 U.S.C. 405(j)(4)) is amended—

(i) in subparagraph (A)—

(I) by striking “exceed the lesser of—” and inserting “exceed—”; and

(II) by striking clauses (i) and (ii) and inserting the following:

“(i) in any case in which an individual is entitled to benefits based on disability and alcoholism or drug addiction is a contributing factor material to the Secretary’s determination that the individual is under
a disability, 10 percent of the monthly benefit involved, or

“(ii) in any other case, the lesser of—

“(I) 10 percent of the monthly benefit involved, or

“(II) $25.00 per month.”;

(ii) in subparagraph (B)—

(I) by inserting “State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities, any State or local government agency with fiduciary responsibilities, or any” after “means any”;

(II) by striking “representative payee and which,” and inserting “representative payee, if such agency,”;

(III) by striking “, and” at the end of clause (ii) and inserting a period; and

(IV) by striking clause (iii); and

(iii) by striking subparagraph (D), effective July 1, 1994.
(C) DEFINITION.—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended by adding at the end the following new paragraph:

“(7) For purposes of this subsection, the term ‘benefit based on disability’ of an individual means a disability insurance benefit of such individual under section 223 or a child’s, widow’s, or widower’s insurance benefit of such individual under section 202 based on such individual’s disability.”.

(3) NONPAYMENT OR TERMINATION OF BENEFITS.—

(A) IN GENERAL.—Section 225 of such Act (42 U.S.C. 425) is amended—

(i) by striking the heading and inserting the following:

“ADDITIONAL RULES RELATING TO BENEFITS BASED ON DISABILITY

“Suspension of Benefits”;

(ii) by inserting before subsection (b) the following new heading:

“Continued Payments During Rehabilitation Program”; and

(iii) by adding at the end the following new subsection:
"Nonpayment or Termination of Benefits Where Entitlement Involves Alcoholism or Drug Addiction

"(c)(1)(A) Notwithstanding any other provision of this title, in the case of any individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that such individual is under a disability and such individual is determined by the Secretary not to be in compliance with the requirements of this subsection for a month, such benefits shall be suspended for a period commencing with such month and ending with the month preceding the first month, after the determination of noncompliance, in which such individual demonstrates that he or she has reestablished and maintained compliance with such requirements for the applicable period specified in paragraph (3).

"(B) For purposes of this subsection, in the case of an individual who is entitled to benefits based on disability for the first month ending after 180 days after the date of the enactment of the Social Security Administrative Reform Act of 1994, if such individual has a primary diagnosis of alcoholism or drug addiction, such alcoholism or drug addiction shall be treated as a contributing factor material to the Secretary's determination of disability.

"(2)(A) An individual described in paragraph (1) is in compliance with the requirements of this subsection for
a month if such individual in such month undergoes any medical or psychological treatment that may be appropriate, for such individual's condition diagnosed as substance abuse or alcohol abuse and for the stage of such individual's rehabilitation, at an institution or facility approved for purposes of this subsection by the Secretary, and complies in such month with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under paragraph (6).

“(B) An individual described in paragraph (1) shall not be determined to be not in compliance with the requirements of this subsection for a month if access by such individual to such treatment is not reasonably available for that month, as determined under regulations of the Secretary.

“(3) The applicable period specified in this paragraph is—

“(A) 2 consecutive months, in the case of a first determination that an individual is not in compliance with the requirements of this subsection,

“(B) 3 consecutive months, in the case of the second such determination with respect to the individual, and

“(C) 6 consecutive months, in the case of the third or subsequent such determination with respect to the individual.
“(4) In any case in which an individual’s benefit is suspended for a period of 12 consecutive months for failure to comply with treatment described in paragraph (2) of this subsection, the month following such period shall be deemed, for purposes of section 223(a)(1) or subsection (d)(1)(G)(i), (e)(1), or (f)(1) of section 202 (as applicable), as the termination month with respect to such entitlement.

“(5)(A) Subject to subparagraph (B), monthly insurance benefits under this title which would be payable to any individual (other than the disabled individual to whom benefits are not payable by reason of this subsection) on the basis of the wages and self-employment income of such disabled individual but for the provisions of paragraph (1) or (4), shall be payable as though such disabled individual were receiving such benefits which are not payable under this subsection (and, in the case of a disabled individual whose entitlement is terminated under paragraph (4), as though such disabled individual’s entitlement were not terminated).

“(B) If the monthly insurance benefits of a disabled individual referred to in subparagraph (A) are not payable by reason of termination of entitlement under paragraph (4), monthly insurance benefits which are payable to any other individual on the basis of the wages and self-employment income of such disabled individual pursuant to sub-
paragraph (A) shall not be payable for any month after
2 years after the last month of such entitlement.

"(6)(A) The Secretary shall provide for the monitoring
and testing of all individuals who are receiving benefits
under this title and who as a condition of payment of such
benefits are required to be undergoing treatment and com-
plying with the terms, conditions, and requirements thereof
as described in paragraph (2)(A), in order to assure such
compliance and to determine the extent to which the imposi-
tion of such requirements is contributing to the achievement
of the purposes of this title. The Secretary shall annually
submit to the Congress a full and complete report on the
Secretary's activities under this paragraph. Each such an-
annual report shall include the number and percentage of such
individuals who did not receive regular drug testing during
the year covered by the report.

"(B) The Secretary, in consultation with drug and al-
cohol treatment professionals, shall issue regulations—

"(i) defining appropriate treatment for alcohol-
ics and drug addicts who are subject to required med-
ical or psychological treatment under this subsection,
and

"(ii) establishing guidelines to be used to review
and evaluate their compliance, including measures of
the progress of participants in such programs.
"(C)(i) For purposes of carrying out the requirements of subparagraphs (A) and (B), the Secretary shall establish in each State a referral and monitoring agency for such State.

"(ii) Each referral and monitoring agency for a State shall—

"(I) identify appropriate placements, for individuals residing in such State who are entitled to benefits based on disability and with respect to whom alcoholism or drug addiction is a contributing factor material to the Secretary's determination that they are under a disability, where they may obtain treatment described in paragraph (2)(A),

"(II) refer such individuals to such placements for such treatment, and

"(III) monitor compliance with the requirements of paragraph (2)(A) by individuals who are referred by the agency to such placements and promptly report failures to comply to the Secretary.

"(7) In the case of any individual who is entitled to a benefit based on disability for any month, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, payment of any past-due monthly insurance benefits under this title to which such individual is entitled
shall be made in any month only to the extent that the sum of—

"(A) the amount of such past-due benefit paid in such month, and

"(B) the amount of any benefit for the preceding month under such current entitlement which is payable in such month,

does not exceed 200 percent of the amount of such benefit for the preceding month.

"(8) In the case of any individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that such individual is under a disability, the month following the 36-month period beginning with such individual's first month of entitlement shall be deemed, for purposes of section 223(a)(1) or subsection (d)(1)(G)(i), (e)(1), or (f)(1) of section 202 (as applicable), as the termination month with respect to such entitlement, and such individual shall be deemed not to be entitled to any past-due benefits under such entitlement remaining unpaid as of the end of such 36-month period. Such individual may not be entitled to benefits based on disability for any month after such 36-month period if, with respect to such entitlement, alcoholism or drug addiction is a contributing factor material to
the Secretary's determination that such individual is under a disability.

"(9) For purposes of this subsection, the term 'benefit based on disability' of an individual means a disability insurance benefit of such individual under section 223 or a child's, widow's, or widower's insurance benefit of such individual under section 202 based on the disability of such individual."

(B) Preservation of Medicare Benefits.—Section 226 of such Act (42 U.S.C. 426) is amended by adding at the end the following:

"(i) For purposes of this section, each person whose benefit for any month is not payable by reason of paragraph (1) of section 225(c) (and is not terminated by reason of paragraph (4) or (8) of section 225(c)) shall be treated as entitled to such benefit for such month if such person would be entitled to such benefit for such month in the absence of such section.”.paragraph (other than paragraphs (6)(C) and (8) of section 225(c) of the Social Security Act added by this paragraph) shall apply with respect to benefits based on disability (as defined in section 225(c)(9) of the Social Security Act, added by this section) of individuals becoming entitled to such benefits for months beginning after 180 days after the date of the enactment of this Act. Section 225(c)(6)(C) of the Social Security Act shall take
effect 180 days after the date of the enactment of this Act. Section 225(c)(8) of the Social Security Act (added by this section) shall apply with respect to benefits for months ending after 180 days after the date of the enactment of this Act, and, for purposes of such section 225(c)(8), in the case of any individual entitled to benefits based on disability (as so defined) for the first month ending after 180 days after the date of the enactment of this Act, such month shall be treated as such individual's first month of entitlement to such benefits.

(4) IRRELEVANCE OF LEGALITY OF SERVICES PERFORMED IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY.—

(A) IN GENERAL.—Section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended—

(i) by inserting "(A)" after "(4)"; and

(ii) by adding at the end the following new subparagraph:

"(B) In determining under subparagraph (A) when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, the Secretary apply the criteria described in subparagraph (A) with respect to services performed by any individual without regard to the legality of such services.".
(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of the enactment of this Act.

(b) AMENDMENTS RELATING TO SUPPLEMENTAL SECURITY INCOME BENEFITS UNDER TITLE XVI OF THE SOCIAL SECURITY ACT.—

(1) REQUIRED PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—

(A) IN GENERAL.—Section 1631(a)(2)(A) of the Social Security Act (42 U.S.C. 1383(a)(2)(A)) is amended—

(i) in clause (ii), by adding at the end the following: "In the case of an individual entitled to benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, the payment of such benefits to a representative payee shall be deemed to serve the interest of such individual under this title."; and

(ii) in clause (iii), by striking "to the individual or eligible spouse or to an alternative representative payee of the individual or eligible spouse" and inserting "to an
alternative representative payee of the individual or eligible spouse or, if the interest of the individual under this title would be served thereby, to the individual or eligible spouse”.

(B) CONFORMING AMENDMENT.—Section 1631(a)(2)(B)(viii)(II) of such Act (42 U.S.C. 1383(a)(2)(B)(viii)(II)) is amended by striking “15 years” and all that follows and inserting “of 15 years, or (if alcoholism or drug addition is a contributing factor material to the Secretary’s determination that the individual is disabled) is entitled to benefits under this title by reason of disability.”.

(C) EFFECTIVE DATE.—The amendments made by subparagraphs (A) and (B) shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.

(2) INCREASED RELIANCE ON PROFESSIONAL REPRESENTATIVE PAYEES.—

(A) PREFERENCE REQUIRED FOR ORGANIZATIONAL REPRESENTATIVE PAYEES.—Section 1631(a)(2)(B) of such Act (42 U.S.C. 1383(a)(2)(B)) is amended—
(i) by redesignating clauses (vii) through (xii) as clauses (viii) through (xiii), respectively;

(ii) by inserting after clause (vi) the following:

"(vii) In the case of an individual entitled to benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, when selecting such individual's representative payee, preference shall be given to—

"(I) a community-based nonprofit social service agency licensed or bonded by the State;

"(II) a State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities; or

"(III) a State or local government agency with fiduciary responsibilities,

(or a designee of such an agency if the Secretary deems it appropriate), unless the Secretary determines that selection of such an agency would not be appropriate."

(iii) in clause (viii) (as so redesignated), by striking "clause (viii)" and inserting "clause (ix)";
(iv) in clause (ix) (as so redesignated),
by striking "(vii)" and inserting "(viii)";
(v) in clause (xii) (as so redesignated)—
(I) by striking "(xi)" and inserting "(xii)"; and
(II) by striking "(x)" and inserting "(xi)".

(B) AVAILABILITY OF PUBLIC AGENCIES
AND OTHER QUALIFIED ORGANIZATIONS TO
SERVE AS REPRESENTATIVE PAYEES.—Section
1631(a)(2)(D) of such Act (42 U.S.C.
1383(a)(2)(D)) is amended—
(i) in clause (i)—
(I) by striking "exceed the lesser
of—" and inserting "exceed—"; and
(II) by striking subclauses (I) and
(II) and inserting the following:
“(I) in any case in which an individual is enti-
tled to benefits under this title by reason of disability
and alcoholism or drug addiction is a contributing
factor material to the Secretary's determination that
the individual is disabled, 10 percent of the monthly
benefit involved, or
“(II) in any other case, the lesser of—
“(aa) 10 percent of the monthly benefit involved, or

“(bb) $25.00 per month.”;

(ii) in clause (ii)—

(I) by inserting “State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities, any State or local government agency with fiduciary responsibilities, or any” after “means any”;

(II) by inserting a comma after “service agency”;

(III) by adding “and” at the end of subclause (I); and

(IV) in subclause (II)—

(aa) by adding “and” at the end of item (aa);

(bb) by striking “; and” at the end of item (bb) and inserting a period; and

(cc) by striking item (cc); and

(iii) by striking clause (iv), effective July 1, 1994.
(3) NONPAYMENT OR TERMINATION OF BENEFITS.—

(A) IN GENERAL.—Section 1611(e)(3) of such Act (42 U.S.C. 1382(e)(3)), is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following:

“(B)(i) Notwithstanding any other provision of this title, in the case of any individual entitled to benefits under this title solely by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that such individual is disabled and such individual is determined by the Secretary not to be in compliance with the requirements of this subparagraph for a month, such benefits shall be suspended for a period commencing with such month and ending with the month preceding the first month, after the determination of non-compliance, in which such individual demonstrates that he or she has reestablished and maintained compliance with such requirements for the applicable period specified in clause (iii).

“(ii)(I) An individual described in clause (i) is in compliance with the requirements of this subparagraph for a month if the individual in such month undergoes any medical or psychological treatment that may be appro-
private, for the individual's condition diagnosed as substance abuse or alcohol abuse and for the stage of the individual's rehabilitation, at an institution or facility approved for purposes of this subparagraph by the Secretary, and complies in such month with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under subparagraph (C).

"(II) An individual described in clause (i) shall not be determined to be not in compliance with the requirements of this subparagraph for a month if access by such individual to such treatment is not reasonably available for the month, as determined under regulations of the Secretary.

"(iii) The applicable period specified in this clause is—

"(I) 2 consecutive months, in the case of a 1st determination that an individual is not in compliance with the requirements of this subparagraph;

"(II) 3 consecutive months, in the case of the 2nd such determination with respect to the individual; or

"(III) 6 consecutive months, in the case of the 3rd or subsequent such determination with respect to the individual.

"(iv) An individual shall not be an eligible individual for purposes of this title for the 12-month period that begins
with the end of any period of 12 consecutive months for
which the benefits of the individual under this title have
been suspended by reason of this subparagraph.

"(v) In the case of any individual entitled to benefits
under this title by reason of disability, if alcoholism or drug
addiction is a contributing factor material to the Sec-
retary's determination that such individual is disabled,
such individual may not be entitled to such benefits by rea-
son of disability (or any past-due benefits under such enti-
tement) for any month after the 36-month period beginning
with such individual's first month of such entitlement, not-
withstanding section 1619(a).

"(vi)(I) The Secretary shall not, in a month, pay to
an individual described in clause (i) benefits under this title
the payment of which is past due, in an amount that ex-
ceds the amount of benefits under this title which are pay-
able to the individual for the month and the payment of
which is not past due.

"(II) As used in subclause (I) of this clause, the term
'benefits under this title' includes supplementary payments
of the type described in section 1616(a) and payments pur-
suant to an agreement entered into under section 212(a)
of Public Law 93-66."

(B) REFERRAL, MONITORING, AND TREAT-
MENT.—Section 1611(e)(3)(C) of such Act (42
U.S.C. 1382(e)(3)(C)), as so designated by the amendment made by subparagraph (A) of this paragraph, is amended—

(i) by adding at the end the following:

"Each such annual report shall include the number and percentage of such individuals who did not receive regular drug testing during the year covered by the report."

(ii) by inserting "(i)" after "(C)"; and

(iii) by adding after and below the end following:

"(ii) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations—

"(I) defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subparagraph; and

"(II) establishing guidelines to be used to review and evaluate their compliance, including measures of the progress of participants in such programs.

"(iii)(I) For purposes of carrying out the requirements of clauses (i) and (ii), the Secretary shall establish in each State a referral and monitoring agency for the State.

"(II) Each referral and monitoring agency for a State shall—
“(aa) identify appropriate placements, for individuals residing in the State who are entitled to benefits under this title by reason of disability and with respect to whom alcoholism or drug addiction is a contributing factor material to the Secretary’s determination that they are disabled, where they may obtain treatment described in subparagraph (B)(ii)(I);

“(bb) refer such individuals to such placements for such treatment; and

“(cc) monitor compliance with the requirements of subparagraph (B) by individuals who are referred by the agency to such placements, and promptly report to the Secretary any failure to comply with such requirements.”.

(C) PRESERVATION OF MEDICAID BENEFITS.—Section 1634 of such Act (42 U.S.C. 13283c) is amended by adding at the end the following:

“(e) Each person to whom benefits under this title by reason of disability are not payable for any month solely by reason of section 1611(e)(3)(B) shall be treated, for purposes of title XIX, as receiving benefits under this title for such month.”.

(D) CONFORMING AMENDMENTS.—Section 1611(e)(3) of such Act (42 U.S.C. 1382(e)(3)), as
amended by subparagraphs (A) and (B) of this paragraph, is amended—

(i) in subparagraph (A), by striking "(B)" and inserting "(C)"; and

(ii) in subparagraph (C), by inserting "or (B)" after "(A)".

(E) EFFECTIVE DATE.—

(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the amendments made by this paragraph shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.

(ii) TIME LIMITATION ON BENEFITS.—

Section 1611(e)(3)(B)(v) of the Social Security Act (as added by the amendment made by subparagraph (A) of this paragraph) shall apply with respect to benefits for months ending after 180 days after the date of the enactment of this Act, and, for purposes of such section, in the case of any individual entitled to benefits by reason of disability for the first month ending after 180 days after the date of the enactment of this Act, such month shall be treated as such
individual's first month of entitlement to such benefits.

(iii) ESTABLISHMENT OF REFERRAL AND MONITORING AGENCIES.—Section 1611(e)(3)(C)(iii) of the Social Security Act (as added by the amendment made by subparagraph (B)(iii) of this paragraph) shall take effect 180 days after the date of the enactment of this Act.

(4) IRRELEVANCE OF LEGALITY OF SUBSTANTIAL GAINFUL ACTIVITY.—

(A) IN GENERAL.—Section 1614(a)(3)(D) of such Act (42 U.S.C. 1382c(a)(3)(D)) is amended by adding at the end the following: "The Secretary shall make determinations under this title with respect to substantial gainful activity, without regard to the legality of the activity."

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall take effect on the date of the enactment of this Act.

(c) EFFECTIVE DATE.—The amendments made by the preceding provisions of this section shall apply to benefits payable for months beginning 180 or more days after the date of the enactment of this Act.

(d) DEMONSTRATION PROJECTS.—
IN GENERAL.—The Secretary of Health and Human Services shall develop and carry out demonstration projects designed to explore innovative referral, monitoring, and treatment approaches with respect to—

(A) individuals who are entitled to disability insurance benefits or child's, widow's, or widower's insurance benefits based on disability under title II of the Social Security Act, and

(B) individuals who are eligible for supplemental security income benefits under title XVI of such Act based solely on disability, in cases in which alcoholism or drug addiction is a contributing factor material to the Secretary's determination that individuals are under a disability.

SCOPE.—The demonstration projects developed under paragraph (1) shall be of sufficient scope and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative approaches under consideration while giving assurance that the results derived from the projects will obtain generally in the operation of the programs involved without committing such programs to the adoption of any particular system either locally or nationally.
(3) **FINAL REPORT.**—The Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than December 31, 1997, a final report on the demonstration projects carried out under this subsection, together with any related data and materials which the Secretary may consider appropriate. The authority under this section shall terminate upon the transmittal of such final report.

**SEC. 202. ISSUANCE OF PHYSICAL DOCUMENTS IN THE FORM OF BONDS, NOTES, OR CERTIFICATES TO THE SOCIAL SECURITY TRUST FUNDS.**

(a) **Requirement that Obligations Issued to the OASDI Trust Funds Be Evidenced by Paper Instruments in the Form of Bonds, Notes, or Certificates of Indebtedness Setting Forth Their Terms.**—Section 201(d) of the Social Security Act (42 U.S.C. 401(d)) is amended by inserting after the fifth sentence the following new sentence: "Each obligation issued for purchase by the Trust Funds under this subsection shall be evidenced by a paper instrument in the form of a bond, note, or certificate of indebtedness issued by the Secretary of the Treasury setting forth the principal amount, date of maturity, and interest rate of the obligation, and stating on its face that the obligation shall be incontestable in the
hands of the Trust Fund to which it is issued, that the obligation is supported by the full faith and credit of the United States, and that the United States is pledged to the payment of the obligation with respect to both principal and interest.”.

(b) **Payment to the OASDI Trust Funds from the General Fund of the Treasury of Interest on Obligations, and of Proceeds from the Sale or Redemption of Obligations, Required to Be in the Form of Checks.**—Section 201(f) of such Act (42 U.S.C. 401(f)) is amended by adding at the end the following new sentence: “Payment from the general fund of the the Treasury to either of the Trust Funds of any such interest or proceeds shall be in the form of paper checks drawn on such general fund to the order of such Trust Fund.”.

(c) **Effective Date.**—

(1) **In General.**—The amendments made by this section shall apply with respect to obligations issued, and payments made, after 60 days after the date of the enactment of this Act.

(2) **Treatment of Outstanding Obligations.**—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Treasury shall issue to the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insur-
ance Trust Fund, as applicable, a paper instrument, in the form of a bond, note, or certificate of indebtedness, for each obligation which has been issued to the Trust Fund under section 201(d) of the Social Security Act and which is outstanding as of such date. Each such document shall set forth the principal amount, date of maturity, and interest rate of the obligation, and shall state on its face that the obligation shall be incontestable in the hands of the Trust Fund to which it was issued, that the obligation is supported by the full faith and credit of the United States, and that the United States is pledged to the payment of the obligation with respect to both principal and interest.

**SEC. 203. EXPLICIT REQUIREMENTS FOR MAINTENANCE OF TELEPHONE ACCESS TO LOCAL OFFICES OF THE SOCIAL SECURITY ADMINISTRATION.**

(a) MAINTENANCE OF SERVICE TO LOCAL OFFICES.—

(1) IN GENERAL.—Section 5110(a) of the Omnibus Budget Reconciliation Act of 1990 (104 Stat. 1388–272) is amended by adding at the end the following new sentence: “In carrying out the requirements of the preceding sentence, the Secretary shall reestablish and maintain in service at least the same number of telephone lines to each such local office as
was in place as of such date, including telephone sets
for connections to such lines.”

(2) **EFFECTIVE DATE.**—The Secretary of Health
and Human Services shall ensure that the require-
ments of the amendment made by paragraph (1) are
carried out no later than 90 days after the date of the
enactment of this Act.

(3) **GAO REPORT.**—The Comptroller General of
the United States shall make an independent deter-
mination of the number of telephone lines to each
local office of the Social Security Administration
which are in place as of 90 days after the enactment
of this Act and shall report his findings to the Com-
mittee on Ways and Means of the House of Represent-
atives and the Committee on Finance of the Senate no
later than 150 days after the date of the enactment
of this Act.

(b) **MAINTENANCE OF TOLL-FREE TELEPHONE NUM-
BER SERVICE.**—The Secretary of Health and Human Serv-
ices shall ensure that toll-free telephone service provided by
the Social Security Administration is maintained at a level
which is at least equal to that in effect on the date of the
enactment of this Act.
SEC. 204. EXPANSION OF STATE OPTION TO EXCLUDE SERVICE OF ELECTION OFFICIALS OR ELECTION WORKERS FROM COVERAGE.

(a) LIMITATION ON MANDATORY COVERAGE OF STATE ELECTION OFFICIALS AND ELECTION WORKERS WITHOUT STATE RETIREMENT SYSTEM.—

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(a)(7)(F)(iv) of the Social Security Act (42 U.S.C. 410(a)(7)(F)(iv)) (as amended by section 11332(a) of the Omnibus Budget Reconciliation Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) for any subsequent year with respect to service performed during such subsequent year".

(2) AMENDMENT TO FICA.—Section 3121(b)(7)(F)(iv) of the Internal Revenue Code of 1986 (as amended by section 11332(b) of the Omnibus Budget Reconciliation Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) of the Social Security Act for any subsequent year with respect to service performed during such subsequent year".
(b) CONFORMING AMENDMENTS RELATING TO MEDICARE QUALIFIED GOVERNMENT EMPLOYMENT.—

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(p)(2)(E) of the Social Security Act (42 U.S.C. 410(p)(2)(E)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) for any subsequent year with respect to service performed during such subsequent year".

(2) AMENDMENT TO FICA.—Section 3121(u)(2)(B)(ii)(V) of the Internal Revenue Code of 1986 is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) of the Social Security Act for any subsequent year with respect to service performed during such subsequent year".

(c) AUTHORITY FOR STATES TO MODIFY COVERAGE AGREEMENTS WITH RESPECT TO ELECTION OFFICIALS AND ELECTION WORKERS.—Section 218(c)(8) of the Social Security Act (42 U.S.C. 418(c)(8)) is amended—

(1) by striking "on or after January 1, 1968,"

and inserting "at any time";
(2) by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under subparagraph (B) for any subsequent year with respect to service performed during such subsequent year"; and

(3) by striking the last sentence and inserting the following new sentence: "Any modification of an agreement pursuant to this paragraph shall be effective with respect to services performed in and after the calendar year in which the modification is mailed or delivered by other means to the Secretary."

(d) INDEXATION OF EXEMPT AMOUNT.—Section 218(c)(8) of such Act (as amended by subsection (c)) is further amended—

(1) by inserting "(A)" after "(8)"; and

(2) by adding at the end the following new sub
paragraph:

"(B) For each year after 1995, the Secretary shall adjust the amount referred to in subparagraph (A) at the same time and in the same manner as is provided under section 215(a)(1)(B)(ii) with respect to the amounts referred to in section 215(a)(1)(B)(i), except that—

"(i) for purposes of this subparagraph, 1993 shall be substituted for the calendar year referred to in section 215(a)(1)(B)(ii)(II), and
"(ii) such amount as so adjusted, if not a multiple of $100, shall be rounded to the next higher multiple of $100 where such amount is a multiple of $50 and to the nearest multiple of $100 in any other case. The Secretary shall determine and publish in the Federal Register each adjusted amount determined under this subparagraph not later than November 1 preceding the year for which the adjustment is made.”.

(e) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (c) shall apply with respect to service performed on or after January 1, 1995.

SEC. 205. USE OF SOCIAL SECURITY NUMBERS BY STATES AND LOCAL GOVERNMENTS AND FEDERAL DISTRICT COURTS FOR JURY SELECTION PURPOSES.

(a) IN GENERAL.—Section 205(c)(2) of the Social Security Act (42 U.S.C. 405(c)(2)) is amended—

(1) in subparagraph (B)(i), by striking "(E)" in the matter preceding subclause (I) and inserting "(F)";

(2) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(3) by inserting after subparagraph (D) the following:

"(E)(i) It is the policy of the United States that—
"(I) any State (or any political subdivision of a State) may utilize the social security account numbers issued by the Secretary for the additional purposes described in clause (ii) if such numbers have been collected and are otherwise utilized by such State (or political subdivision) in accordance with applicable law, and

"(II) any district court of the United States may use, for such additional purposes, any such social security account numbers which have been so collected and are so utilized by any State.

"(ii) The additional purposes described in this clause are the following:

"(I) Identifying duplicate names of individuals on master lists used for jury selection purposes.

"(II) Identifying on such master lists those individuals who are ineligible to serve on a jury by reason of their conviction of a felony.

"(iii) To the extent that any provision of Federal law enacted before the date of the enactment of this subparagraph is inconsistent with the policy set forth in clause (i), such provision shall, on and after that date, be null, void, and of no effect.
“(iv) For purposes of this subparagraph, the term ‘State’ has the meaning such term has in subparagraph (D).”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 206. AUTHORIZATION FOR ALL STATES TO EXTEND COVERAGE TO STATE AND LOCAL POLICEMEN AND FIREFMEN UNDER EXISTING COVERAGE AGREEMENTS.

(a) IN GENERAL.—Section 218(l) of the Social Security Act (42 U.S.C. 418(l)) is amended—

(1) in paragraph (1), by striking “(1)” after “(l)”, and by striking “the State of” and all that follows through “prior to the date of enactment of this subsection” and inserting “a State entered into pursuant to this section”; and

(2) by striking paragraph (2).

(b) CONFORMING AMENDMENT.—Section 218(d)(8)(D) of such Act (42 U.S.C. 418(d)(8)(D)) is amended by striking “agreements with the States named in” and inserting “State agreements modified as provided in”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to modifications filed by States after the date of the enactment of this Act.
SEC. 207. LIMITED EXEMPTION FOR CANADIAN MINISTERS FROM CERTAIN SELF-EMPLOYMENT TAX LIABILITY.

(a) IN GENERAL.—Notwithstanding any other provision of law, if—

(1) an individual performed services described in section 1402(c)(4) of the Internal Revenue Code of 1986 which are subject to tax under section 1401 of such Code,

(2) such services were performed in Canada at a time when no agreement between the United States and Canada pursuant to section 233 of the Social Security Act was in effect, and

(3) such individual was required to pay contributions on the earnings from such services under the social insurance system of Canada,

then such individual may file a certificate under this section in such form and manner, and with such official, as may be prescribed in regulations issued under chapter 2 of such Code. Upon the filing of such certificate, notwithstanding any judgment which has been entered to the contrary, such individual shall be exempt from payment of such tax with respect to services described in paragraphs (1) and (2) and from any penalties or interest for failure to pay such tax or to file a self-employment tax return as required under section 6017 of such Code.
(b) PERIOD FOR FILING.—A certificate referred to in subsection (a) may be filed only during the 180-day period commencing with the date on which the regulations referred to in subsection (a) are issued.

(c) TAXABLE YEARS AFFECTED BY CERTIFICATE.—A certificate referred to in subsection (a) shall be effective for taxable years ending after December 31, 1978, and before January 1, 1985.

(d) RESTRICTION ON CREDITING OF EXEMPT SELF-EMPLOYMENT INCOME.—In any case in which an individual is exempt under this section from paying a tax imposed under section 1401 of the Internal Revenue Code of 1986, any income on which such tax would have been imposed but for such exemption shall not constitute self-employment income under section 211(b) of the Social Security Act (42 U.S.C. 411(b)), and, if such individual's primary insurance amount has been determined under section 215 of such Act (42 U.S.C. 415), notwithstanding section 215(f)(1) of such Act, the Secretary of Health and Human Services shall recompute such primary insurance amount so as to take into account the provisions of this subsection. The recomputation under this subsection shall be effective with respect to benefits for months following approval of the certificate of exemption.
SEC. 208. EXCLUSION OF TOTALIZATION BENEFITS FROM THE APPLICATION OF THE WINDFALL ELIMINATION PROVISION.

(a) In General.—Section 215(a)(7) of the Social Security Act (42 U.S.C. 415(a)(7)) is amended—

(1) in subparagraph (A), by striking "but excluding" and all that follows through "1937" and inserting "but excluding (I) a payment under the Railroad Retirement Act of 1974 or 1937, and (II) a payment by a social security system of a foreign country based on an agreement concluded between the United States and such foreign country pursuant to section 233"; and

(2) in subparagraph (E), by inserting after "in the case of an individual" the following: "whose eligibility for old-age or disability insurance benefits is based on an agreement concluded pursuant to section 233 or an individual".

(b) Conforming Amendment Relating to Benefits Under 1939 Act.—Section 215(d)(3) of such Act (42 U.S.C. 415(d)(3)) is amended by striking "but excluding" and all that follows through "1937" and inserting "but excluding (I) a payment under the Railroad Retirement Act of 1974 or 1937, and (II) a payment by a social security system of a foreign country based on an agreement concluded between the United States and such foreign country pursuant to section 233 or an individual".
cluded between the United States and such foreign country pursuant to section 233”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply (notwithstanding section 215(f)(1) of the Social Security Act (42 U.S.C. 415(f)(1))) with respect to benefits payable for months after January 1995.

SEC. 209. EXCLUSION OF MILITARY RESERVISTS FROM APPLICATION OF THE GOVERNMENT PENSION OFFSET AND WINDFALL ELIMINATION PROVISIONS.

(a) EXCLUSION FROM GOVERNMENT PENSION OFFSET PROVISIONS.—Subsections (b)(4), (c)(2), (e)(7), (f)(2), and (g)(4) of section 202 of the Social Security Act (42 U.S.C. 402(b)(4), (c)(2), (e)(7), (f)(2), and (g)(4)) are each amended—

(1) in subparagraph (A)(ii), by striking “unless subparagraph (B) applies.”;

(2) in subparagraph (A), by striking “The” in the matter following clause (ii) and inserting “unless subparagraph (B) applies. The”; and

(3) in subparagraph (B), by redesignating the existing matter as clause (ii), and by inserting before such clause (ii) (as so redesignated) the following: “(B)(i) Subparagraph (A)(i) shall not apply with respect to monthly periodic benefits based wholly on service
as a member of a uniformed service (as defined in section 210(m))."

(b) EXCLUSION FROM WINDFALL ELIMINATION PROVISIONS.—Section 215(a)(7)(A) of such Act (as amended by section 210(a) of this Act) and section 215(d)(3) of such Act (as amended by section 210(b) of this Act) are each further amended—

(1) by striking "and" before "(II)"; and

(2) by striking "section 233" and inserting "section 233, and (III) a payment based wholly on service as a member of a uniformed service (as defined in section 210(m))".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply (notwithstanding section 215(f) of the Social Security Act) with respect to benefits payable for months after January 1995.

SEC. 210. REPEAL OF THE FACILITY-OF-PAYMENT PROVISION.

(a) REPEAL OF RULE PRECLUDING REDISTRIBUTION UNDER FAMILY MAXIMUM.—Section 203(i) of the Social Security Act (42 U.S.C. 403(i)) is repealed.

(b) COORDINATION UNDER FAMILY MAXIMUM OF REDUCTION IN BENEFICIARY'S AUXILIARY BENEFITS WITH SUSPENSION OF AUXILIARY BENEFITS OF OTHER BENEFICIARY UNDER EARNINGS TEST.—Section 203(a)(4) of
such Act (42 U.S.C. 403(a)(4)) is amended by striking “section 222(b). Whenever” and inserting the following: “section 222(b). Notwithstanding the preceding sentence, any reduction under this subsection in the case of an individual who is entitled to a benefit under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 for any month on the basis of the same wages and self-employment income as another person—

“(A) who also is entitled to a benefit under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 for such month,

“(B) who does not live in the same household as such individual, and

“(C) whose benefit for such month is suspended (in whole or in part) pursuant to subsection (h)(3) of this section,

shall be made before the suspension under subsection (h)(3). Whenever”.

(c) Conforming Amendment Applying Earnings Reporting Requirement Despite Suspension of Benefits.—The third sentence of section 203(h)(1)(A) of such Act (42 U.S.C. 403(h)(1)(A)) is amended by striking “Such report need not be made” and all that follows through “The Secretary may grant” and inserting the following: “Such report need not be made for any taxable year—
"(i) beginning with or after the month in which such individual attained age 70, or

"(ii) if benefit payments for all months (in such taxable year) in which such individual is under age 70 have been suspended under the provisions of the first sentence of paragraph (3) of this subsection, unless—

"(I) such individual is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202,

"(II) such benefits are reduced under subsection (a) of this section for any month in such taxable year, and

"(III) in any such month there is another person who also is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the same wages and self-employment income and who does not live in the same household as such individual.

The Secretary may grant”.

(d) CONFORMING AMENDMENT DELETING SPECIAL INCOME TAX TREATMENT OF BENEFITS NO LONGER REQUIRED BY REASON OF REPEAL.—Section 86(d)(1) of the Internal Revenue Code of 1986 (relating to income tax on
social security benefits) is amended by striking the last sentence.

(e) EFFECTIVE DATES.—

(1) The amendments made by subsections (a), (b), and (c) shall apply with respect to benefits payable for months after December 1995.

(2) The amendment made by subsection (d) shall apply with respect to benefits received after December 31, 1995, in taxable years ending after such date.

SEC. 211. MAXIMUM FAMILY BENEFITS IN GUARANTEE CASES.

(a) IN GENERAL.—Section 203(a) of the Social Security Act (42 U.S.C. 403(a)) is amended by adding at the end the following new paragraph:

“(10)(A) Subject to subparagraphs (B) and (C)—

“(i) the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for a month on the basis of the wages and self-employment income of an individual whose primary insurance amount is computed under section 215(a)(2)(B)(i) shall equal the total monthly benefits which were authorized by this section with respect to such individual’s primary insurance amount for the last month of his prior entitlement to disability insurance benefits, increased for this purpose by the
general benefit increases and other increases under section 215(i) that would have applied to such total monthly benefits had the individual remained entitled to disability insurance benefits until the month in which he became entitled to old-age insurance benefits or reentitled to disability insurance benefits or died, and

“(ii) the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for a month on the basis of the wages and self-employment income of an individual whose primary insurance amount is computed under section 215(a)(2)(C) shall equal the total monthly benefits which were authorized by this section with respect to such individual’s primary insurance amount for the last month of his prior entitlement to disability insurance benefits.

“(B) In any case in which—

“(i) the total monthly benefits with respect to such individual’s primary insurance amount for the last month of his prior entitlement to disability insurance benefits was computed under paragraph (6), and

“(ii) the individual’s primary insurance amount is computed under subparagraph (B)(i) or (C) of sec-
tion 215(a)(2) by reason of the individual's entitlement to old-age insurance benefits or death,
the total monthly benefits shall equal the total monthly benefits that would have been authorized with respect to the primary insurance amount for the last month of his prior entitlement to disability insurance benefits if such total monthly benefits had been computed without regard to paragraph (6).

"(C) This paragraph shall apply before the application of paragraph (3)(A), and before the application of section 203(a)(1) of this Act as in effect in December 1978."

(b) CONFORMING AMENDMENT.—Section 203(a)(8) of such Act (42 U.S.C. 403(a)(8)) is amended by striking "Subject to paragraph (7)," and inserting "Subject to paragraph (7) and except as otherwise provided in paragraph (10)(C),".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for the purpose of determining the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 of the Social Security Act based on the wages and self-employment income of an individual who—

(1) becomes entitled to an old-age insurance benefit under section 202(a) of such Act,
(2) becomes reentitled to a disability insurance benefit under section 223 of such Act, or
(3) dies, after January 1995.

SEC. 212. AUTHORIZATION FOR DISCLOSURE BY THE SECRETARY OF HEALTH AND HUMAN SERVICES OF INFORMATION FOR PURPOSES OF PUBLIC OR PRIVATE EPIDEMIOLOGICAL AND SIMILAR RESEARCH.

(a) IN GENERAL.—Section 1106 of the Social Security Act (42 U.S.C. 1306) is amended—

(1) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively;
(2) in subsection (f) (as so redesignated), by striking “subsection (d)” and inserting “subsection (e)”; and
(3) by inserting after subsection (c) the following new subsection:

“(d) Notwithstanding any other provision of this section, in any case in which—

“(1) information regarding whether an individual is shown on the records of the Secretary as being alive or deceased is requested from the Secretary for purposes of epidemiological or similar research which
the Secretary finds may reasonably be expected to contribute to a national health interest, and

"(2) the requester agrees to reimburse the Secretary for providing such information and to comply with limitations on safeguarding and rerelease or redisclosure of such information as may be specified by the Secretary,

the Secretary shall comply with such request, except to the extent that compliance with such request would constitute a violation of the terms of any contract entered into under section 205(r)."

(b) AVAILABILITY OF INFORMATION RETURNS REGARDING WAGES PAID EMPLOYEES.—Section 6103(l)(5) of the Internal Revenue Code of 1986 (relating to disclosure of returns and return information to the Department of Health and Human Services for purposes other than tax administration) is amended—

(1) by striking "for the purpose of" and inserting "for the purpose of—";

(2) by striking "carrying out, in accordance with an agreement" and inserting the following:

"(A) carrying out, in accordance with an agreement";

(3) by striking "program." and inserting "program; or"; and
(4) by adding at the end the following new sub-
paragraph:

"(B) providing information regarding the
mortality status of individuals for epidemiologi-
cal and similar research in accordance with sec-
tion 1106(d) of the Social Security Act.”.

(c) EFFECTIVE DATE.—The amendments made by this
section shall apply with respect to requests for information
made after the date of the enactment of this Act.

SEC. 213. MISUSE OF SYMBOLS, EMBLEMS, OR NAMES IN
REFERENCE TO SOCIAL SECURITY PROGRAMS
AND AGENCIES.

(a) PROHIBITION OF UNAUTHORIZED REPRODUCTION,
REPRINTING, OR DISTRIBUTION FOR FEE OF CERTAIN OF-
FICIAL PUBLICATIONS.—Section 1140(a) of the Social Secu-

rity Act (42 U.S.C. 1320b–10(a)) is amended—

(1) by redesignating paragraphs (1) and (2) as
subparagraphs (A) and (B), respectively;

(2) by inserting "(1)" after "(a)"; and

(3) by adding at the end the following new para-
graph:

"(2) No person may, for a fee, reproduce, reprint, or
distribute any item consisting of a form, application, or
other publication of the Social Security Administration un-
less such person has obtained specific, written authorization
for such activity in accordance with regulations which the Secretary shall prescribe.”.

(b) ADDITION TO PROHIBITED WORDS, LETTERS, SYMBOLS, AND EMBLEMS.—Paragraph (1) of section 1140(a) of such Act (as redesignated by subsection (a)) is further amended—


(2) in subparagraph (B) (as redesignated), by striking “Social Security Administration” each place it appears and inserting “Social Security Administration, Health Care Financing Administration, or Department of Health and Human Services”, and by striking “or of the Health Care Financing Administration”.

(c) EXEMPTION FOR USE OF WORDS, LETTERS, SYMBOLS, AND EMBLEMS OF STATE AND LOCAL GOVERNMENT AGENCIES BY SUCH AGENCIES.—Paragraph (1) of section 1140(a) of such Act (as redesignated by subsection (a)) is further amended by adding at the end the following new
sentence: "The preceding provisions of this subsection shall not apply with respect to the use by any agency or instrumentality of a State or political subdivision of a State of any words or letters which identify an agency or instrumentality of such State or of a political subdivision of such State or the use by any such agency or instrumentality of any symbol or emblem of an agency or instrumentality of such State or a political subdivision of such State."

(d) INCLUSION OF REASONABLENESS STANDARD.—
Section 1140(a)(1) of such Act (as amended by the preceding provisions of this section) is further amended, in the matter following subparagraph (B) (as redesignated), by striking "convey" and inserting "convey, or in a manner which reasonably could be interpreted or construed as conveying,"

(e) INEFFECTIVENESS OF DISCLAIMERS.—Subsection (a) of section 1140 of such Act (as amended by the preceding provisions of this section) is further amended by adding at the end the following new paragraph:

"(3) Any determination of whether the use of one or more words, letters, symbols, or emblems (or any combination or variation thereof) in connection with an item described in paragraph (1) or the reproduction, reprinting, or distribution of an item described in paragraph (2) is a violation of this subsection shall be made without regard
to any inclusion in such item (or any so reproduced, re-
printed, or distributed copy thereof) of a disclaimer of affiliation with the United States Government or any particular agency or instrumentality thereof.”.

(f) VIOLATIONS WITH RESPECT TO INDIVIDUAL ITEMS.—Section 1140(b)(1) of such Act (42 U.S.C. 1320b–10(b)(1)) is amended by adding at the end the following new sentence: “In the case of any items referred to in subsection (a)(1) consisting of pieces of mail, each such piece of mail which contains one or more words, letters, symbols, or emblems in violation of subsection (a) shall represent a separate violation. In the case of any item referred to in subsection (a)(2), the reproduction, reprinting, or distribution of such item shall be treated as a separate violation with respect to each copy thereof so reproduced, reprinted, or distributed.”.

(g) ELIMINATION OF CAP ON AGGREGATE LIABILITY AMOUNT.—

(1) REPEAL.—Paragraph (2) of section 1140(b)
of such Act (42 U.S.C. 1320b–10(b)(2)) is repealed.

(2) CONFORMING AMENDMENTS.—Section 1140(b) of such Act is further amended—

(A) by striking “(1) Subject to paragraph (2), the” and inserting “The”;

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(B) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively;

and

(C) in paragraph (1) (as redesignated), by striking “subparagraph (B)” and inserting “paragraph (2)”.

(h) REMOVAL OF FORMAL DECLINATION REQUIREMENT.—Section 1140(c)(1) of such Act (42 U.S.C. 1320b–10(c)(1)) is amended by inserting “and the first sentence of subsection (c)” after “and (i)”.

(i) PENALTIES RELATING TO SOCIAL SECURITY ADMINISTRATION DEPOSITED IN OASI TRUST FUND.—Section 1140(c)(2) of such Act (42 U.S.C. 1320b–10(c)(2)) is amended in the second sentence by striking “United States.” and inserting “United States, except that, to the extent that such amounts are recovered under this section as penalties imposed for misuse of words, letters, symbols, or emblems relating to the Social Security Administration, such amounts shall be deposited into the Federal Old-Age and Survivor’s Insurance Trust Fund.”.

(j) ENFORCEMENT.—Section 1140 of such Act (42 U.S.C. 1320b–10) is amended by adding at the end the following new subsection:
“(d) The preceding provisions of this section shall be enforced through the Office of Inspector General of the Department of Health and Human Services.”.

(k) ANNUAL REPORTS.—Section 1140 of such Act (as amended by the preceding provisions of this section) is further amended by adding at the end the following new subsection:

“(e) The Secretary shall include in the annual report submitted pursuant to section 704 a report on the operation of this section during the year covered by such annual report. Such report shall specify—

“(1) the number of complaints of violations of this section received by the Social Security Administration during the year,

“(2) the number of cases in which a notice of violation of this section was sent by the Social Security Administration during the year requesting that an individual cease activities in violation of this section,

“(3) the number of complaints of violations of this section referred by the Social Security Administration to the Inspector General in the Department of Health and Human Services during the year,
"(4) the number of investigations of violations of this section undertaken by the Inspector General during the year,

"(5) the number of cases in which a demand letter was sent during the year assessing a civil money penalty under this section,

"(6) the total amount of civil money penalties assessed under this section during the year,

"(7) the number of requests for hearings filed during the year pursuant to subsection (c)(1) of this section and section 1128A(c)(2),

"(8) the disposition during such year of hearings filed pursuant to sections 1140(c)(1) and 1128A(c)(2), and

"(9) the total amount of civil money penalties under this section deposited into the Federal Old-Age and Survivors Insurance Trust Fund during the year.".

(1) Prohibition of Misuse of Department of the Treasury Names, Symbols, Etc.—

(1) General rule.—Subchapter II of chapter 3 of title 31, United States Code, is amended by adding at the end thereof the following new section:
§333. Prohibition of misuse of Department of the Treasury names, symbols, etc.

(a) GENERAL RULE.—No person may use, in connection with, or as a part of, any advertisement, solicitation, business activity, or product, whether alone or with other words, letters, symbols, or emblems—

“(1) the words ‘Department of the Treasury’, or the name of any service, bureau, office, or other subdivision of the Department of the Treasury,

“(2) the titles ‘Secretary of the Treasury’ or ‘Treasurer of the United States’ or the title of any other officer or employee of the Department of the Treasury,

“(3) the abbreviations or initials of any entity referred to in paragraph (1),

“(4) the words ‘United States Savings Bond’ or the name of any other obligation issued by the Department of the Treasury,

“(5) any symbol or emblem of an entity referred to in paragraph (1) (including the design of any envelope or stationary used by such an entity), and

“(6) any colorable imitation of any such words, titles, abbreviations, initials, symbols, or emblems, in a manner which could reasonably be interpreted or construed as conveying the false impression that such advertisement, solicitation, business activity, or product is in any...
manner approved, endorsed, sponsored, or authorized by, or associated with, the Department of the Treasury or any entity referred to in paragraph (1) or any officer or employee thereof.

"(b) TREATMENT OF DISCLAIMERS.—Any determination of whether a person has violated the provisions of subsection (a) shall be made without regard to any use of a disclaimer of affiliation with the United States Government or any particular agency or instrumentality thereof.

"(c) CIVIL PENALTY.—

"(1) IN GENERAL.—The Secretary of the Treasury may impose a civil penalty on any person who violates the provisions of subsection (a).

"(2) AMOUNT OF PENALTY.—The amount of the civil penalty imposed by paragraph (1) shall not exceed $5,000 for each use of any material in violation of subsection (a). If such use is in a broadcast or telecast, the preceding sentence shall be applied by substituting ‘$25,000’ for ‘$5,000’.

"(3) TIME LIMITATIONS.—

"(A) ASSESSMENTS.—The Secretary of the Treasury may assess any civil penalty under paragraph (1) at any time before the end of the 3-year period beginning on the date of the viola-
tion with respect to which such penalty is im-
posed.

“(B) CIVIL ACTION.—The Secretary of the
Treasury may commence a civil action to recover
any penalty imposed under this subsection at
any time before the end of the 2-year period be-
ning on the date on which such penalty was
assessed.

“(4) COORDINATION WITH SUBSECTION (d).—No
penalty may be assessed under this subsection with
respect to any violation after a criminal proceeding
with respect to such violation has been commenced
under subsection (d).

“(d) CRIMINAL PENALTY.—

“(1) IN GENERAL.—If any person knowingly vio-
lates subsection (a), such person shall, upon convic-
tion thereof, be fined not more than $10,000 for each
such use or imprisoned not more than 1 year, or both.
If such use is in a broadcast or telecast, the preceding
sentence shall be applied by substituting ‘$50,000’ for
‘$10,000’.

“(2) TIME LIMITATIONS.—No person may be
prosecuted, tried, or punished under paragraph (1)
for any violation of subsection (a) unless the indict-
ment is found or the information instituted during
the 3-year period beginning on the date of the violation.

“(3) Coordination with subsection (c).—No criminal proceeding may be commenced under this subsection with respect to any violation if a civil penalty has previously been assessed under subsection (c) with respect to such violation.”

(2) Clerical Amendment.—The analysis for chapter 3 of title 31, United States Code, is amended by adding after the item relating to section 332 the following new item:

“333. Prohibition of misuse of Department of the Treasury names, symbols, etc.”.

(3) Report.—Not later than May 1, 1996, the Secretary of the Treasury shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the implementation of the amendments made by this section. Such report shall include the number of cases in which the Secretary has notified persons of violations of section 333 of title 31, United States Code (as added by subsection (a)), the number of prosecutions commenced under such section, and the total amount of the penalties collected in such prosecutions.
(m) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to violations occurring after the date of the enactment of this Act.

**SEC. 214. INCREASED PENALTIES FOR UNAUTHORIZED DISCLOSURE OF SOCIAL SECURITY INFORMATION.**

(a) **Unauthorized Disclosure.**—Section 1106(a) of the Social Security Act (42 U.S.C. 1306(a)) is amended—

(1) by striking "misdemeanor" and inserting "felony";

(2) by striking "$1,000" and inserting "$10,000 for each occurrence of a violation"; and

(3) by striking "one year" and inserting "5 years".

(b) **Unauthorized Disclosure by Fraud.**—Section 1107(b) of such Act (42 U.S.C. 1307(b)) is amended—

(1) by inserting "social security account number," after "information as to the";

(2) by striking "misdemeanor" and inserting "felony";

(3) by striking "$1,000" and inserting "$10,000 for each occurrence of a violation"; and

(4) by striking "one year" and inserting "5 years".
(c) **Effective Date.**—The amendments made by this section shall apply to violations occurring on or after the date of the enactment of this Act.

**SEC. 215. INCREASE IN AUTHORIZED PERIOD FOR EXTENSION OF TIME TO FILE ANNUAL EARNINGS REPORT.**

(a) **In General.**—Section 203(h)(1)(A) of the Social Security Act (42 U.S.C. 403(h)(1)(A)) is amended in the last sentence by striking “three months” and inserting “four months”.

(b) **Effective Date.**—The amendment made by subsection (a) shall apply with respect to reports of earnings for taxable years ending on or after December 31, 1994.

**SEC. 216. EXTENSION OF DISABILITY INSURANCE PROGRAM DEMONSTRATION PROJECT AUTHORITY.**

(a) **In General.**—Section 505 of the Social Security Disability Amendments of 1980 (Public Law 96–265), as amended by section 12101 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272), section 10103 of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101–239), and section 5120 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508) is further amended—

(1) in paragraph (3) of subsection (a), by striking “June 10, 1993” and inserting “June 10, 1996”;

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(2) in paragraph (4) of subsection (a), by striking "1992" and inserting "1995"; and

(3) in subsection (c), by striking "October 1, 1993" and inserting "October 1, 1996".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 217. CROSS-MATCHING OF SOCIAL SECURITY ACCOUNT NUMBER INFORMATION AND EMPLOYER IDENTIFICATION NUMBER INFORMATION MAINTAINED BY THE DEPARTMENT OF AGRICULTURE.

(a) SOCIAL SECURITY ACCOUNT NUMBER INFORMATION.—Clause (iii) of section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) (as added by section 1735(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3791)) is amended—

(1) by inserting "(I)" after "(iii)"; and

(2) by striking "The Secretary of Agriculture shall restrict" and all that follows and inserting the following:

"(II) The Secretary of Agriculture may share any information contained in any list referred to in subclause (I) with any other agency or instrumentality of the United
States which otherwise has access to social security account numbers in accordance with this subsection or other applicable Federal law, except that the Secretary of Agriculture may share such information only to the extent that such Secretary determines such sharing would assist in verifying and matching such information against information maintained by such other agency or instrumentality. Any such information shared pursuant to this subclause may be used by such other agency or instrumentality only for the purpose of effective administration and enforcement of the Food Stamp Act of 1977 or for the purpose of investigation of violations of other Federal laws or enforcement of such laws.

"(III) The Secretary of Agriculture, and the head of any other agency or instrumentality referred to in this subclause, shall restrict, to the satisfaction of the Secretary of Health and Human Services, access to social security account numbers obtained pursuant to this clause only to officers and employees of the United States whose duties or responsibilities require access for the purposes described in subclause (II).

"(IV) The Secretary of Agriculture, and the head of any agency or instrumentality with which information is shared pursuant to clause (II), shall provide such other safeguards as the Secretary of Health and Human Services de-
terminates to be necessary or appropriate to protect the confidentiality of the social security account numbers.”.

(b) EMPLOYER IDENTIFICATION NUMBER INFORMATION.—Subsection (f) of section 6109 of the Internal Revenue Code of 1986 (as added by section 1735(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3792)) (relating to access to employer identification numbers by Secretary of Agriculture for purposes of Food Stamp Act of 1977) is amended—

(1) by striking paragraph (2) and inserting the following:

“(2) SHARING OF INFORMATION AND SAFE-GUARDS.—

“(A) SHARING OF INFORMATION.—The Secretary of Agriculture may share any information contained in any list referred to in paragraph (1) with any other agency or instrumentality of the United States which otherwise has access to employer identification numbers in accordance with this section or other applicable Federal law, except that the Secretary of Agriculture may share such information only to the extent that such Secretary determines such sharing would assist in verifying and matching such information against information maintained by such
other agency or instrumentality. Any such information shared pursuant to this subparagraph may be used by such other agency or instrumentality only for the purpose of effective administration and enforcement of the Food Stamp Act of 1977 or for the purpose of investigation of violations of other Federal laws or enforcement of such laws.

"(B) SAFEGUARDS.—The Secretary of Agriculture, and the head of any other agency or instrumentality referred to in subparagraph (A), shall restrict, to the satisfaction of the Secretary of the Treasury, access to employer identification numbers obtained pursuant to this subsection only to officers and employees of the United States whose duties or responsibilities require access for the purposes described in subparagraph (A). The Secretary of Agriculture, and the head of any agency or instrumentality with which information is shared pursuant to subparagraph (A), shall provide such other safeguards as the Secretary of the Treasury determines to be necessary or appropriate to protect the confidentiality of the employer identification numbers.";
(2) in paragraph (3), by striking "by the Secretary of Agriculture pursuant to this subsection" and inserting "pursuant to this subsection by the Secretary of Agriculture or the head of any agency or instrumentality with which information is shared pursuant to paragraph (2)", and by striking "social security account numbers" and inserting "employer identification numbers"; and

(3) in paragraph (4), by striking "by the Secretary of Agriculture pursuant to this subsection" and inserting "pursuant to this subsection by the Secretary of Agriculture or any agency or instrumentality with which information is shared pursuant to paragraph (2)".

SEC. 218. CERTAIN TRANSFERS TO RAILROAD RETIREMENT ACCOUNT MADE PERMANENT.

Subsection (c)(1)(A) of section 224 of the Railroad Retirement Solvency Act of 1983 (relating to section 72(r) revenue increase transferred to certain railroad accounts) is amended by striking "with respect to benefits received before October 1, 1992".
SEC. 219. AUTHORIZATION FOR USE OF SOCIAL SECURITY ACCOUNT NUMBERS BY DEPARTMENT OF LABOR IN ADMINISTRATION OF FEDERAL WORKERS' COMPENSATION LAWS.

Section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) is amended by adding at the end the following new clause:

"(ix) In the administration of the provisions of chapter 81 of title 5, United States Code, and the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 901 et seq.), the Secretary of Labor may require by regulation that any person filing a notice of injury or a claim for benefits under such provisions provide as part of such notice or claim such person's social security account number, subject to the requirements of this clause. No officer or employee of the Department of Labor shall have access to any such number for any purpose other than the establishment of a system of records necessary for the effective administration of such provisions. The Secretary of Labor shall restrict, to the satisfaction of the Secretary of Health and Human Services, access to social security account numbers obtained pursuant to this clause to officers and employees of the United States whose duties or responsibilities require access for the administration or enforcement of such provisions. The Secretary of Labor shall provide such other safeguards as the Secretary of Health and Human Services determines to be
necessary or appropriate to protect the confidentiality of
the social security account numbers.”.

SEC. 220. COVERAGE UNDER FICA OF FEDERAL EMPLOYEES
TRANSFERRED TEMPORARILY TO INTERNATIONAL ORGANIZATIONS.

(a) TREATMENT OF SERVICE IN THE EMPLOY OF
INTERNATIONAL ORGANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EMPLOYEES.—

(1) IN GENERAL.—Section 3121 of the Internal
Revenue Code of 1986 (relating to definitions) is
amended by adding at the end the following new sub-
section:

“(y) SERVICE IN THE EMPLOY OF INTERNATIONAL OR-
GANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EM-
PLOYEES.—

“(1) IN GENERAL.—For purposes of this chapter,
service performed in the employ of an international
organization by an individual pursuant to a transfer
of such individual to such international organization
pursuant to section 3582 of title 5, United States
Code, shall constitute ‘employment’ if—

“(A) immediately before such transfer, such
individual performed service with a Federal
agency which constituted ‘employment’ under
subsection (b) for purposes of the taxes imposed by sections 3101(a) and 3111(a), and

"(B) such individual would be entitled, upon separation from such international organization and proper application, to reemployment with such Federal agency under such section 3582.

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) FEDERAL AGENCY.—The term 'Federal agency' means an agency, as defined in section 3581(1) of title 5, United States Code.

"(B) INTERNATIONAL ORGANIZATION.—The term 'international organization' has the meaning provided such term by section 3581(3) of title 5, United States Code."

(2) CONTRIBUTIONS BY FEDERAL AGENCY.—Section 3122 of such Code (relating to Federal service) is amended by inserting after the first sentence the following new sentence: "In the case of the taxes imposed by this chapter with respect to service performed in the employ of an international organization pursuant to a transfer to which the provisions of section 3121(y) are applicable, the determination of the amount of remuneration for such service, and the
return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency from which the transfer was made.”

(3) **COLLECTION OF EMPLOYEE CONTRIBUTIONS.**—Section 3102 of such Code (relating to deduction of tax from wages) is amended by adding at the end the following new subsection:

“(e) **SPECIAL RULE FOR CERTAIN TRANSFERRED FEDERAL EMPLOYEES.**—In the case of any payments of wages for service performed in the employ of an international organization pursuant to a transfer to which the provisions of section 3121(y) are applicable—

“(1) subsection (a) shall not apply,

“(2) the head of the Federal agency from which the transfer was made shall separately include on the statement required under section 6051—

“(A) the amount determined to be the amount of the wages for such service, and

“(B) the amount of the tax imposed by section 3101 on such payments, and

“(3) the tax imposed by section 3101 on such payments shall be paid by the employee.”

(4) **EXCLUSION FROM TREATMENT AS TRADE OR BUSINESS.**—Paragraph (2)(C) of section 1402(c) of such Code (defining trade or business) is amended by
adding at the end the following: "except service which constitutes 'employment' under section 3121(y),”.

(5) CONFORMING AMENDMENT.—Paragraph (15) of section 3121(b) of such Code is amended by inserting "; except service which constitutes 'employment' under subsection (y)" after "organization".

(b) AMENDMENTS TO THE SOCIAL SECURITY ACT.—

(1) IN GENERAL.—Section 210 of the Social Security Act (42 U.S.C. 410) is amended by adding at the end the following new subsection:

"SERVICE IN THE EMPLOY OF INTERNATIONAL ORGANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EMPLOYEES

") For purposes of this title, service performed in the employ of an international organization by an individual pursuant to a transfer of such individual to such international organization pursuant to section 3582 of title 5, United States Code, shall constitute 'employment' if—

"(A) immediately before such transfer, such individual performed service with a Federal agency which constituted 'employment' as defined in subsection (a), and

"(B) such individual would be entitled, upon separation from such international organization and proper application, to reemployment with such Federal agency under such section 3582."
“(2) For purposes of this subsection:

“(A) The term ‘Federal agency’ means an agency, as defined in section 3581(1) of title 5, United States Code.

“(B) The term ‘international organization’ has the meaning provided such term by section 3581(3) of title 5, United States Code.”

(2) EXCLUSION FROM TREATMENT AS TRADE OR BUSINESS.—Section 211(c)(2)(C) of such Act (42 U.S.C. 411(c)(2)(C)) is amended by inserting before the semicolon the following ‘except service which constitutes ‘employment’ under section 210(r)”.

(3) CONFORMING AMENDMENT.—Section 210(a)(15) of such Act (42 U.S.C. 410(a)(15)) is amended by inserting “, except service which constitutes ‘employment’ under subsection (r)” before the semicolon.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to service performed after the calendar quarter following the calendar quarter in which the date of the enactment of this Act occurs.
SEC. 221. EXTEND THE FICA TAX EXEMPTION AND CERTAIN TAX RULES TO INDIVIDUALS WHO ENTER THE UNITED STATES UNDER A VISA ISSUED UNDER SECTION 101 OF THE IMMIGRATION AND NATIONALITY ACT.

(a) Amendments to the Internal Revenue Code of 1986.—

(1) The following provisions of the Internal Revenue Code of 1986 are each amended by striking "(J), or (M)") each place it appears and inserting "(J), (M), or (Q)"

(A) Section 871(c).
(B) Section 1441(b).
(C) Section 3121(b)(19).
(D) Section 3231(e)(1).
(E) Section 3306(c)(19).

(2) Paragraph (3) of section 872(b) of such Code is amended by striking "(F), or (J)" and inserting "(F), (J), or (Q)".

(3) Paragraph (5) of section 7701(b) of such Code is amended by striking "subparagraph (J)" in subparagraphs (C)(i) and (D)(i)(II) and inserting "subparagraph (J) or (Q)"

(b) Amendment to Social Security Act.—Paragraph (19) of section 210(a) of the Social Security Act is
amended by striking "(J), or (M)" each place it appears and inserting "(J), (M), or (Q)".

(c) EFFECTIVE DATE.—The amendments made by this subsection shall take effect with the calendar quarter following the date of the enactment of this Act.

SEC. 222. STUDY OF RISING COSTS OF DISABILITY INSURANCE BENEFITS.

(a) IN GENERAL.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services shall conduct a comprehensive study of the reasons for rising costs payable from the Federal Disability Insurance Trust Fund.

(b) MATTERS TO BE INCLUDED IN STUDY.—In conducting the study under this section, the Secretary shall—

(1) determine the relative importance of the following factors in increasing the costs payable from the Trust Fund:

(A) increased numbers of applications for benefits;

(B) higher rates of benefit allowances; and

(C) decreased rates of benefit terminations;

and

(2) identify, to the extent possible, underlying social, economic, demographic, programmatic, and
other trends responsible for changes in disability benefit applications, allowances, and terminations.

(c) REPORT.—Not later than December 31, 1994, the Secretary shall transmit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate setting forth the results of the study conducted under this section, together with any recommendations for legislative changes which the Secretary determines appropriate.

SEC. 223. COMMISSION ON CHILDHOOD DISABILITY.

(a) ESTABLISHMENT OF COMMISSION.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall appoint a Commission on the Evaluation of Disability in Children (in this section referred to as the "Commission").

(b) APPOINTMENT OF MEMBERS.—(1) The Secretary shall appoint not less than 9 but not more than 15 members to the Commission, including—

(A) recognized experts in the field of medicine, whose work involves—

(i) the evaluation and treatment of disability in children,

(ii) the study of congenital, genetic, or perinatal disorders in children, or
(iii) the measurement of developmental milestones and developmental deficits in children; and

(B) recognized experts in the fields of—

(i) psychology,

(ii) education and rehabilitation,

(iii) law,

(iv) the administration of disability programs,

(v) social insurance (including health insurance), and

(vi) other fields of expertise that the Secretary determines to be appropriate.

(2) Members shall be appointed by January 1, 1995, without regard to the provisions of title 5, United States Code, governing appointments to competitive service.

(3) Members appointed under this subsection shall serve for a term equivalent to the duration of the Commission.

(4) The Secretary shall designate a member of the Commission to serve as Chair of the Commission for a term equivalent to the duration of the Commission.

(c) ADMINISTRATIVE PROVISIONS.—(1) Service as a member of the Commission by an individual who is not otherwise a Federal employee shall not be considered service
in an appointive or elective position in the Federal Government for the purposes of title 5, United States Code.

(2) Each member of the Commission who is not a full-time Federal employee shall be paid compensation at a rate equal to the daily equivalent of the rate of basic pay in effect for Level IV of the Executive Schedule for each day (including travel time) the member attends meetings or otherwise performs the duties of the Commission.

(3) While away from their homes or regular places of business on the business of the Commission, each member who is not a full-time Federal employee may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(d) ASSISTANCE TO COMMISSION.—The Commission may engage individuals skilled in medical and other aspects of childhood disability to provide such technical assistance as may be necessary to carry out the functions of the Commission. The Secretary shall make available to the Commission such secretarial, clerical, and other assistance as the Commission may require to carry out the functions of the Commission.

(e) STUDY BY THE COMMISSION.—(1) The Commission shall conduct a study, in consultation with the National
1 Academy of Sciences, of the effects of the definition of "disability" under title XVI of the Social Security Act (42 U.S.C. 1382 et seq.) in effect on the date of enactment of this Act, as such definition applies to determining whether a child under the age of 18 is eligible to receive benefits under such title, the appropriateness of such definition, and the advantages and disadvantages of using any alternative definition of disability in determining whether a child under age 18 is eligible to receive benefits under such title.

(2) The study described in paragraph (1) shall include issues of—

(A) whether the need by families for assistance in meeting high costs of medical care for children with serious physical or mental impairments, whether or not they are eligible for disability benefits under title XVI of the Social Security Act, might appropriately be met through expansion of Federal health assistance programs (including the program of medical assistance under title XIX of such Act);

(B) the feasibility of providing benefits to children through noncash means, including but not limited to vouchers, debit cards, and electronic benefit transfer systems;

(C) the extent to which the Social Security Administration can involve private organizations in an
effort to increase the provision of social services, education, and vocational instruction with the aim of promoting independence and the ability to engage in substantial gainful activity;

(D) the feasibility of providing retroactive supplemental security income benefits pursuant to the decision in Sullivan v. Zebley, 110 S. Ct. 2658 (1990), on a prorated basis or by means of a packaged trust;

(E) methods to increase the extent to which benefits are used in the effort to assist the child achieve independence and engage in substantial gainful activity; and

(F) such other issues that the Secretary determines to be appropriate.

(f) REPORT.—Not later than November 30, 1995, the Commission shall prepare a report and submit such report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate which shall summarize the results of the study described in subsection (e) and include any recommendations that the Commission determines to be appropriate.
SEC. 224. DISREGARD DEEMED INCOME AND RESOURCES OF INELIGIBLE SPOUSE IN DETERMINING CONTINUED ELIGIBILITY UNDER SECTION 1619(b).

(a) In General.—Section 1619(b)(2) of the Social Security Act (42 U.S.C. 1382h(b)(2)) is amended by adding at the end the following:

"(C)(i)(I) For purposes of paragraph (1), in determining the earnings of an individual whose spouse is not an eligible individual, there shall be disregarded the net income of the spouse to the extent such net income does not exceed an amount equal to twice the threshold amount determined for the individual.

"(II) As used in subclause (I), the term ‘threshold amount’ means, with respect to an individual—

"(aa) $85, plus twice the amount of benefits payable under this title (including federally administered State supplementary payments) to an individual who is living in his or her own household and who has no other income, plus the average amount expended per individual, under the State plan approved under title XIX by the State in which the individual resides, on individuals who are recipients of benefits under this title by reason of disability; or

"(bb) if the gross earnings of the individual exceeds the amount described in item (aa), the amount
that would be sufficient to allow the individual to
provide for himself or herself a reasonable equivalent
of benefits and services described in paragraph
(1)(D).

“(ii) For purposes of paragraph (1)(A), in determin-
ing the resources of an individual whose spouse is not an
eligible individual, there shall be disregarded the resources
of the spouse to the extent the amount of such resources does
not exceed the community spouse resource allowance (as de-
defined in section 1924(f)(2)) of the State in which the indi-
vidual resides.”.

(b) EFFECTIVE DATE.—The amendment made by sub-
section (a) shall take effect on October 1, 1995.

SEC. 225. PLANS FOR ACHIEVING SELF-SUPPORT NOT DIS-
APPROVED WITHIN 60 DAYS TO BE DEEMED
APPROVED.

(a) AMENDMENTS TO INCOME EXCLUSION RULES.—
Section 1612(b)(4) of the Social Security Act (42 U.S.C.
1382a(b)(4)(A)) is amended in each of subparagraphs (A)
and (B) by inserting “and, for purposes of this clause, a
completed plan for achieving self-support which is not dis-
approved by the Board within 60 days after the date of
submission shall be deemed to be approved by the Board
until subsequently disapproved by the Board (with appro-
priate notification to the individual),” after “plan,”.
(b) **Amendment to Resource Exclusion Rule.**—

Section 1613(a)(4) of such Act (42 U.S.C. 1382b(a)(4)) is amended by inserting ", and, for purposes of this paragraph, a completed plan for achieving self-support which is not disapproved by the Board within 60 days after the date of submission shall be deemed to be approved by the Board until 6 months after subsequently disapproved by the Board (with appropriate notification to the individual)" after "such plan".

(c) **Effective Date.**—The amendments made by this section shall take effect on January 1, 1995.

**Sec. 226. Temporary Authority to Approve a Limited Number of Plans for Achieving Self-Support That Include Housing Goals.**

(a) **In General.**—During the 42-month period that begins on January 1, 1995, the Board may, under title XVI of the Social Security Act, approve not more than 20 percent of the plans for achieving self-support that include a housing goal.

(b) **Report.**—Within 12 months after the end of the 5-year period that begins on January 1, 1995, the Board shall submit to the Congress a report on the activities under subsection (a).
SEC. 227. REGULATIONS REGARDING COMPLETION OF PLANS FOR ACHIEVING SELF-SUPPORT.

(a) In General.—Section 1633 of the Social Security Act (42 U.S.C. 1383b) is amended by adding at the end the following:

"(d) The Board shall establish by regulation time limits and other criteria related to individuals' plans for achieving self-support, that take into account the difficulty of achieving self-support based on the needs of individuals and the goals of the plan."

(b) Effective Date.—The amendment made by subsection (a) shall take effect on January 1, 1995.

SEC. 228. TREATMENT OF CERTAIN GRANT, SCHOLARSHIP, OR FELLOWSHIP INCOME AS EARNED INCOME FOR SSI PURPOSES.

(a) In General.—Section 1612(a)(1) of the Social Security Act (42 U.S.C. 1382a(a)(1)) is amended—

(1) by striking "and" at the end of subparagraph (D); and

(2) by adding at the end the following:

"(F) any grant, scholarship, or fellowship."

(b) Effective Date.—The amendments made by subsection (a) shall apply to eligibility and benefit determinations for any month that begins after the 2nd month after the month in which this Act is enacted.
SEC. 229. SSI ELIGIBILITY FOR STUDENTS TEMPORARILY ABROAD.

(a) IN GENERAL.—Section 1611(f) of the Social Security Act (42 U.S.C. 1382(f)) is amended—

(1) by inserting "(1)" after "(f)"; and

(2) by adding after and below the end the following:

"(2) The first sentence of paragraph (1) shall not apply to any individual who—

"(A) was eligible to receive a benefit under this title for the month immediately preceding the first month during all of which the individual was outside the United States; and

"(B) demonstrates to the satisfaction of the Board that the absence of the individual from the United States is—

"(i) temporary; and

"(ii) for the purpose of conducting studies as part of an educational program that is designed to prepare the individual for gainful employment, and is sponsored by a school, college, or university in the United States."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1995.
SEC. 230. DISREGARD OF COST-OF-LIVING INCREASES FOR 
CONTINUED ELIGIBILITY FOR WORK INCENTIVES.

(a) In General.—Section 1619(b)(1)(B) of the Social 
Security Act (42 U.S.C. 1382h(b)(1)(B)) is amended by in-
serting “and increases pursuant to section 215(i) in the 
level of monthly insurance benefits to which the individual 
is entitled under title II that occur while such individual 
is considered to be receiving supplemental security income 
benefits by reason of this subsection” after “earnings”.

(b) Effective Date.—The amendment made by sub-
section (a) shall apply to eligibility determinations for 
months after December 1994.

SEC. 231. EXPANSION OF THE AUTHORITY OF THE SOCIAL 
SECURITY ADMINISTRATION TO PREVENT, 
DETECT, AND TERMINATE FRAUDULENT 
CLAIMS FOR SSI BENEFITS.

(a) PREVENTION OF FRAUD IN THE SSI PROGRAM BY 
TRANSLATORS OF FOREIGN LANGUAGES.—

(1) In General.—Section 1631(e) of the Social 
Security Act (42 U.S.C. 1383(e)) is amended by in-
serting after paragraph (3) the following:
“(4) A translation into English by a third party of 
a statement made in a foreign language by an applicant 
for or recipient of benefits under this title shall not be re-
garded as reliable unless the third party, under penalty of perjury—

"(A) certifies that the translation is accurate;

and

"(B) discloses the nature and scope of the relationship between the third party and the applicant or recipient, as the case may be.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(b) CIVIL MONETARY PENALTIES, ASSESSMENTS, AND EXCLUSIONS FOR TITLE XVI.—

(1) IN GENERAL.—Title XI of the Social Security Act (42 U.S.C. 1301–1320b–14) is amended by inserting after section 1128B the following:

"SEC. 1129. CIVIL MONETARY PENALTIES AND ASSESSMENTS FOR TITLE XVI.

“(a) Any person (including an organization, agency, or other entity) who makes, or causes to be made, a statement or representation of a material fact for use in determining any initial or continuing right to benefits or payments under title XVI that the person knows or should know is false or misleading or knows or should know omits a material fact shall be subject to, in addition to any other penalties that may be prescribed by law, a civil money penalty of not more than $5,000 for each such statement or represen-
Such person also shall be subject to an assessment, in lieu of damages sustained by the United States because of such statement or representation, of not more than twice the amount of benefits or payments paid as a result of such a statement or representation. In addition, the Board may make a determination in the same proceeding to exclude the person from participation in the programs under title XVIII and to direct the appropriate State agency to exclude the person from participation in any State health care program.

"(b)(1) The Board may initiate a proceeding to determine whether to impose a civil money penalty, assessment, or exclusion under subsection (a) only as authorized by the Attorney General pursuant to procedures agreed upon by the Board and the Attorney General. The Board may not initiate an action under this section with respect to any violation described in subsection (a) later than 6 years after the date the violation was committed. The Board may initiate an action under this section by serving notice of the action in any manner authorized by Rule 4 of the Federal Rules of Civil Procedure.

"(2) The Board shall not make a determination adverse to any person under this section until the person has been given written notice and an opportunity for the determination to be made on the record after a hearing at which
the person is entitled to be represented by counsel, to present witnesses, and to cross-examine witnesses against the person.

"(3) In a proceeding under this section which—

"(A) is against a person who has been convicted (whether upon a verdict after trial or upon a plea of guilty or nolo contendere) of a Federal crime charging fraud or false statements; and

"(B) involves the same transaction as in the criminal action;

the person is estopped from denying the essential elements of the criminal offense.

"(4) The official conducting a hearing under this section may sanction a person, including any party or attorney, for failing to comply with an order or procedure, failing to defend an action, or other misconduct as would interfere with the speedy, orderly, or fair conduct of the hearing. Such sanction shall reasonably relate to the severity and nature of the failure or misconduct. Such sanction may include—

"(A) in the case of refusal to provide or permit discovery, drawing negative factual inference or treating such refusal as an admission by deeming the matter, or certain facts, to be established;
"(B) prohibiting a party from introducing certain evidence or otherwise supporting a particular claim or defense;

"(C) striking pleadings, in whole or in part;

"(D) staying the proceedings;

"(E) dismissal of the action;

"(F) entering a default judgment;

"(G) ordering the party or attorney to pay attorneys' fees and other costs caused by the failure or misconduct; and

"(H) refusing to consider any motion or other action which is not filed in a timely manner.

"(c) In determining the amount or scope of any penalty, assessment, or exclusion imposed pursuant to this section, the Board shall take into account—

"(1) the nature of the statements and representations referred to in subsection (a) and the circumstances under which they occurred;

"(2) the degree of culpability, history of prior offenses, and financial condition of the person committing the offense; and

"(3) such other matters as justice may require.

"(d)(1) Any person adversely affected by a determination of the Board under this section may obtain a review of such determination in the United States Court of Appeals.
for the circuit in which the person resides, or in which the statement or representation referred to in subsection (a) was made, by filing in such court (within 60 days following the date the person is notified of the Board's determination) a written petition requesting that the determination be modified or set aside. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Board, and thereupon the Board shall file in the court the record in the proceeding as provided in section 2112 of title 28, United States Code. Upon such filing, the court shall have jurisdiction of the proceeding and of the question determined therein, and shall have the power to make and enter upon the pleadings, testimony, and proceedings set forth in such record a decree affirming, modifying, remanding for further consideration, or setting aside, in whole or in part, the determination of the Board and enforcing the same to the extent that such order is affirmed or modified. No objection that has not been urged before the Board shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances.

"(2) The findings of the Board with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive in the review described in paragraph (1). If any party shall apply
to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the hearing before the Board, the court may order such additional evidence to be taken before the Board and to be made a part of the record. The Board may modify its findings as to the facts, or make new findings, by reason of additional evidence so taken and filed, and the Board shall file with the court such modified or new findings, which findings with respect to questions of fact, if supported by substantial evidence on the record considered as a whole shall be conclusive, and his recommendations, if any, for the modification or setting aside of his original order.

"(3) Upon the filing of the record with the Board's original or modified order, the jurisdiction of the court shall be exclusive and its judgment and decree shall be final, except that the same shall be subject to review by the Supreme Court of the United States, as provided in section 1254 of title 28, United States Code.

"(e)(1) Civil money penalties and assessments imposed under this section may be compromised by the Board and may be recovered—

"(A) in a civil action in the name of the United States brought in United States district court for the
district where the statement or representation referred to in subsection (a) was made, or where the person resides, as determined by the Board;

"(B) by means of reduction in tax refunds to which the person is entitled, based on notice to the Secretary of the Treasury as permitted under section 3720A of title 31, United States Code;

"(C) by decrease of any payment under title XVI to which the person is entitled, notwithstanding section 207 of this Act, as made applicable to this title by reason of section 1631(d)(1);

"(D) by authorities provided under the Debt Collection Act of 1982, as amended, to the extent applicable to debts arising under the Social Security Act;

"(E) by deduction of the amount of such penalty or assessment, when finally determined, or the amount agreed upon in compromise, from any sum then or later owing by the United States to the person against whom the penalty or assessment has been assessed; or

"(F) by any combination of the foregoing.

"(f) A determination by the Board to impose a penalty, assessment, or exclusion under this section shall be final upon the expiration of the 60-day period referred to in subsection (d). Matters that were raised or that could
have been raised in a hearing before the Board or in an appeal pursuant to subsection (d) may not be raised as a defense to a civil action by the United States to collect a penalty and assessment imposed under this section.

"(g) Whenever the Board's determination to impose a penalty, assessment, or exclusion under this section with respect to a medical provider or physician becomes final, the provisions of section 1128A(h) shall apply.

"(h) Whenever the Board has reason to believe that any person has engaged, is engaging, or is about to engage in any activity which makes the person subject to a civil monetary penalty under this section, the Board may bring an action in an appropriate district court of the United States (or, if applicable, a United States court of any territory) to enjoin such activity, or to enjoin the person from concealing, removing, encumbering, or disposing of assets which may be required in order to pay a civil monetary penalty and assessment if any such penalty were to be imposed or to seek other appropriate relief.

"(i)(1) The provisions of subsections (d) and (e) of section 205 shall apply with respect to this section to the same extent as they are applicable with respect to title II. The Board may delegate the authority granted by section 205(d) (as made applicable to this section) to the Inspector General
of the Department of Health and Human Services for purposes of any investigation under this section.

“(2) The Board may delegate authority granted under this section to the Inspector General of the Social Security Administration.

“(j) For purposes of this section, the term ‘State agency’ shall have the same meaning as in section 1128A(i)(1).

“(k) A principal is liable for penalties, assessments, and exclusions under this section for the actions of the principal’s agent acting within the scope of the agency.”.

(2) CONFORMING AMENDMENTS.—Section 1128 of such Act (42 U.S.C. 1320a–7) is amended—

(A) in subsection (b)(7), by striking “or section 1128B” and inserting “, section 1128B, or section 1129”;

(B) in subsection (b)(8)(B)(ii), by inserting “and section 1129” after “section 1128A”;  

(C) in subsection (c)(1), by striking “or under section 1128A” and inserting “, section 1128A, or section 1129”;

(D) in subsection (c)(3)(A), by inserting “or section 1129” after “section 1128A”;

(E) in subsection (d)(1), by striking “and section 1128A” and inserting “, section 1128A, and section 1129”;

...
(F) in subsection (d)(2)(A), by striking “or section 1128A” and inserting “, section 1128A, or section 1129”;

(G) in subsection (e)(1), by striking “or section 1128A” and inserting “, section 1128A, or section 1129”;

(H) in subsection (f)(3), by inserting “, 1129,” after “sections 1128A”;

(I) in subsection (g)(1), by striking “or section 1128A” each place such term appears and inserting “, section 1128A, or section 1129”;

(J) in subsection (g)(2)(A), by inserting “and section 1129(a)” after “section 1128A(a)”; and

(K) in subsection (h), by striking “1128A and 1128B” and inserting “1128A, 1128B, and 1129”.

(c) SSI FRAUD CONSIDERED A FELONY.—

(1) IN GENERAL.—Section 1632(a) of the Social Security Act (42 U.S.C. 1383a(a)) is amended by striking “shall” the 1st place such term appears and all that follows and inserting “shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both.”.
(2) CONFORMING AMENDMENT.—Section 1632(b) of such Act (42 U.S.C. 1383a(b)) is amended to read as follows:

“(b)(1) If a person or entity violates subsection (a) in the person's or entity’s role as, or in applying to become, a payee under section 1631(a)(2) on behalf of another individual (other than the person's eligible spouse), and the violation includes a willful misuse of funds by the person or entity, the court may also require that full or partial restitution of funds be made to such other individual.

“(2) Any person or entity convicted of a violation of subsection (a) of this section or of section 208 may not be certified as a payee under section 1631(a)(2).”.

(d) AUTHORITY TO REDETERMINE ELIGIBILITY IN DISABILITY CASES IF FRAUD IS INVOLVED, AND TO TERMINATE BENEFITS IF THERE IS INSUFFICIENT RELIABLE EVIDENCE OF DISABILITY.——

(1) IN GENERAL.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)) is amended by adding at the end the following:

“(6)(A) The Board shall immediately redetermine the eligibility of an individual for benefits under this title by reason of disability, disregarding any unreliable evidence of disability, if there is reason to believe that fraud was involved in the application of the individual for such bene-
fits, unless a United States attorney, or equivalent State
prosecutor, with jurisdiction over potential or actual related
criminal cases, certifies, in writing, that there is a substan-
tial risk that redetermining such eligibility would jeopard-
ize the criminal prosecution of any person who is a subject
of the investigation from which the information is derived.

"(B) If, after redetermining the eligibility of an indi-
vidual for benefits under this title by reason of disability,
the Board determines that there is insufficient reliable evi-
dence of disability, the Board may terminate such eligi-
bility."

(2) EFFECTIVE DATE.—The amendment made by
paragraph (1) shall take effect on October 1, 1994,
and shall apply to eligibility determinations made be-
fore, on, or after such date.

(e) AVAILABILITY OF RECIPIENT IDENTIFYING INFOR-
MATION FROM THE INSPECTOR GENERAL, SOCIAL SECU-
RITY ADMINISTRATION.—

(1) IN GENERAL.—Section 1631(e) of the Social
Security Act (42 U.S.C. 1383(e)), as amended by sub-
section (d) of this section, is amended by adding at
the end the following:

"(7) As soon as the Inspector General, Social Security
Administration, has reason to believe that fraud was in-
volved in the application of a recipient for benefits under
this title, the Inspector General shall make available to the Board information identifying the recipient, unless a United States attorney, or equivalent State prosecutor, with jurisdiction over potential or actual related criminal cases, certifies, in writing, that there is a substantial risk that making the information so available or redetermining the eligibility of the recipient for such benefits would jeopardize the criminal prosecution of any person who is a subject of the investigation from which the information is derived.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(f) AUTHORITY TO USE AVAILABLE PREADMISSION IMMIGRANT AND REFUGEE MEDICAL INFORMATION.—

(1) IN GENERAL.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)), as amended by the preceding provisions of this Act, is amended by adding at the end the following:

“(8) The Board shall request the Immigration and Naturalization Service and the Centers for Disease Control to provide the Board with whatever medical information either such entity has with respect to any alien who has applied for benefits under this title to the extent that the information is relevant to any determination relating to such eligibility.”.
(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(g) ANNUAL REPORTS ON REVIEWS OF SSI CASES.—The Board shall annually submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the extent to which the Board has exercised its authority to review supplemental security income cases under title XVI of the Social Security Act, and the extent to which the cases reviewed were those that involved a high likelihood or probability of fraud.

SEC. 232. DISABILITY REVIEW REQUIRED FOR SSI RECIPIENTS WHO ARE 18 YEARS OF AGE.

(a) IN GENERAL.—Section 1614(a)(3)(G) of the Social Security Act (42 U.S.C. 1382c(a)(3)(G)) is amended—

(1) by inserting "(i)" after "(G)"; and

(2) by adding after and below the end the following:

"(ii)(I) During the 1-year period that begins on the date a recipient of benefits under this title by reason of dis-
ability attains 18 years of age, the applicable State agency or the Board (as may be appropriate) shall redetermine the eligibility of the recipient for such benefits by reason of dis-
ability, by applying the criteria used in determining eli-
bility for such benefits of applicants who have attained 18 years of age.

"(II) A review under subclause (I) of this clause shall be considered a substitute for a review required under clause (i).".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to individuals who attain 18 years of age in or after the 9th month after the month in which this Act is enacted.

SEC. 233. CONTINUING DISABILITY REVIEWS.

(a) IN GENERAL.—Section 1614(a)(3)(G) of such Act (42 U.S.C. 1382c(a)(3)(G)) is amended by inserting "221(i)," after "221(h),".

(b) EFFECTIVE DATE.—The amendment made by subsection (A) shall take effect on October 1, 1995.

SEC. 234. TECHNICAL AND CLERICAL AMENDMENTS.

(a) AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT.—

(1) Section 201(a) of the Social Security Act (42 U.S.C. 401(a)) is amended, in the matter following clause (4), by striking "and and" and inserting "and".

(2) Section 202(d)(8)(D)(ii) of such Act (42 U.S.C. 402(d)(8)(D)(ii)) is amended by adding a period at the end and by adjusting the left hand
margination thereof so as to align with section 202(d)(8)(D)(i) of such Act.

(3) Section 202(q)(1)(A) of such Act (42 U.S.C. 402(q)(1)(A)) is amended by striking the dash at the end.

(4) Section 202(q)(9) of such Act (42 U.S.C. 402(q)(9)) is amended, in the matter preceding subparagraph (A), by striking “paragraph” and inserting “paragraph”.

(5) Section 202(t)(4)(D) of such Act (42 U.S.C. 402(t)(4)(D)) is amended by inserting “if the” before “Secretary” the second and third places it appears.

(6) Clauses (i) and (ii) of section 203(f)(5)(C) of such Act (42 U.S.C. 403(f)(5)(C)) are amended by adjusting the left-hand margination thereof so as to align with clauses (i) and (ii) of section 203(f)(5)(B) of such Act.

(7) Paragraph (3)(A) and paragraph (3)(B) of section 205(b) of such Act (42 U.S.C. 405(b)) are amended by adjusting the left-hand margination thereof so as to align with the matter following section 205(b)(2)(C) of such Act.

(8) Section 205(c)(2)(B)(iii) of such Act (42 U.S.C. 405(c)(2)(B)(iii)) is amended by striking “non-public” and inserting “nonpublic”.
Section 205(c)(2)(C) of such Act (42 U.S.C. 405(c)(2)(C)) is amended—

(A) by striking the clause (vii) added by section 2201(c) of Public Law 101–624;

(B) by redesignating the clause (iii) added by section 2201(b)(3) of Public Law 101–624, clause (iv), clause (v), clause (vi), and the clause (vii) added by section 1735(b) of Public Law 101–624 as clause (iv), clause (v), clause (vi), clause (vii), and clause (viii), respectively;

(C) in clause (v) (as redesignated), by striking “subclause (I) of”, and by striking “subclause (II) of clause (i)” and inserting “clause (ii)”; and

(D) in clause (viii)(IV) (as redesignated), by inserting “a social security account number or” before “a request for”.

The heading for section 205(j) of such Act (42 U.S.C. 405(j)) is amended to read as follows:

“Representative Payees”.

The heading for section 205(s) of such Act (42 U.S.C. 405(s)) is amended to read as follows:
“Notice Requirements”.

(12) Section 208(c) of such Act (42 U.S.C. 408(c)) is amended by striking “subsection (g)” and inserting “subsection (a)(7)”.

(13) Section 210(a)(5)(B)(i)(V) of such Act (42 U.S.C. 410(a)(5)(B)(i)(V)) is amended by striking “section 105(e)(2)” and inserting “section 104(e)(2)”.

(14) Section 211(a) of such Act (42 U.S.C. 411(a)) is amended—

(A) in paragraph (13), by striking “and” at the end; and

(B) in paragraph (14), by striking the period and inserting “; and”.

(15) Section 213(c) of such Act (42 U.S.C. 413(c)) is amended by striking “section” the first place it appears and inserting “sections”.

(16) Section 215(a)(5)(B)(i) of such Act (42 U.S.C. 415(a)(5)(B)(i)) is amended by striking “subsection” the second place it appears and inserting “subsections”.

(17) Section 215(f)(7) of such Act (42 U.S.C. 415(f)(7)) is amended by inserting a period after “1990”.

(18) Subparagraph (F) of section 218(c)(6) of such Act (42 U.S.C. 418(c)(6)) is amended by adjust-
ing the left-hand margination thereof so as to align
with section 218(c)(6)(E) of such Act.

(19) Section 223(i) of such Act (42 U.S.C.
423(i)) is amended by adding at the beginning the
following heading:

"Limitation on Payments to Prisoners".

(b) RELATED AMENDMENTS.—

(1) Section 603(b)(5)(A) of Public Law 101–649
(amending section 202(n)(1) of the Social Security
Act) (104 Stat. 5085) is amended by inserting
"under" before "paragraph (1)," and by striking
"(17), or (18)" and inserting "(17), (18), or (19)", ef-
fective as if this paragraph were included in such sec-
tion 603(b)(5)(A).

(2) Section 10208(b)(1) of Public Law 101–239
(amending section 230(b)(2)(A) of the Social Security
Act) (103 Stat. 2477) is amended by striking
"230(b)(2)(A)" and "430(b)(2)(A)" and inserting
"230(b)(2)" and "430(b)(2)", respectively, effective as
if this paragraph were included in such section
10208(b)(1).

(c) CONFORMING, CLERICAL AMENDMENTS UPDATING,
WITHOUT SUBSTANTIVE CHANGE, REFERENCES IN TITLE
II OF THE SOCIAL SECURITY ACT TO THE INTERNAL REVEN-
UE CODE.—
(1)(A)(i) Section 201(g)(1) of such Act (42 U.S.C. 401(g)(1)) is amended—

(I) in subparagraph (A)(i), by striking "and subchapter E" and all that follows through "1954" and inserting "and chapters 2 and 21 of the Internal Revenue Code of 1986";

(II) in subparagraph (A)(ii), by striking "1954" and inserting "1986";

(III) in the matter in subparagraph (A) following clause (ii), by striking "subchapter E" and all that follows through "1954." and inserting "chapters 2 and 21 of the Internal Revenue Code of 1986.", and by striking "1954 other" and inserting "1986 other"; and

(IV) in subparagraph (B), by striking "1954" each place it appears and inserting "1986".

(ii) The amendments made by clause (i) shall apply only with respect to periods beginning on or after the date of the enactment of this Act.

(B)(i) Section 201(g)(2) of such Act (42 U.S.C. 401(g)(2)) is amended by striking "section 3101(a)" and all that follows through "1950." and inserting "section 3101(a) of the Internal Revenue Code of 1986 which are subject to refund under section 6413(c) of
such Code with respect to wages (as defined in section 3121 of such Code),"; and by striking "wages reported" and all that follows through "1954," and inserting "wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of such Code, ".

(ii) The amendments made by clause (i) shall apply only with respect to wages paid on or after January 1, 1995.

(C) Section 201(g)(4) of such Act (42 U.S.C. 401(g)(4)) is amended—

(i) by striking "The Board of Trustees shall prescribe before January 1, 1981, the method" and inserting "If at any time or times the Boards of Trustees of such Trust Funds deem such action advisable, they may modify the method prescribed by such Boards";

(ii) by striking "1954" and inserting "1986"; and

(iii) by striking the last sentence.

(2) Section 202(v) of such Act (42 U.S.C. 402(v)) is amended—

(A) in paragraph (1), by striking "1954" and inserting "1986"; and
(B) in paragraph (3)(A), by inserting “of the Internal Revenue Code of 1986” after “3127”.

(3) Section 205(c)(5)(F)(i) of such Act (42 U.S.C. 405(c)(5)(F)(i)) is amended by inserting “or the Internal Revenue Code of 1986” after “1954”.

(4)(A) Section 209(a)(4)(A) of such Act (42 U.S.C. 409(a)(4)(A)) is amended by inserting “or the Internal Revenue Code of 1986” after “Internal Revenue Code of 1954”.

(B) Section 209(a) of such Act (42 U.S.C. 409(a)) is amended—

(i) in subparagraphs (C) and (E) of paragraph (4),

(ii) in paragraph (5)(A),

(iii) in subparagraphs (A) and (B) of paragraph (14),

(iv) in paragraph (15),

(v) in paragraph (16), and

(vi) in paragraph (17),

by striking “1954” each place it appears and inserting “1986”.

(C) Subsections (b), (f), (g), (i)(1), and (j) of section 209 of such Act (42 U.S.C. 409) are amended by
striking "1954" each place it appears and inserting "1986".

(5) Section 211(a)(15) of such Act (42 U.S.C. 411(a)(15)) is amended by inserting "of the Internal Revenue Code of 1986" after "section 162(m)".

(6) Title II of such Act is further amended—
   (A) in subsections (f)(5)(B)(ii) and (k) of section 203 (42 U.S.C. 403),
   (B) in section 205(c)(1)(D)(i) (42 U.S.C. 405(c)(1)(D)(i)),
   (C) in the matter in section 210(a) (42 U.S.C. 410(a)) preceding paragraph (1) and in paragraphs (8), (9), and (10) of section 210(a),
   (D) in subsections (p)(4) and (g) of section 210 (42 U.S.C. 410),
   (E) in the matter in section 211(a) (42 U.S.C. 411(a)) preceding paragraph (1) and in paragraphs (3), (4), (6), (10), (11), and (12) and clauses (iii) and (iv) of section 211(a),
   (F) in the matter in section 211(c) (42 U.S.C. 411(c)) preceding paragraph (1), in paragraphs (3) and (6) of section 211(c), and in the matter following paragraph (6) of section 211(c),
(G) in subsections (d), (e), and (h)(1)(B) of section 211 (42 U.S.C. 411),

(H) in section 216(j) (42 U.S.C. 416(j)),

(I) in section 218(e)(3) (42 U.S.C. 418(e)(3)),

(J) in section 229(b) (42 U.S.C. 429(b)),

(K) in section 230(c) (42 U.S.C. 430(c)),

and

(L) in section 232 (42 U.S.C. 432),

by striking "1954" each place it appears and inserting "1986".

(d) RULES OF CONSTRUCTION.—

(1) The preceding provisions of this section shall be construed only as technical and clerical corrections and as reflecting the original intent of the provisions amended thereby.

(2) Any reference in title II of the Social Security Act to the Internal Revenue Code of 1986 shall be construed to include a reference to the Internal Revenue Code of 1954 to the extent necessary to carry out the provisions of paragraph (1).

(e) UTILIZATION OF NATIONAL AVERAGE WAGE INDEX FOR WAGE-BASED ADJUSTMENTS.—
(1) DEFINITION OF NATIONAL AVERAGE WAGE INDEX.—Section 209(k) of the Social Security Act (42 U.S.C. 409(k)) is amended—

(A) by redesignating paragraph (2) as paragraph (3);

(B) in paragraph (3) (as redesignated), by striking “paragraph (1)” and inserting “this subsection”; and

(C) by striking paragraph (1) and inserting the following new paragraphs:


“(2) The Secretary shall prescribe regulations under which the national average wage index for any calendar year shall be computed—

“(A) on the basis of amounts reported to the Secretary of the Treasury or his delegate for such year,
“(B) by disregarding the limitation on wages specified in subsection (a)(1),

“(C) with respect to calendar years after 1990, by incorporating deferred compensation amounts and factoring in for such years the rate of change from year to year in such amounts, in a manner consistent with the requirements of section 10208 of the Omnibus Budget Reconciliation Act of 1989, and

“(D) with respect to calendar years before 1978, in a manner consistent with the manner in which the average of the total wages for each of such calendar years was determined as provided by applicable law as in effect for such years.”.

(2) CONFORMING AMENDMENTS.—

(A) Section 213(d)(2)(B) of such Act (42 U.S.C. 413(d)(2)(B)) is amended by striking “deemed average total wages” and inserting “national average wage index”, and by striking “the average of the total wages” and all that follows and inserting “the national average wage index (as so defined) for 1976,”.

(B) Section 215(a)(1)(B)(ii) of such Act (42 U.S.C. 415(a)(1)(B)(ii)) is amended—
(i) in subclause (I), by striking "deemed average total wages" and inserting "national average wage index"; and

(ii) in subclause (II), by striking "the average of the total wages" and all that follows and inserting "the national average wage index (as so defined) for 1977."

(C) Section 215(a)(1)(C)(ii) of such Act (42 U.S.C. 415(a)(1)(C)(ii)) is amended by striking "deemed average total wages" and inserting "national average wage index".

(D) Section 215(a)(1)(D) of such Act (42 U.S.C. 415(a)(1)(D)) is amended—

(i) by striking "after 1978";

(ii) by striking "and the average of the total wages (as described in subparagraph (B)(ii)(I))" and inserting "and the national average wage index (as defined in section 209(k)(1))"; and

(iii) by striking the last sentence.

(E) Section 215(b)(3)(A)(ii) of such Act (42 U.S.C. 415(b)(3)(A)(ii)) is amended by striking "deemed average total wages" each place it appears and inserting "national average wage index".
(F) Section 215(i)(1) of such Act (42 U.S.C. 415(i)(1)) is amended—

(i) in subparagraph (E), by striking “SSA average wage index” and inserting “national average wage index (as defined in section 209(k)(1))”; and

(ii) by striking subparagraph (G) and redesignating subparagraph (H) as subparagraph (G).

(G) Section 215(i)(2)(C)(ii) of such Act (42 U.S.C. 415(i)(1)(C)(ii)) is amended to read as follows:

“(ii) The Secretary shall determine and promulgate the OASDI fund ratio for the current calendar year on or before November 1 of the current calendar year, based upon the most recent data then available. The Secretary shall include a statement of the fund ratio and the national average wage index (as defined in section 209(k)(1)) and a statement of the effect such ratio and the level of such index may have upon benefit increases under this subsection in any notification made under clause (i) and any determination published under subparagraph (D).”.

(H) Section 224(f)(2) of such Act (42 U.S.C. 424a(f)(2)) is amended—
(i) in subparagraph (A), by adding “and” at the end;
(ii) by striking subparagraph (C); and
(iii) by striking subparagraph (B) and inserting the following:

“(B) the ratio of (i) the national average wage index (as defined in section 209(k)(1)) for the calendar year before the year in which such redetermination is made to (ii) the national average wage index (as so defined) for the calendar year before the year in which the reduction was first computed (but not counting any reduction made in benefits for a previous period of disability).”.

(f) TECHNICAL CORRECTIONS RELATED TO OASDI IN
THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990.—

(1) AMENDMENTS RELATED TO PROVISIONS IN
SECTION 5103(b) RELATING TO DISABLED WIDOWS.—
Section 223(f)(2) of the Social Security Act (42 U.S.C. 423(f)(2)) is amended—

(A) in subparagraph (A), by striking “(in a case to which clause (ii)(II) does not apply)”;
and

(B) by striking subparagraph (B)(ii) and inserting the following:
“(ii) the individual is now able to engage in substantial gainful activity; or”.

(2) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5105(d) RELATING TO REPRESENTATIVE PAYEES.—

(A) TITLE II AMENDMENTS.—Section 5105(d)(1)(A) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508) is amended—

(i) by striking “Section 205(j)(5)” and inserting “Section 205(j)(6)”; and

(ii) by redesignating the paragraph (5) as amended thereby as paragraph (6).

(B) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of the Social Security Act (42 U.S.C. 1383(a)(2)) is amended—

(i) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(ii) by inserting after subparagraph (D) the following:

“(E) RESTITUTION.—In cases where the negligent failure of the Secretary to investigate or monitor a representative payee results in misuse of benefits by the representative payee, the Secretary shall make payment to the beneficiary
or the beneficiary's representative payee of an amount equal
to such misused benefits. The Secretary shall make a good
faith effort to obtain restitution from the terminated rep-
resentative payee.”.

(3) AMENDMENTS RELATED TO PROVISIONS IN
SECTION 5106 RELATING TO COORDINATION OF RULES
UNDER TITLES II AND XVI GOVERNING FEES FOR REP-
RESENTATIVES OF CLAIMANTS WITH ENTITLEMENTS
UNDER BOTH TITLES.—

(A) CALCULATION OF FEE OF CLAIMANT'S
REPRESENTATIVE BASED ON AMOUNT OF PAST-
 Due SUPPLEMENTAL SECURITY INCOME BENEFITS AFTER APPLICATION OF WINDFALL OFFSET
PROVISION.—Section 1631(d)(2)(A)(i) of the So-
cial Security Act (as amended by section
5106(a)(2) of the Omnibus Budget Reconcili-
is amended to read as follows:
“(i) by substituting, in subparagraphs (A)(ii)(I)
and (C)(i), the phrase ‘(as determined before any ap-
icable reduction under section 1631(g), and reduced
by the amount of any reduction in benefits under this
title or title II made pursuant to section 1127(a))’ for
the parenthetical phrase contained therein; and”.

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(B) CALCULATION OF PAST-DUE BENEFITS

FOR PURPOSES OF DETERMINING ATTORNEY

FEES IN JUDICIAL PROCEEDINGS.—

(i) IN GENERAL.—Section 206(b)(1) of

such Act (42 U.S.C. 406(b)(1)) is

amended—

(I) by inserting "(A)" after

"(b)(1)"; and

(II) by adding at the end the fol-

lowing new subparagraph:

"(B) For purposes of this paragraph—

"(i) the term 'past-due benefits' excludes any

benefits with respect to which payment has been con-

tinued pursuant to subsection (g) or (h) of section

223, and

"(ii) amounts of past-due benefits shall be taken

into account to the extent provided under the rules

applicable in cases before the Secretary.”.

(ii) PROTECTION FROM OFFSETTING

SSI BENEFITS.—The last sentence of section

1127(a) of such Act (as added by section

5106(b) of the Omnibus Budget Reconcili-

ation Act of 1990) (42 U.S.C. 1320a–6(a))

is amended by striking “section 206(a)(4)”
and inserting "subsection (a)(4) or (b) of section 206".

(4) APPLICATION OF SINGLE DOLLAR AMOUNT CEILING TO CONCURRENT CLAIMS UNDER TITLES II AND XVI.—

(A) IN GENERAL.—Section 206(a)(2) of such Act (as amended by section 5106(a)(1) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 406(a)(2)) is amended—

(i) by redesignating subparagraph (C) as subparagraph (D); and

(ii) by inserting after subparagraph (B) the following new subparagraph:

"(C) In any case involving—

"(i) an agreement described in subparagraph (A) with any person relating to both a claim of entitlement to past-due benefits under this title and a claim of entitlement to past-due benefits under title XVI, and

"(ii) a favorable determination made by the Secretary with respect to both such claims,

the Secretary may approve such agreement only if the total fee or fees specified in such agreement does not exceed, in the aggregate, the dollar amount in effect under subparagraph (A)(ii)(II)."."
(B) CONFORMING AMENDMENT.—Section 206(a)(3)(A) of such Act (as amended by section 5106(a)(1) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 406(a)(3)(A)) is amended by striking “paragraph (2)(C)” and inserting “paragraph (2)(D)”.

(5) EFFECTIVE DATE.—Each amendment made by this section shall take effect as if included in the provisions of the Omnibus Budget Reconciliation Act of 1990 to which such amendment relates.

(g) ELIMINATION OF ROUNDING DISTORTION IN THE CALCULATION OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE CONTRIBUTION AND BENEFIT BASE AND THE EARNINGS TEST EXEMPT AMOUNTS.—

(1) ADJUSTMENT OF OASDI CONTRIBUTION AND BENEFIT BASE.—

(A) IN GENERAL.—Section 230(b) of the Social Security Act (42 U.S.C. 430(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

“(1) $60,600, and

“(2) the ratio of (A) the national average wage index (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subsection (a) is made to (B) the
national average wage index (as so defined) for 1992, ".

(B) CONFORMING AMENDMENT RELATING TO APPLICABLE PRIOR LAW.—Section 230(d) of such Act (42 U.S.C. 430(d)) is amended by striking "(except that)" and all that follows through the end and inserting "(except that, for purposes of subsection (b) of such section 230 as so in effect, the reference to the contribution and benefit base in paragraph (1) of such subsection (b) shall be deemed a reference to an amount equal to $45,000, each reference in paragraph (2) of such subsection (b) to the average of the wages of all employees as reported to the Secretary of the Treasury shall be deemed a reference to the national average wage index (as defined in section 209(k)(1)), the reference to a preceding calendar year in paragraph (2)(A) of such subsection (b) shall be deemed a reference to the calendar year before the calendar year in which the determination under subsection (a) of such section 230 is made, and the reference to a calendar year in paragraph (2)(B) of such subsection (b) shall be deemed a reference to 1992).".
(C) ADJUSTMENT OF CONTRIBUTION AND
BENEFIT BASE APPLICABLE IN DETERMINING
YEARS OF COVERAGE FOR PURPOSES OF SPECIAL
MINIMUM PRIMARY INSURANCE AMOUNT.—Sec-
tion 215(a)(1)(C)(ii) of such Act is amended by
striking "(except that" and all that follows
through the end and inserting "(except that, for
purposes of subsection (b) of such section 230 as
so in effect, the reference to the contribution and
benefit base in paragraph (1) of such subsection
(b) shall be deemed a reference to an amount
equal to $45,000, each reference in paragraph (2)
of such subsection (b) to the average of the wages
of all employees as reported to the Secretary of
the Treasury shall be deemed a reference to the
national average wage index (as defined in sec-
tion 209(k)(1)), the reference to a preceding cal-
endar year in paragraph (2)(A) of such sub-
section (b) shall be deemed a reference to the cal-
endar year before the calendar year in which the
determination under subsection (a) of such sec-
tion 230 is made, and the reference to a calendar
year in paragraph (2)(B) of such subsection (b)
shall be deemed a reference to 1992).".
(2) ADJUSTMENT OF EARNINGS TEST EXEMPT AMOUNT.—Section 203(f)(8)(B)(ii) of the Social Security Act (42 U.S.C. 403(f)(8)(B)(ii)) is amended to read as follows:

"(ii) the product of the corresponding exempt amount which is in effect with respect to months in the taxable year ending after 1993 and before 1995, and the ratio of—

"(I) the national average wage index (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subparagraph (A) is made, to

"(II) the national average wage index (as so defined) for 1992, with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is a multiple of $5 but not of $10 and to the nearest multiple of $10 in any other case.".

(3) EFFECTIVE DATES.—

(A) The amendments made by subsection (a) shall be effective with respect to the determination of the contribution and benefit base for years after 1994.
(B) The amendment made by subsection (b) shall be effective with respect to the determination of the exempt amounts applicable to any taxable year ending after 1994.
A BILL

To establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program.

MAY 12, 1994

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed
CONGRESSIONAL RECORD — HOUSE

May 17, 1994

H3430

Sec. 202. Issuance of physical documents in the form of bonds, notes, or certificates to the social security trust funds.

Sec. 203. Explicit requirements for maintenance of telephone access to local offices of the Social Security Administration.

Sec. 204. Expansion of State option to exclude service of election officials or election workers from coverage.

Sec. 205. Use of social security numbers by States and local governments and Federal district courts for jury selection purposes.

Sec. 206. Authorization for all States to extend coverage to State and local police and firemen under existing plans.

Sec. 207. Limited exemption for Canadian ministers from certain self-employment tax liability.

Sec. 208. Exclusion of totalization benefits from the application of the windfall elimination provision.

Sec. 209. Exclusion of military reservists from application of the government pension offset and windfall elimination provisions.


Sec. 211. Maximum family benefits in guarantee cases.

Sec. 212. Authorization for disclosure by the Secretary of Health and Human Services of information for purposes of public or private epidemiological and similar research.

Sec. 213. Use of symbols, abbreviations, or names in reference to social security programs and agencies.

Sec. 214. Increased penalties for unauthorized disclosure of social security information.

Sec. 215. Increase in authorized period for extension of time to file annual earnings report.

Sec. 216. Extension of disability insurance program demonstration project authority.

Sec. 217. Cross-matching of social security account number information and employer identification number information maintained by the Department of Agriculture.

Sec. 218. Certain transfers to railroad retirement account made permanent.

Sec. 219. Authorization for use of social security account numbers by department of labor in administration of Federal workers' compensation laws.

Sec. 220. Coverage under FICA of Federal employees transferred temporarily to international organizations.

Sec. 221. Extension of the FICA tax exemption and certain tax rules to individuals who enter the United States under a visa issued under Section 101 of the Immigration and Nationality Act.

Sec. 222. Study of rising costs of disability insurance and costs of self-insurance.

Sec. 223. Commission on childhood disability.

Sec. 224. Disregard deemed income and resources of ineligible spouse in determination of eligibility under section 1619(b).

Sec. 225. Plans for achieving self-support not disapproved within 60 days to be deemed approved.

Sec. 226. Temporary authority to approve a limited number of plans for achieving self-support that include housing goals.

Sec. 227. Regulations regarding completion of plans for achieving self-support.

Sec. 228. Treatment of certain grant, scholarship, or fellowship income as earned income for SSI purposes.

Sec. 229. SSI eligibility for students temporarily abroad.

Sec. 230. Disregard of cost-of-living increases for continued eligibility for work incentives.

Sec. 231. Expansion of the authority of the Social Security Administration to prevent, detect, and terminate fraudulent claims for SSI benefits.

Sec. 232. Disability review required for SSI recipients who are 18 years of age.

Sec. 233. Continuing disability reviews.

Sec. 234. Technical and clerical amendments.

SEC. 3. DECLARATION OF PURPOSES.

The purposes of this Act are as follows:

(1) To establish the Social Security Administration as an independent agency, separate from the Department of Health and Human Services.

(2) To charge the Social Security Administration with administration of the old-age, survivors, and disability insurance program and supplemental security income program.

(3) To establish a Social Security board as head of the Social Security Administration and define the powers and duties of such Board.

(4) To establish an Executive Director of the Administration and define the powers and duties of the Executive Director.

(5) To provide for delegation of major authorities to the Board and the Executive Director.

(6) To make other improvements in the old-age, survivors, and disability insurance program under title II of the Social Security Act.

TITLE I—ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

SEC. 101. ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

Sec. 102. Social Security Board, executive director, deputy director, beneficiary ombudsman; other officers.

Sec. 103. Personnel; budgetary matters; seal of office.

Sec. 104. Transfers to the new Social Security Administration.

Sec. 105. Transitional rules.

Sec. 106. Conforming amendments to Titles II and XVI of the Social Security Act.

Sec. 107. Other conforming amendments.

Sec. 108. Rules of construction.

Sec. 109. Effective dates.

TITLE II—IMPROVEMENTS TO THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

Sec. 201. Restrictions on payment of benefits based on disability to substance abusers.

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4277) to establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program, as amended.

The Clerk read as follows:

H. R. 4277

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Social Security Administrative Reform Act of 1994".

(b) TABLE OF CONTENTS.—

1. Short title and table of contents.

2. Declaration of purposes.

3. Establishment of the Social Security Administration as an independent agency.


5. Coverage under FICA of Federal employees transferred temporarily to international organizations.

6. Extension of the FICA tax exemption and certain tax rules to individuals who enter the United States under a visa issued under Section 101 of the Immigration and Nationality Act.

7. Study of rising costs of disability insurance and costs of self-insurance.


9. Disregard deemed income and resources of ineligible spouse in determination of eligibility under section 1619(b).

10. Plans for achieving self-support not disapproved within 60 days to be deemed approved.

11. Temporary authority to approve a limited number of plans for achieving self-support that include housing goals.

12. Regulations regarding completion of plans for achieving self-support.

13. Treatment of certain grant, scholarship, or fellowship income as earned income for SSI purposes.

14. SSI eligibility for students temporarily abroad.

15. Disregard of cost-of-living increases for continued eligibility for work incentives.

16. Expansion of the authority of the Social Security Administration to prevent, detect, and terminate fraudulent claims for SSI benefits.

17. Disability review required for SSI recipients who are 18 years of age.

18. Continuing disability reviews.


20. DECLARATION OF PURPOSES.

The purposes of this Act are as follows:

(1) To establish the Social Security Administration as an independent agency, separate from the Department of Health and Human Services.

(2) To charge the Social Security Administration with administration of the old-age, survivors, and disability insurance program and supplemental security income program.

(3) To establish a Social Security board as head of the Social Security Administration and define the powers and duties of such Board.

(4) To establish an Executive Director of the Administration and define the powers and duties of the Executive Director.

(5) To provide for delegation of major authorities to the Board and the Executive Director.

(6) To make other improvements in the old-age, survivors, and disability insurance program under title II of the Social Security Act.

TITLE I—ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

SEC. 101. ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

Sec. 102. Social Security Board, executive director, deputy director, beneficiary ombudsman; other officers.

Sec. 103. Personnel; budgetary matters; seal of office.

Sec. 104. Transfers to the new Social Security Administration.

Sec. 105. Transitional rules.

Sec. 106. Conforming amendments to Titles II and XVI of the Social Security Act.

Sec. 107. Other conforming amendments.

Sec. 108. Rules of construction.

Sec. 109. Effective dates.

TITLE II—IMPROVEMENTS TO THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

Sec. 201. Restrictions on payment of benefits based on disability to substance abusers.
(I) one shall be appointed for a term of 2 years,
(II) one shall be appointed for a term of 4 years, and
(III) one shall be appointed for a term of 6 years,

as designated by the President at the time of appointment. Such members shall be appointed after active consideration of recommendations made by the Chairman of the Committee on Ways and Means of the House of Representatives and of recommendations made by the chairman of the Committee on Finance of the Senate.

(iii) The President may not nominate an individual for appointment to a term of office as member of the Board before the commencement of the President's term of office, or the member's term of office commences. Any member appointed to a term of office after the commencement of such term may serve under such apppointment and in subparagraph (A) of such term. A member may, at the request of the President, serve for not more than one year after the expiration of his or her term until his or her successor has taken office. A member of the Board may be appointed for additional terms.

(c)(1) There shall be in the Administration an Executive Director who shall be appointed by the President to serve as Executive Director after the expiration of his or her term for not more than one year until his or her successor has taken office. An individual may be appointed as Executive Director for additional terms.

D. A member of the Board may not, during his or her term as member, engage in any other business, occupation, profession, or employment. A member of the Board may continue as a member of the Board for not longer than the 30-day period beginning on the date such member first fails to meet the requirements of the preceding sentence. A member shall constitute a quorum, except that one member may hold hearings.

A. A member of the Board shall be designated by the President to serve as Chairperson of the Board for a term of 4 years.

G. The Board shall meet at the call of the Chairperson or at the request of not less than one-fifth of the members of the Board.

(ii) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

H. Each member of the Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.

(i) One shall be appointed for a term of 4 years.

(G) The Board shall meet at the call of the Chairperson or two members of the Board.

(ii) One shall be appointed for a term of 6 years.

(H) The Board shall be compensated at the rate provided for level II of the Executive Schedule.
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"(D) To help resolve the problems under such programs of individual beneficiaries in unusual or difficult circumstances, as determined by the Administration.

(3) The Board shall appoint all employees of the Social Security Administration, for appointment to positions described in section 702 of the Social Security Act (as amended by this Act), the Board shall appoint such additional officers and employees as it considers necessary to carry out its functions. Except as otherwise provided in any other provision of law, such officers and employees shall be appointed, and their compensation shall be fixed, in accordance with title 5, United States Code.

The Board may procure the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code.

"(3) The Director of the Office of Personnel Management shall authorize for the Administration a total number of Senior Executive Service positions which is not less than the number of such positions authorized in the Social Security Administration in the Department of Health and Human Services as of immediately before the date of the enactment of the Social Security Administration Reorganization Act of 1994, to the extent that the greater number of such authorized positions as is specified in the comprehensive workforce plan as established pursuant to subsection (b)(1). The total number of such authorized positions for the Administration in section 3132 shall not at any time be less than the number of such authorized positions as of immediately before such date.

"(4) In addition to the positions in the Administration in the Executive Schedule specified in section 702, the Administration is authorized six additional positions at level IV of the Executive Schedule and six additional positions at level V of the Executive Schedule.

"Budgetary Matters"

"(b) Appropriations requests for staffing and personnel of the Administration shall be based upon a comprehensive workforce plan, which shall be established and revised from time to time by the Board.

"Seal of Office"

"(a) The Board shall cause a seal of office to be made by the Social Security Administration of such design as the Board shall approve. Judicial notice shall be taken of such seal."

"SEC. 143. TRANSFERS TO THE NEW SOCIAL SECURITY ADMINISTRATION—"

"(a) Functions.—There are transferred to the Social Security Administration all functions carried out by the Secretary of Health and Human Services with respect to the programs and activities of the administration of which is vested in the Social Security Administration by reason of this Act and the amendments made thereby. The Social Security Board shall allocate such functions in accordance with sections 701, 702, and 703 of the Social Security Act (as amended by this Act).

"(b) Personnel, Assets, etc.—(1) There are transferred from the Department of Health and Human Services to the Social Security Administration—

"(A) personnel (other than administrative law judges) employed in connection with the functions transferred by this Act and the amendments made thereby, as considered appropriate by the Board in consultation with the Secretary of Health and Human Services,

"(B) such number of administrative law judges as are necessary to carry out the functions transferred by this Act and the amendments made thereby, as determined by the Board in consultation with the Secretary of Health and Human Services,

"(C) the assets, liabilities, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed or available in connection with such functions, arising from such functions, or available, or to be made available, in connection with such functions.

"(2) Notwithstanding any other provision of law, the provisions of this Act or any other provision of law which are inconsistent with the provisions of this Act shall terminate—

"(A) all positions in the Department of Health and Human Services in level IV of the Executive Schedule (or equivalent positions) other than positions specifically required under section 5316 of title 5, United States Code, or any other provision of law, and

"(B) six positions in such Department placed in level V of the Executive Schedule (or equivalent positions) other than positions specifically required under section 5316 of title 5 or any other provision of law.

(4) The transfer pursuant to this section of full-time personnel (except special Government employees) to the Social Security Administration shall not cause any such employees to be separated or reduced in grade or compensation for 1 year after such transfer or 1 year after the enactment of this Act.

"(c) ABBREVIATION OF OFFICE OF COMMISSIONER IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Effective upon the entry upon office, the Secretary of Health and Human Services, Board pursuant to section 702 of the Social Security Act (as amended by this Act), the position of Commissioner of the Social Security in the Department of Health and Human Services is abolished.
In the case of an individual entitled to benefits based on disability for months beginning after 230 of a calendar year, the Secretary shall make determinations and recommendations for such disability benefits for such months as if such determination and recommendation were made or recommended under the Social Security Act as if this section had not been enacted.

SEC. 712. The Secretary shall perform the duties imposed upon him by this Act and shall also have the duty of keeping up and making ready for distribution to Members of Congress, and to any state or local government, or any association or organization participating in or concerned with the programs provided for in this Act, reports and other papers on: (a) the number of persons suffering from alcoholism or drug addiction who are entitled to benefits based on disability under title II of the Social Security Act or the supplemental security income program under title XVI of such Act, such reports to be prepared in such form as the Social Security Administration shall determine.

(a) References to the Secretary of Health and Human Services.—Whenever any reference is made in this Act, or a provision of law amended by this Act, to the Social Security Commissioner of the Department of Health and Human Services, such reference shall be considered a reference to the appropriate officer or employee of the Department of Health and Human Services with respect to such Secretary's functions under such sections, such reference shall be considered a reference to the appropriate officer or employee of the Social Security Administration.

(b) References to Other Officers and Employees.—Whenever any reference is made in this Act or a provision of law amended by this Act, to the Social Security Board, such reference shall be considered a reference to the appropriate officer or employee of the Social Security Administration.

(c) References to the Department of Health and Human Services.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, court order, or other document to the Secretary of Health and Human Services with respect to such Secretary's functions under such sections, such reference shall be considered a reference to the appropriate officer or employee of the Social Security Administration.

(d) Effective Dates.—(1) In General.—Sections 101, 102(a), 103, 104, 106, 107, and 108 of this Act (and the amendments made thereby) shall take effect upon the enactment of this Act. In addition to the number of copies of such report to be printed, reports authorized by other law to be printed, and reports provided for in this Act, there is hereby authorized to be printed not more than 5,000 copies of each such report for distribution to Members of Congress and to any state or local public or private agencies or organizations participating in or concerned with the programs provided for in this Act.

(2) Period Pursuant to Section 102(c), the preceding provisions of this section shall apply with respect to the transfer of such powers and duties to and from such Commissioner (or acting Commissioner) pursuant to section 102(c) in the same manner as in the case of such Board if all members of the Board had entered upon office.

SEC. 106. CONFORMING AMENDMENTS TO TITLES XI AND XVI OF THE SOCIAL SECURITY ACT.

(a) In General.—Title II of the Social Security Act (other than section 201, section 218(d), section 226, section 226A, and section 233(c)) and title XVI of such Act are each amended—

(1) by striking each time it appears therein, "Secretary of Health and Human Services" and inserting "Social Security Board";

(2) by striking, wherever it appears therein, "Department of Health and Human Services" and inserting "Social Security Administration";

(3) by striking, wherever it appears therein, "Department" (but only if it is not immediately succeeded by the words "of Health and Human Services", and only if it is used in reference to the Department of Health and Human Services) and inserting "Administration";

(4) by inserting each time it appears therein, each of the following words (but, in the case of any such word only if such word refers to the Secretary of Health and Human Services): "Secretary" and "his", and inserting in (the case of the word "Secretary") "Social Security Board", in (the case of the word "Secretary"), "Board", in (the case of the word "his") "the Board", and (in the case of the word "he") "the Board"; and

(5) by striking, wherever it appears therein, "Internal Revenue Code of 1954" and inserting "Internal Revenue Code of 1986".

(b) Amendments to Section 218.—Section 218(d) of such Act (42 U.S.C. 418(d)) is amended by—

(1) in the last sentence of paragraph (1), by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration"; and

(2) in the first sentence of paragraph (3), by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration".

(c) Amendments to Section 226.—Section 226(d) of such Act (42 U.S.C. 422(d)) is amended—

(1) by striking paragraph (3) and inserting the following new paragraph:

"(3) The Secretary shall perform the duties imposed upon him by this Act as if this section had not been enacted and in the case of an individual entitled to benefits based on disability for months beginning after 230 of a calendar year, the Secretary shall make determinations and recommendations for such disability benefits for such months as if such determination and recommendation were made or recommended under the Social Security Act.

(2) by striking, wherever it appears therein, "Secretary of Health and Human Services" and inserting "Social Security Board";

(3) by striking, wherever it appears therein, "Department of Health and Human Services" and inserting "Social Security Administration";

(4) by striking, wherever it appears therein, "Department" (but only if it is not immediately succeeded by the words "of Health and Human Services", and only if it is used in reference to the Department of Health and Human Services) and inserting "Administration";

(5) by inserting each time it appears therein, each of the following words (but, in the case of any such word only if such word refers to the Secretary of Health and Human Services): "Secretary" and "his", and inserting in (the case of the word "Secretary") "Social Security Board", in (the case of the word "Secretary"), "Board", in (the case of the word "his") "the Board", and (in the case of the word "he") "the Board"; and

(6) by striking, wherever it appears therein, "Internal Revenue Code of 1954" and inserting "Internal Revenue Code of 1986".

(a) References to the Department of Health and Human Services.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, court order, or other document to the Secretary of Health and Human Services with respect to such Secretary's functions under such sections, such reference shall be considered a reference to the Social Security Administration.

(b) References to Other Officers and Employees.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, court order, or other document to the Secretary of Health and Human Services with respect to such Secretary's functions under such sections, such reference shall be considered a reference to the appropriate officer or employee of the Social Security Administration.

(c) Effective Dates.—(1) In General.—Sections 101, 102(a), 103, 104, 106, 107, and 108 of this Act (and the amendments made thereby) shall take effect upon the enactment of this Act. In addition to the number of copies of such report to be printed, reports authorized by other law to be printed, and reports provided for in this Act, there is hereby authorized to be printed not more than 5,000 copies of each such report for distribution to Members of Congress and to any state or local public or private agencies or organizations participating in or concerned with the programs provided for in this Act.

(2) Period Pursuant to Section 102(c), the preceding provisions of this section shall apply with respect to the transfer of such powers and duties to and from such Commissioner (or acting Commissioner) pursuant to section 102(c) in the same manner as in the case of such Board if all members of the Board had entered upon office.

SEC. 107. OTHER CONFORMING AMENDMENTS.

Title VII of the Social Security Act is amended—

(1) by striking section 704 (42 U.S.C. 904) and inserting the following new section:

"SEC. 704. The Secretary and the Social Security Board shall have the power to make investigations and reports to Congress in connection with the exercise of any of their functions under such Act or any other report required by law, and to prepare and publish such reports authorized by other law to be printed, there is hereby authorized to be printed not more than 5,000 copies of each such report for use by the Secretary and Social Security Board for distribution to Members of Congress and to any state or local public or private agencies or organizations participating in or concerned with the programs provided for in this Act.

(2) by section 709(b)(2) (42 U.S.C. 910(b)(2)), by striking "(as estimated by the Secretary)" and inserting "as estimated by the Social Security Board and the Secretary (whichever administers the program involved)";

(3) by adding at the end thereof the following new sentence:

"DUTIES AND AUTHORITY OF SECRETARY.

"Sec. 712. (a) The Secretary shall perform the duties imposed upon him by this Act and shall also have the duty of keeping up and making ready for distribution to Members of Congress and to any state or local public or private agencies or organizations participating in or concerned with the programs provided for in this Act.

(b) The Secretary is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures, as may be necessary for carrying out the Secretary's functions under this Act. Appointments

...
(I) by striking "representative payee and which," and inserting "representative payee, if such agency
(II) by striking ", and" at the end of clause (ii) and inserting a period
(IV) by striking clause (iii); and

(II) the feasibility of and appropriate timetable for providing benefits through non-cash means, including (but not limited to) vouchers, debit cards, and electronic benefits transfer systems.

(III) The extent to which child beneficiaries are afflicted by drug addiction or alcoholism and the ways of addressing such affliction, including the feasibility of requiring treatment, and

(IV) The extent to which children's representative payees are afflicted by drug addiction or alcoholism, and methods to identify children's representative payees afflicted by drug addiction or alcoholism and to ensure that benefits continue to be provided to beneficiaries appropriately.

(II) Report.—Not later than April 1, 1995, the Secretary shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report setting forth the findings of the Secretary based on such Study. Such report shall include such recommendations for administrative or legislative changes as the Secretary considers appropriate.

(A) BASED RELIANCE ON PROFESSIONAL REPRESENTATIVE PAYEES.—

(A) PREFERENCE REQUIRED FOR ORGANIZATIONS EMPLOYING REPRESENTATIVE PAYEES.—Section 205(j)(2)(C) of such Act (42 U.S.C. 405(j)(2)(C)) is amended by adding at the end the following new clause: "(i) by striking "exceed the lesser of—" and inserting "exceed the lesser of—"; and

(ii) by striking clauses (i) and (ii) and inserting the following:

in any case in which an individual is entitled to benefits based on disability, alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, such alcoholism or drug addiction is determined by the Secretary not to be in compliance with the requirements of this subsection, benefits shall be suspended for a period commencing with such month and ending with the month preceding the first month, after the determination of non-compliance, during which alcohol or drug addiction demonstrated that he or she has reestablished and maintained compliance with such requirements for the applicable period specified in paragraph (a).

(II) A disabled individual referred to in subparagraph (A) who is a noncompliant individual under section 225 or a child's, widow's, or widower's insurance benefit of such individual under section 202 based on such individual's disability."

(II) NONPAYMENT OR TERMINATION OF BENEFITS.—

(A) IN GENERAL.—Section 225 of such Act (42 U.S.C. 422) is amended by—

(1) by inserting "continued payments during rehabilitation program";

and

(II) by adding at the end the following new subsection:

"(1) The Secretary shall provide for the monitoring and testing of all individuals who are subject to requirements of this subsection, and

(II) by adding the following new paragraph:

"(ii) establishing guidelines to be used to review and evaluate such compliance, including measures of the progress of participants in such program.

(III) For purposes of carrying out the requirements of subparagraphs (A) and (B), the Secretary shall establish in each State a referral and monitoring agency for alcohol and drug addiction treatment services to serve as representative payees. Such regulation shall be in accordance with the regulations of the State, which, for purposes of this subsection, shall be in compliance with the requirements of this subsection, and

(II) ENACTING THE REGULATIONS.—The Secretary shall enforce the regulations prescribed by the Secretary, which shall be in compliance with the requirements of this subsection, and

(II) by inserting "and monitoring agency for such State."

(C) For purposes of carrying out the requirements of subparagraphs (A) and (B), the Secretary shall establish in each State a referral and monitoring agency in accordance with the regulations prescribed by the Secretary, for the purpose of assuring that the requirements of this subsection are met, and

(II) the number and percentage of such individuals who did not receive regular drug testing during the period covered by the report.

(II) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subsection, and

(II) establishing guidelines to be used to review and evaluate such compliance, including measures of the progress of participants in such program.

(III) (A) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title, and

(III) by inserting "or facility approved for purposes of this subsection:

(II) as though such disabled individual's income is determined by the Secretary not to exceed the lesser of—'

(II) such benefits which are not payable under this section, and

(II) such benefits which are not payable under this subsection, and

(II) the number and percentage of such individuals who did not receive regular drug testing during the period covered by the report.

(II) The Secretary shall annually submit to the Congress a full and complete report on the Secretary's activities under this paragraph. Each such annual report shall include the number and percentage of such individuals who did not receive regular drug testing during the period covered by the report.

(II) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subsection, and

(II) establishing guidelines to be used to review and evaluate such compliance, including measures of the progress of participants in such program.

(IV) (A) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title, and

(III) (A) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title, and

(III) by inserting "or facility approved for purposes of this subsection:

(II) the number and percentage of such individuals who did not receive regular drug testing during the period covered by the report.

(II) The Secretary shall annually submit to the Congress a full and complete report on the Secretary's activities under this paragraph. Each such annual report shall include the number and percentage of such individuals who did not receive regular drug testing during the period covered by the report.

(II) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subsection, and

(II) establishing guidelines to be used to review and evaluate such compliance, including measures of the progress of participants in such program.

(III) (A) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title, and

(II) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subsection, and

(II) establishing guidelines to be used to review and evaluate such compliance, including measures of the progress of participants in such program.

(IV) (A) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title, and

(III) by inserting "or facility approved for purposes of this subsection:

(II) the number and percentage of such individuals who did not receive regular drug testing during the period covered by the report.

(II) The Secretary shall annually submit to the Congress a full and complete report on the Secretary's activities under this paragraph. Each such annual report shall include the number and percentage of such individuals who did not receive regular drug testing during the period covered by the report.

(II) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subsection, and

(II) establishing guidelines to be used to review and evaluate such compliance, including measures of the progress of participants in such program.

(IV) (A) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title, and

(III) by inserting "or facility approved for purposes of this subsection:

(II) the number and percentage of such individuals who did not receive regular drug testing during the period covered by the report.

(II) The Secretary shall annually submit to the Congress a full and complete report on the Secretary's activities under this paragraph. Each such annual report shall include the number and percentage of such individuals who did not receive regular drug testing during the period covered by the report.

(II) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subsection, and

(II) establishing guidelines to be used to review and evaluate such compliance, including measures of the progress of participants in such program.
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(A) IN GENERAL.—Section 223(d)(4) of such Act (42 U.S.C. 1383a(d)(4)) is amended—

(I) by inserting ("A") after ("y");

and

(ii) by adding at the end the following new subparagraph:

"(B) In determining under subparagraph (A) when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, the Secretary apply the criteria described in subparagraph (A) with respect to services performed by any individual without regard to the legality of such services."

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(2) AMENDMENTS TO SUPPLEMENTAL SECURITY INCOME BENEFITS UNDER TITLE XVI OF THE SOCIAL SECURITY ACT—

(I) REQUIRED PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—

(A) IN GENERAL.—Section 1631(a)(2)(A) of the Social Security Act (42 U.S.C. 1383a(a)(2)(A)) is amended—

(i) by striking ("A") after ("F"); and

(ii) by inserting ("A") after ("y"); and

(B) EFFECTIVE DATE:—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(3) PRESERVATION OF MEDICARE BENEFITS.—Section 1861(a)(2) of such Act (42 U.S.C. 1395m(a)(2)) is amended—

(I) REQUIRED PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—

(A) IN GENERAL.—Section 1631(a)(2)(A) of the Social Security Act (42 U.S.C. 1383a(a)(2)(A)) is amended by striking "May 17, 1994" and inserting "May 17, 1994"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(4) PRESERVATION OF MEDICARE BENEFITS.—Section 226(e) of such Act (42 U.S.C. 1383e) is amended—

(I) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—

(A) IN GENERAL.—Section 1631(a)(2)(B)(ii)(V) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(V)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(5) ESTABLISHMENT OF REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(VII) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(VII)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(6) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XIII) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XIII)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(7) ESTABLISHMENT OF REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XIV) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XIV)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(8) ESTABLISHMENT OF REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XV) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XV)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(9) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XVI) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XVI)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(10) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XVII) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XVII)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(11) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XVIII) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XVIII)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(12) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XIX) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XIX)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(13) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XX) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XX)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(14) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XXI) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XXI)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(15) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XXII) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XXII)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(16) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XXIII) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XXIII)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(17) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XXIV) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XXIV)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(18) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XXV) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XXV)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(19) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XXVI) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XXVI)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(20) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XXVII) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XXVII)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(21) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XXVIII) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XXVIII)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(22) AMENDMENTS TO PROVIDE REPRESENTATIVE PAYEE FEE.—Section 1631(a)(2)(B)(ii)(XXIX) of such Act (42 U.S.C. 1383a(a)(2)(B)(ii)(XXIX)) is amended by striking "exceed—" and inserting "exceed—"

and

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.
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“(1) 2 consecutive months, in the case of a 1st determination that an individual is not in compliance with the requirements of this subparagraph;
(2) 3 consecutive months, in the case of the 2nd such determination with respect to the individual;
(3) 6 consecutive months, in the case of the 3rd or subsequent such determination with respect to the individual.

(5) An individual shall not be an eligible individual for the purposes of this title for the 12-month period that begins with the end of any period of 12 consecutive months for which the benefits of the individual under this title have been suspended by reason of this subparagraph.

(6) Each person to whom benefits under this title by reason of disability are not payable for any month solely by reason of section 1611(i)(3)(B) shall be treated, for purposes of title XIX, as receiving benefits under this title for such month.”

(D) CONFORMING AMENDMENTS—Section 1611(i)(3)(C) of such Act (42 U.S.C. 1328c(i)(3)(C)), as amended by subparagraphs (A) and (B) of this paragraph, is amended by—
(1) in subparagraph (A), by striking “(B)” and inserting “(C)”;
(2) in subparagraph (C), by inserting “or (B)” after “(A)”.

(E) EFFECTIVE DATE. —
(1) In general.—Except as provided in clauses (ii) and (iii), the amendments made by this paragraph shall take effect after 180 days after the date of the enactment of this Act.

(2) Treatment of outstanding obligations.—Not later than 60 days after the date of the enactment of this Act, the Secretary shall set forth in the Federal Register the Secretary's determination that an individual is not in compliance with such requirements of this subparagraph.

(3) In general.—Except as provided in clause (i), the amendments made by this paragraph shall take effect after 180 days after the date of the enactment of this Act.

(F) DEMONSTRATION PROJECTS.—

(1) In general.—Each State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and the Government of Guam shall submit to the Secretary a demonstration project to treat alcoholism and drug addiction.

(2) Effective date.—The amendments made by this section shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.

(3) Payment to the OASDI Trust Funds.—The payment to the OASDI Trust Funds under this section shall be made after 90 days after the date of the enactment of this Act.
(3) GAO REPORT.—The Comptroller General of the United States shall make an independent determination of the number of letters sent, each of which is from the Social Security Administration which are in place as of 90 days after the enactment of this Act and shall report his findings to the Committee on Ways and Means and the Committee of the House of Representatives on the aforementioned and the Committee on Finance of the Senate no later than 150 days after the date of the enactment of this Act.

(b) MAINTENANCE OF TOLL-FREE TELEPHONE NUMBER SERVICE.—The Secretary of Health and Human Services shall ensure that toll-free telephone numbers provided by the Act are maintained at a level which is at least equal to that in effect on the date of the enactment of this Act.

SEC. 204. USE OF STATE OPTION TO EXCLUDE SERVICE OF ELECTION OFFICIALS OR ELECTION WORKERS FROM MEDICARE.

(i) LIMITATION ON MANDATORY COVERAGE OF STATE ELECTION OFFICIALS AND ELECTION WORKERS WITHOUT STATE RETIREMENT SYSTEM.

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(a)(7)(F)(ii) of the Social Security Act (42 U.S.C. 410(c)(1)(ii)) (as amended by section 1104(c)(9) of the Omnibus Budget Reconciliation Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(2) CONFORMING AMENDMENTS RELATING TO MEDICARE COVERAGE.

(a) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(c)(6)(B) of the Social Security Act (42 U.S.C. 410(c)(6)(B)) is amended—

(i) by inserting "(A)" after "(B)"; and

(ii) by adding at the end the following new subparagraph:

"(C) The amount determined under section 210(c)(6)(B) and the amount determined under section 210(c)(6)(D) are to be adjusted in the manner described in paragraphs (1) and (2) and from any Federal mandatory benefit to which service performed during any such subsequent year with respect to service performed during such subsequent year is subject to subsection (a) shall apply with respect to service performed on or after January 1, 1995.

(b) USE OF SOCIAL SECURITY NUMBERS BY STATES AND LOCAL GOVERNMENTS AND FEDERAL DISTRICT COURTS OF MARYLAND.

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(c)(6)(D) of such Act (42 U.S.C. 410(c)(6)(D)) is amended—

(i) by inserting "(A)" after "(B)"; and

(ii) by adding at the end the following new subparagraph:

"(C) The amount determined under such subparagraph is the amount determined under section 215 of such Act (42 U.S.C. 415) for such year, or for such calendar year, for purposes of this subsection.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 205. USE OF SOCIAL SECURITY NUMBERS BY MEDICARE QUALIFIED GOVERNMENT EMPLOYMENT.

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(c)(7)(F)(v) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(v)) (as amended by subsection (a) of section 1003(b)(4)(A) of the Deficit Reduction Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(b) CONFORMING AMENDMENTS RELATING TO MEDICARE COVERAGE.

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(c)(7)(F)(vi) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(vi)) (as amended by subsection (a) of section 1003(b)(4)(A) of the Deficit Reduction Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(2) CONFORMING AMENDMENTS RELATING TO MEDICARE COVERAGE.

(a) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(c)(7)(F)(vii) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(vii)) (as amended by subsection (a) of section 1003(b)(4)(A) of the Deficit Reduction Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(b) CONFORMING AMENDMENTS RELATING TO MEDICARE COVERAGE.

(1) AMENDMENT TO SOCIAL SECURITY ACT—Section 210(c)(7)(F)(viii) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(viii)) (as amended by subsection (a) of section 1003(b)(4)(A) of the Deficit Reduction Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 206. OF THE RECIPE FOR SOCIAL SECURITY BILL.

(1) AMENDMENT TO SOCIAL SECURITY ACT—Section 210(c)(7)(F)(ix) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(ix)) (as amended by subsection (a) of section 1003(b)(4)(A) of the Deficit Reduction Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(b) CONFORMING AMENDMENTS RELATING TO MEDICARE COVERAGE.

(1) AMENDMENT TO SOCIAL SECURITY ACT—Section 210(c)(7)(F)(x) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(x)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 207. USE OF SOCIAL SECURITY NUMBERS BY FEDERAL DISTRICT COURTS OF MARYLAND.

(1) AMENDMENT TO SOCIAL SECURITY ACT—Section 210(c)(7)(F)(xi) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(xi)) (as amended by subsection (a) of section 1003(b)(4)(A) of the Deficit Reduction Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(b) CONFORMING AMENDMENTS RELATING TO MEDICARE COVERAGE.

(1) AMENDMENT TO SOCIAL SECURITY ACT—Section 210(c)(7)(F)(xii) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(xii)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 208. AMENDMENT TO SOCIAL SECURITY ACT—Section 210(c)(7)(F)(xiii) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(xiii)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(b) CONFORMING AMENDMENTS RELATING TO MEDICARE COVERAGE.

(1) AMENDMENT TO SOCIAL SECURITY ACT—Section 210(c)(7)(F)(xiv) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(xiv)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 209. USE OF SOCIAL SECURITY NUMBERS BY MEDICARE QUALIFIED GOVERNMENT EMPLOYMENT.

(1) AMENDMENT TO SOCIAL SECURITY ACT—Section 210(c)(7)(F)(xv) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(xv)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(b) CONFORMING AMENDMENTS RELATING TO MEDICARE COVERAGE.

(1) AMENDMENT TO SOCIAL SECURITY ACT—Section 210(c)(7)(F)(xvi) of the Social Security Act (42 U.S.C. 410(c)(7)(F)(xvi)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 210(c)(6)(B) for any subsequent year with respect to service performed during such subsequent year".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.
such Act (42 U.S.C. 415(d)(3)) is amended by striking "but excluding and all that follows through "1937" and inserting "but excluding (1) a payment under the Railroad Retirement Act of 1974 (42 U.S.C. 205 (as amended by section 215(g) of such Act) by social security system of a foreign country based on an agreement concluded between the United States and such foreign country pursuant to section 233.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply (notwithstanding section 215(i) of the Social Security Act (42 U.S.C. 403(i)) is redesignated) the section with respect to benefits payable for months after January 1995.

SEC. 209. EXCLUSION OF MILITARY RESERVISTS FROM APPLICATION OF THE GOVERNMENT PENSION OFFSET AND WINDFALL ELIMINATION PROVISIONS. (a) EXCLUSION FROM GOVERNMENT PENSION OFFSET PROVISIONS.—Subsections (b)(4), (c)(2), (e)(7), (f)(2), and (g)(4) of section 202 of the Social Security Act (42 U.S.C. 402(b)(4), (c)(2), (e)(7), (f)(2), and (g)(4)) each are amended—

(1) in subparagraph (A)(ii), by striking "unless subparagraph (B) applies;";

(2) in subparagraph (A)(ii), by striking "and" before "(ii);" and

(3) in subparagraph (B), by redesignating the existing matter as clause (ii), and by inserting before such clause (ii) (as so redesignated) the following:

"(B)(i) Paragraph (A)(ii) shall not apply with respect to monthly periodic benefits based wholly on service as a member of a uniformed service (as defined in section 210(m)); and

(B)(ii) Paragraph (A)(ii) shall not apply with respect to monthly periodic benefits based wholly on service as a member of a uniformed service (as defined in section 210(m))."

(b) EXCLUSION FROM WINDFALL ELIMINATION PROVISIONS.—Subsection (g) of section 216 of such Act (42 U.S.C. 403(g)) is amended by striking the last sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for the purpose of determining the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 of the Social Security Act based on the wages and self-employment income of an individual with respect to months after December 1995.

SEC. 210. REPEAL OF THE FACILITY-OF-PAYMENT PROVISION. (a) REPEAL OF RULE PRECURSING REDISTRIBUTION UNDER FAMILY MAXIMUM.—Section 203(I) of the Social Security Act (42 U.S.C. 403(I)) is repealed.

(b) COORDINATION UNDER FAMILY MAXIMUM OF REDUCTION IN BENEFICIARY'S AUXILIARY BENEFITS WITH SUSPENSION OF AUXILIARY BENEFITS OF OTHER BENEFICIARY UNDER EARNINGS TEST.—Section 203(a)(4) of such Act (42 U.S.C. 403(a)(4)) is amended by striking "section 221(b)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for the purpose of determining the total monthly benefits to which a beneficiary who—

(1) is entitled to disability insurance benefits under section 215(b)(1)(A) of such Act (42 U.S.C. 402(b)(1)(A)); and

(2) becomes entitled to an old-age insurance benefit under section 202(a) of such Act, or

becomes entitled to a disability insurance benefit under section 223 of such Act, or

(d) CONFORMING AMENDMENT DELETING SPECIAL PROVISIONS REGARDING WAGES PAID UNDER THE RAILROAD RETIREMENT ACT.—Subsection (a)(7)(A) of section 215 of such Act (42 U.S.C. 402(a)(7)(A)) is amended by striking "(2) in subparagraph (A), by striking "The" in subparagraph (A)(ii), by striking "and" before "(II)"; and

(3) such subparagraph (B)(ii) and (B)(iii) of such paragraph (B)(ii) and (B)(iii) in subparagraph (B)(ii), by striking "and" before "(II)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for the purpose of determining the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 of the Social Security Act based on the wages and self-employment income of an individual with respect to months after January 1995.

SEC. 211. MAXIMUM FAMILY BENEFITS IN GUARDIANSHIP CASES. (a) IN GENERAL.—Section 203(a) of the Social Security Act (42 U.S.C. 403(a)) is amended by striking the last sentence.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply for the purpose of determining the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 of the Social Security Act based on the wages and self-employment income of an individual with respect to months after January 1995.

SEC. 212. AUTHORIZATION FOR DISCLOSURE BY THE SECRETARY OF HEALTH AND HUMAN SERVICES FOR PURPOSES OF PUBLIC OR PRIVATE EPIDEMIOLOGICAL AND SIMILAR RESEARCH. (a) IN GENERAL.—Section 1106 of the Social Security Act (42 U.S.C. 1306) is amended—

(1) by redesignating subsections (d) and (e) as subsections (d) and (f), respectively;

(2) in subsection (f) (as so redesignated), by striking "and" before "(d)" and inserting "subject to paragraph (d) and (e)"; and

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for the purpose of the description of any contract entered into under section 205(r).

(b) AVAILABILITY OF INFORMATION RETURNS REGARDING WAGES PAID EMPLOYEES.—Section 6101(j)(3) of the Internal Revenue Code of 1986 (relating to disclosure of returns and return information to the Department of Health and Human Services for purposes other than tax administration) is amended—

(1) by striking "for the purpose of" and inserting "for the purpose of";

(2) by striking "carrying out, in accordance with the agreement" and inserting the following:

"(A) carrying out, in accordance with an agreement;

and

(b) by adding at the end the following new subparagraph:

"(ii) information regarding whether an individual who is disabled as of the date of the disability determination is disabled and similar research which the Secretary finds may reasonably be expected to contribute to a national health interest, and for which the Secretary agrees to reimburse the Secretary for such information and to comply with limitations on safeguarding and release or disclosure of such information as may be prescribed by the Secretary, and for which the Secretary shall comply with such request, except to the extent that compliance with such request would constitute a violation of the terms of any contract entered into under section 205(r)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for the purpose of the description of any contract entered into under section 205(r).
May 17, 1994

H 3439

CONGRESSIONAL RECORD — HOUSE

SEC. 213. MISUSE OF SYMBOLS, EMBLEMS, OR
NAMES iN REFERENCE Th SOCIAL
SECURITY PROGRAMS AND AGkW.
CIES.

(a) PROHIBITION OF UNAUTHORIZED REPRODUCTION, REPRINTING, OR DISTRIBUTION FOR
FEE OF CERTAIN O1FICIAL PUBLICATIONS—Sec-

tion 1140(a) of the Social Security Act (42 U.S.C.
1320b—10(a)) is amended—

(1) by redesignatng paragraphs (1) and (2) as
subparagraphs (A) and (B), respectively;

emblems in violation of subsection (a) shall rep- adding at the end thereof the following new sec-

resent a separate violation. In the case of any tion:
item referred to in subsection (a)(2), the repro- "g333. Prohibition of misuse of Department of
duction, reprinting, or di.stribution of such item
the Treasurj names, symbols, etc.
shall be treated as a-separate violation with re'(a) GENERAL RULE.—NO person may use, in
spect to each copy thereof so reproduced, re- connection with, or as a part of, any advertiseprinted, or distributed. ".

(g) ELIMINATION OF CAP ON AGGREGATE LIABILITY AMOUNT.—

(1) REPEAL.—Paragraph (2) of section 1140(b)
U.S.C. 1320b—10(b)(2)) .s repealed.

of such Act (42

(2) by inserting "(1)" after "(a); and
(3) by adding at the end the following new
AMENDMENTS—Section
CONFORMING
(2)
paragraph:
1140(b) of such Act s further amended—
"(2) No person may, for a fee, reproduce, re(A) by striking "(1) Subject to paragraph (2),
print, or distribute any item consisting of a the" and inserting "The";
form, application, or other publication of the
(B) by redesgnating subparagraphs (A) and
Social Security Administration unless such per- (B) as paragraphs (1) and (2), respectively; and
(C) in paragraph (1) (as redesignated), by
son has obtained specific, written authorization
for such activity in accordance with regulations striking subparagraph (B)' and inserting
"paragraph (2)
which the Secretaryj shall prescribe.".
(b) ADDITION TO PROHIBITED WORDS, LET
TERS, SYMBOLS, AND EMBLEMS—Paragraph (1)

of section 1140(a) of such Act (as redesignated
by subsection (a)) is furt her amended—

(1) in stsbparagraph (A) (as redesignated), by
striking "Admiifl.stration', the letters SSA or
'HCFA'," and inserting "Administration, 'Depart ment of Health and Human Services,
'Health and Human Services', 'Supplemental Se-

(h) REMOVAL OF FORMAL DECLINATION RE-

QUIREMENT.—Section 1140(c)(1) of such Act (42

ment, solicitation, business activity, or product,
whether alone or with other words, letters, symbols, or emblems—

'(1) the words Department of the Treasury',
or the name of any service, bureau, office, or

other subdivision of the Department of the
Treasury,

'(2) the titles Secretary of the Treasury' or
Treasurer of the United States or the title of

any other officer or employee of the Department
of the Treasury,
"(3) the abbreviations or initials of any entity
referred to in paragraph (1),
"(4) the words 'United States Savings Bond'

or the name of any other obligation issued by
the Department of the Treasury,

"(5) any sijmbol or emblem of an entity referred to in paragraph (1) (including the design
"and the first sentence of subsection (c)" after of any envelope or stationary used by such an
'and (i)'.
entity), and
(i) PENALTIES RELATING TO SOCIAL SECURITY
'(6) any colorable imitation of any such
ADMINISTRATION DEPOSITED IN OASI TRUST words, titles, abbreviations, initials, symbols, or
U.S.C. 1320b—10(c)(1)) is amended by inserting

FUND.—Section 1140(c)(2) of such Act (42 U.S.C.

1320b—10(c)(2)) is amended in the second sentence by striking 'United States." and inserting

emblems,

in a manner which could reasonably be interor construed as conveying the false im'United States, except that, to the extent that preted
pression that such advertisement, solicitation,
such
amounts
are
recovered
under
this
section
and
business activity, or product is in any manner
(2) in subparagraph (B) (as redesignated), by, as penalties imposed for misuse of words, letters, approved, endorsed, sponsored, or authorized
sijmbols,
or
emblems
relating
to
the
Social
Secustriking "Social Security Administration" each
by, or associated with, the Department of the
place it appears and inserting "Social Security rity Administration, stsch amounts shall be de- Treasury or any entity referred to in paragraph

curity Income Program', or 'Medicaid, the let
ters 'SSA', 'HCFA, 'DHHS, 'HHS, or

Administration, Health Care Financing Admin' posited into the Federal OldAge and Survivor's
istration, or Department of Health and Human Insurance Trust Fund.".

Services, and by striking "or of the Health
Care Financing Admin.stration".

(c) EXEMPTION FOR USE OF WORDS, LETTERS,
SYMBOLS, AND EMBLEMS OF STATE AND LOCAL
GOVERNMENT AGENCIES BY SUCH AGENCIES.—-

(j) ENFORCEMENT.—Section 1140 of such Act
(42 U.S.C. 1320b—10) is amended by adding at the

end the following new subsection:
"(d) The preceding provisions of this section'
shall be enforced through the Office of Inspector

(1) or any officer or employee thereof.
"(b) TREATMENT OF DIYAJLAIMERS.—Any deter-

mination of whether a person has violated the
provisions of subsection (a) shall be made without regard to any use of a disclaimer of affiliation with the United States Government or any
particular agency or instrumentality thereof.

Paragraph (1) of section 1140(a) of such Act (as General of the Department of Health and
"(c) CIVIL PENALTY.—
Services.".
redesignated by stsbsêction (a)) is further Human
"(1) IN GENERA L.—The Secretary of the Treas(k)
ANNUAL
REPORTS.—Section
1140
of
such
amended by adding at the end the following
ury may impose a civil penalty on any person
Act
(as
amended
by
the
preceding
provisions
of
new sentence: "The preceding provisions of this
who violates the provisions of subsection (a).
subsection shall not apply with respect to the th.s section) is further amended by adding at
"(2) AMOUNT OF PENALTY.—The amount of the
the
end
the
following
new
subsection:
use by any agency or instrumentality of a State
civil penalty imposed by paragraph (1) shall not
'(e)
The
Secretary
shall
include
in
the
annual
or political subdivi.sion of a State of any words report submitted pursuant to section 704 a report exceed $5,000 for each use of any material in
or letters which tdentify an agency or instruof subsection (a). If such use is in a
the operation of th.s section during the year violation
mentality of such State or of a political subdivi on
broadcast or telecast, the preceding sentence
covered
by
such
annual
report.
Such
report
s2on of such State or the use by any such agenshall be applied by substituting '$25,000' for
specify—
cy or instrumentality of any symbol or emblem shall
"(1) the number of complaints of violations of '$5,000'.
of an agency or instrumentality of such State or this section received by the Social Security Ad'(3) TIME LIMITATIONS.—
a political subdivision of such State..
"(A) ASSESSMENTS .—T he Secretary of the
ministration
during
the
,ear,
Treasury
assess any civil penalty under
(d) INCLUSION OF REASONABLENESS STAND"(2) the number of cases in which a notice of paragraph may
(1) at any time before the end of the
ARD.—Sectwn 1140(a) (1) of such Act (as amend violation of this section was sent by the Social
ed by the preceding provisions of this section) is Security Administration during the year re- 3-year period beginning on the date of the violafurther amended, in the matter following sub- questing that an individual cease activities in tion with respect to which such penalty is imparagraph (B) (as redesignated), by striking violation of th.s section,
posed.
'(B) CIVIL ACTION.—The Secretary of the
"convey" and inserting "convey, or in a.man"(3) the number of complaints of violations of
ner which reasonably could be interpreted or thi.s section referred• by the Social Security Ad- Treasury may commence a civil action to recover
construed as conveying,".
min.stration to the Inspector General in the De- any penalty imposed under th.s stsbsection at
(e) INEFFECTIVENESS OF DISCLAIMERS.—Sub- partment of Health and Human Services during any time before the end of the 2-year period beginning on the date on which such penalty was
section (a) of section 1140 of such Act (as the year,
amended by the preceding provisions of this sec'(4) the number of investigations of violations assessed.
"(4) COORDINATION WITH SUBSECTION (d).—No
tion) is further amended by adding at the end of this section undertaken by the Inspector Genpenalty may be assessed under this subsection
the following new paragraph:
eral during he year,
'(3) Any determination of whether the use of
"(5) the number of cases in which a demand with respect to any violation after a criminal
one or more words, letters, symbols, or emblems letter was sent during the year assessing a civil proceeding with respect to such violation has
been commenced under subsection (d).
(or any combination or variation thereof) in money penalty under this section,
'(d) CRIMINAL PENALTY.—
connection with an item described in paragraph
"(6) the total amount of civil money penalties
'(1) IN GENERAL.—If any person knowingly
(1) or the reproduction, reprinting, or distribu- assessed under this section during the year,
tion of an item described in paragraph (2) is a
'(7) the number of requests for hearings filed violates subsection (a), such person shall, upon
violation of this subsection shafl be made with- during the year pursuant to subsection (c)(1) of conviction thereof, be fined not more than
$10,000 for each such use or imprisoned not more
out regard to any inclusion in such item (or any this section and section 1128A(c)(2),
so reproduced, reprinted, or distributed copy
'(8) the disposition during such year of hear- than 1 year, or both. If such use is in a broadthereof) of a disclaimer of affiliation with the ngs filed pursuant to sections 1140(c)(1) and cast or telecast, the preceding sentence shall be
applied by substituting '$50 000'for '$10000'.
United States Government or any particular 1128A(c)(2), and
(2) TIME LIMITATIONS.—No person may be
"(9) the total amount of civil money penalties
agency or instrumentality thereof.
(f) VIOLATIONS WITH RESPECT TO INDIVIDUAL under this section deposited into the Federal prosecuted, tried, or punished under paragraph
ITEMS.—Section 1140(b) (1) of such Act (42 U.S.C. Old-Age and Survivors Insurance Trust Fund (1) for any violation of subsection (a) unless the
1320b—10(b)(1)) is amended by adding at the end

the following new sentence: 'In the case of any
items referred to in subsection (a)(1) consisting
of pieces of mail, each such piece of mail which
contains one or more words, letters, sijmbols, or

dunng the year.'.
(1) PROHIBITION OF MISUSE OF DEPARTMENT
OF THE TREASURY NAMES, SYMBOLS, ETC.—

(1) GENERAL RULE—Subchapter II of chapter

indictment is found or the information insti-

tuted during the 3-year period beginning on the
date of the violation.
'(3) COORDINATION WITH SUBSECTION (c).—No

3 of title 31, United States Code, is amended by criminal proceeding may be commenced under


this subsection with respect to any violation if a civil penalty is not—Specically been assessed under subsection (c) with respect to such violation."

(2) CLERICAL AMENDMENT.—The analysis for chapter 3 of title 31, United States Code, is amended by striking the item relating to section 332 the following new item:

"333. Prohibition of misuse of Department of the Treasury names, symbols, etc.,".

(3) REPORT.—Not later than May 1, 1996, the Secretary of the Treasury shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the implementation of the amendments made by this section. Such report shall include a statement of all cases in which the Secretary has notified persons of violations of section 333 of title 31, United States Code (as added by subsection (a)), the number of prosecutions commenced under such section, and the total amount of the penalties collected in such prosecutions.

(m) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to violations occurring after the date of the enactment of this Act.

SEC. 214. INCREASED PENALTIES FOR UNAUTHORIZED DISCLOSURE OF SOCIAL SECURITY INFORMATION.

SEC. 215. INCREASE IN AUTHORIZED PERIOD FOR EXTENSION OF TIME TO FILE APPLICATION FOR DETERMINATION OF BENEFITS.

SEC. 216. EXTENSION OF DISABILITY INSURANCE PROGRAM—DEMONSTRATION PROJECT AUTHORITY.

SEC. 217. CROSS-MATCHING OF SOCIAL SECURITY ACCOUNT NUMBER INFORMATION AND EMPLOYER IDENTIFICATION NUMBER INFORMATION MAINTAINED BY THE DEPARTMENT OF AGRICULTURE.

SEC. 218. CERTAIN TRANSFERS TO RAILROAD RETIREMENT ACCOUNT MADE PERMANENT.

SEC. 219. AUTHORIZATION FOR USE OF SOCIAL SECURITY ACCOUNT NUMBERS FOR PURPOSES OF CODE OF FEDERAL REGULATIONS—DEPARTMENT OF LABOR IN ADMINISTRATION OF FEDERAL WORKERS' COMPENSATION LAWS.

SEC. 220. COVERAGE UNDER FICA OF FEDERAL EMPLOYEES TRANSFERRED TEMPORARILY TO INTERNATIONAL ORGANIZATIONS.

SEC. 221. TREATMENT OF SERVICE IN THE EMPLOY OF INTERNATIONAL ORGANIZATIONS BY CERTAIN FEDERAL EMPLOYEES.
national organization by an individual pursuant to a transfer of such individual to such international organization pursuant to section 3582 of title 5, United States Code, shall constitute 'employment' under
section 3582 of title 5, United States Code.

"(B) The term 'international organization' has the meaning provided such term by section 3582 of title 5, United States Code.

"(2) Definitions.—For purposes of this subsection—

(A) FEDERAL AGENCY.—The term 'Federal agency' means an agency, as defined in section 3581(1) of title 5, United States Code.

(B) INTERNATIONAL ORGANIZATION.—The term 'international organization' has the meaning provided such term by section 3581(1) of title 5, United States Code.

(2) CONTRIBUTIONS BY FEDERAL AGENCY.—Section 3122 of such Code (relating to Federal service performed by an individual under a transfer to which the provisions of section 3121(y) are applicable) is amended by striking subsections (a), (b), and (c) and inserting the following new subsection:

"SEC. 3122. CONTRIBUTIONS BY FEDERAL AGENCY.

"(a) In General.—The contribution shall be equal to the daily equivalent of the rate of pay of the position to which the individual is transferred, plus the return and refund of the taxes imposed by this chapter."

"(b) CONFORMING AMENDMENT.—Section 210(a)(15) of such Code (relating to the return and refund of the taxes imposed by this chapter) is amended by inserting "(A) the term 'employment' under section 3121(y) before the semicolon.

"(c) EFFECTIVE DATE.—The amendments made by this subsection shall apply to services performed after the calendar quarter following that in which the enactment of this Act occurs.

SEC. 221. EXTENSION OF FICA TAX EXEMPTION AND CERTAIN TAX RULES TO INDIVIDUALS WHO ENTER THE UNITED STATES UNDER A VISAS ISSUED UNDER SECTION 101 OF THE IMMIGRATION AND NATIONALITY ACT.

(a) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) The following provisions of the Internal Revenue Code of 1986 are amended by inserting "(F) or (J)" and inserting "(F), (J), or (Q)"

(A) Section 871(c).

(B) Section 1441(b).

(C) Section 1441(a).

(D) Section 3231(e)(1).

(E) Section 3205(c)(19).

(2) Paragraph (5) of section 872(h) of such Code is amended by inserting "(F), or (J)" and inserting "(F), (J), or (Q)"

(3) Paragraph (5) of section 7701(b) of such Code is amended by inserting "(F), (J), or (Q)"

(4) Paragraph (5) of section 7701(b) of such Code is amended by inserting "(F), (J), or (Q)"

(5) Paragraph (5) of section 7701(b) of such Code is amended by inserting "(F), (J), or (Q)"

(6) Paragraph (5) of section 7701(b) of such Code is amended by inserting "(F), (J), or (Q)"

"(b) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on and after the enactment of this Act.

SEC. 222. STUDY OF RISING COSTS OF DISABILITY INSURANCE BENEFITS.

(a) In General.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services shall conduct a comprehensive study of the reasons for rising costs payable from the Disability Insurance Trust Fund.

(b) Matters to be included in study.—In conducting the study under this section, the Secretary shall—

(1) determine the relative importance of the following factors in increasing the costs payable from the Trust Fund:

(A) increased numbers of applications for benefits;

(B) higher rates of benefit allowances; and

(C) decreased rates of benefit terminations; and

(2) identify, to the extent possible, underlying social, economic, demographic, programmatic, and other trends responsible for changes in disability benefit applications, allowances, and terminations.

"(c) REPORT.—Not later than December 31, 1994, the Secretary shall transmit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate setting forth the results of the study conducted under this subsection, together with any recommendations for legislative changes which the Secretary determines appropriate.

(2) The study described in paragraph (1) shall include issues of—

(1) the effects of the definition of "disability" under title II of the Social Security Act (42 U.S.C. 410 et seq.) on the Social Security Administration's ability to receive and process claims;

(2) the receipt and processing of claims; and

(3) the efficiency of the system to receive and process claims.

(3) ASSIGNMENT TO COMMISSION.—The Commission on Long-Term Disability Insurance shall conduct the study prescribed in subsection (b) for purposes of this section.
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(A) whether the need by families for assistance in meeting high costs of medical care for children with serious physical or mental impairments is likely to be eliminated by the availability of federal assistance programs and state plans of medical assistance under title XIX of the Social Security Act, might appropriately be met through expansion of Federal health assistance programs (including the program of medical assistance under title XIX of such Act);

(B) the feasibility of providing benefits to children through noncash means, including but not limited to food stamps, social security benefit cards, and electronic benefit transfer systems;

(C) the extent to which the Social Security Administration can involve private organizations in an effort to increase the provision of social services, education, and vocational instruction with the aim of promoting independence and the ability to engage in substantial gainful activity;

(D) the feasibility of providing retroactive supplemental security income benefits pursuant to the rules in Hamilton v. Zeblig, 110 S. Ct. 2658 (1990), on a prorated basis or by means of a packaged trust;

(E) methods to increase the extent to which benefits are available to assist a child achieve independence and engage in substantial gainful activity; and

(F) such other issues that the Secretary determines appropriate.


by subsection (a) shall take effect on October 1, 1995.

Sec. 225. TEMPORARY AUTHORITY TO APPROVE A LIMITED NUMBER OF PLANS FOR ACHIEVING SELF-SUPPORT THAT INCLUDE HOUSING GOALS.

(a) In General.—Section 1613 of the Social Security Act (42 U.S.C. 1382a(b)(4)(A)) is amended in each of subparagraphs (A) and (B) by inserting “and, for purposes of this clause, a plan for achieving self-support which is not approved by the Board within 60 days after the date of submission shall be deemed to be approved by the Board until subsequently disapproved by the Board (with appropriate notification to the individual)”, after “plan,”.

(b) AMENDMENT TO RESOURCE EXCLUSION RULE.—Section 1613(a)(4) of such Act (42 U.S.C. 1382a(b)(4)) is amended by inserting “, and, for purposes of this subsection, a plan for achieving self-support which is not approved by the Board within 60 days after the date of submission shall be deemed to be approved by the Board until subsequently disapproved by the Board (with appropriate notification to the individual)” after “such plan.”

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1995.

Sec. 226. AMENDMENTS TO TITLE XVI IN THE SOCIAL SECURITY ACT.

(a) PREVENTION OF FRAUD IN THE SSI PROGRAM BY TRANSLATORS OF FOREIGN LANGUAGE STATEMENTS.

(1) In General.—Section 1613(e) of the Social Security Act (42 U.S.C. 1383e) is amended by inserting “and increases pursuant to title XVII that occur while such individual is outside the United States; and, for purposes of this title, are determined pursuant to section (a) later than 6 years after the date of submission shall be deemed to be approved by the Board until subsequently disapproved by the Board (with appropriate notification to the individual)” after “such plan.”

(b) REPORT.—The amendment made by subsection (a) shall apply to eligibility determinations for months after December 1994.

Sec. 227. AMENDMENTS TO TITLE XVI IN THE SOCIAL SECURITY ACT.

(a) PREVENTION OF FRAUD IN THE SSI PROGRAM.

(1) In General.—Section 1613(e) of the Social Security Act (42 U.S.C. 1383e) is amended by inserting “and increases pursuant to title XVII that occur while such individual is outside the United States; and, for purposes of this title, are determined pursuant to section (a) later than 6 years after the date of submission shall be deemed to be approved by the Board until subsequently disapproved by the Board (with appropriate notification to the individual)” after “such plan.”

(b) REPORT.—The amendment made by subsection (a) shall apply to eligibility determinations for months after December 1994.

Sec. 228. AMENDMENTS TO TITLE XVI IN THE SOCIAL SECURITY ACT.

(a) PREVENTION OF FRAUD IN THE SSI PROGRAM.

(1) In General.—Section 1613(e) of the Social Security Act (42 U.S.C. 1383e) is amended by inserting “and increases pursuant to title XVII that occur while such individual is outside the United States; and, for purposes of this title, are determined pursuant to section (a) later than 6 years after the date of submission shall be deemed to be approved by the Board until subsequently disapproved by the Board (with appropriate notification to the individual)” after “such plan.”

(b) REPORT.—The amendment made by subsection (a) shall apply to eligibility determinations for months after December 1994.

Sec. 229. AMENDMENTS TO TITLE XVI IN THE SOCIAL SECURITY ACT.

(a) PREVENTION OF FRAUD IN THE SSI PROGRAM.

(1) In General.—Section 1613(e) of the Social Security Act (42 U.S.C. 1383e) is amended by inserting “and increases pursuant to title XVII that occur while such individual is outside the United States; and, for purposes of this title, are determined pursuant to section (a) later than 6 years after the date of submission shall be deemed to be approved by the Board until subsequently disapproved by the Board (with appropriate notification to the individual)” after “such plan.”

(b) REPORT.—The amendment made by subsection (a) shall apply to eligibility determinations for months after December 1994.

Sec. 230. SEC. 230. DISREGARD OF COST-OF-LIVING INCREASES FOR CONTINUED ELIGIBILITY FOR WORK INCENTIVES.

(a) In General.—Section 1613(a)(5) of the Social Security Act (42 U.S.C. 1383b(h)(1)(B)) is amended by inserting “and increases pursuant to title XVII that occur while such individual is outside the United States; and, for purposes of this title, are determined pursuant to section (a) later than 6 years after the date of submission shall be deemed to be approved by the Board until subsequently disapproved by the Board (with appropriate notification to the individual)” after “such plan.”

(b) REPORT.—The amendment made by subsection (a) shall apply to eligibility determinations for months after December 1994.
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"(2) The Board shall not make a determination adverse to any person under this section until the person has been given written notice and an opportunity for the determination to be made on the record after a hearing at which the person was afforded opportunity to present witnesses, and to cross-examine witnesses against the person.

(3) In a proceeding under this section which

(A) is against a person who has been convicted (wherever upon a verdict after trial or upon a plea of guilty or nolo contendere) of a Federal or state crime, charging fraud or false statements,

(B) involves the same transaction as in the criminal action;

the person is entitled to the same due process as in the criminal action.

"(4) The official conducting a hearing under this section may sanction a person, including any party or attorney, for failing to comply with the order to appear; for failing to take or cause to be taken any action necessary to preserve evidence; for failure or neglect to take action which is not filed in a timely manner; and

"(5) In a proceeding under this section which

(A) the court, unless the failure or neglect to adduce additional evidence is material and that there were reasonable grounds for the failure or neglect to adduce such evidence in the hearing before the Board under this section, the Board shall give the parties a reasonable opportunity to adduce additional evidence. If such opportunity is taken and the Board shall file with the court such modified or new findings, which findings with respect to questions of fact, if supported by substantial evidence and the record considered as a whole shall be conclusive, and his recommendations, if any, for the modification or setting aside of his original order.

(3) Upon the filing of the record with the Board's original or modified order, the jurisdiction of the court shall be exclusive and its judgment shall be final, except that the Supreme Court of the United States, as provided in section 1254 of title 28, United States Code, may affirm, modify, remand for further consideration, or set aside. A copy of the petition shall be forthwith transmitted to the court for consideration.

(4) An official, conduct hearing of a person, as defined under this section and of the Social Security Administration.

(5) In cases of student aid under the Federal Student Aid Act, or of the Bureau of Indian Affairs, as defined in section 1631(a) (2).

(6) In cases of student aid under the Bureau of Indian Affairs, as defined in section 1631(a) (2).
(B) If, after redetermining the eligibility of an individual for benefits under this title by reason of disability, the Board determines that there is insufficient reliable evidence of disability, by applying the criteria determining such eligibility, the Board shall terminate such benefits with respect to any alien who has applied for such benefits by reason of disability, by applying the criteria determining such eligibility.

(2) EFFECTIVE DATE—The amendment made by paragraph (1) shall take effect on October 1, 1994, and shall apply to eligibility determinations beginning on or after such date.

(e) AVAILABILITY OF RECIPIENT IDENTIFYING INFORMATION FROM THE INSPECTOR GENERAL, SOCIAL SECURITY ADMINISTRATION.—

(1) In general.—Section 1631(e)(3) of the Social Security Act (42 U.S.C. 1382c(e)), as amended by subsection (d) of this section, is amended by adding at the end the following:

"(7) As soon as the Inspector General, Social Security Administration, has reason to believe that fraud was involved in the application of a recipient for benefits under this title, the Inspector General shall make available to the Board information identifying the recipient, unless a United States attorney, or equivalent State prosecutor, with jurisdiction over potential or actual related criminal cases, in writing, makes there is a substantial risk that making the information so available or redetermining the eligibility of the recipient for such benefits would jeopardize the calculation of Social Security benefits for which a person who is a subject of the investigation from which the information is derived.".

(2) EFFECTIVE DATE—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(f) AUTHORITY TO USE AVAILABLE PREADMISSION IMMIGRANT AND REFUGEE MEDICAL INFORMATION—

(1) In general.—Section 1613(e)(3) of the Social Security Act (42 U.S.C. 1382c(e)), as amended by the preceding provisions of this Act, is amended by adding the following:

"(6) The Board shall request the Immigration and Naturalization Service and the Centers for Disease Control to provide the Board with whatever medical information either such entity has with respect to any alien who has applied for benefits under this title to the extent that the information is relevant to any determination relating to such eligibility."

(2) EFFECTIVE DATE—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(g) ANNUAL REPORTS ON REVIEWS OF SSI CASES.—The Board shall annually submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the extent to which the Board has exercised its authority to review supplemental security income cases under title XVI of the Social Security Act, and the extent to which the cases reviewed were those that involved a high likelihood or probability of fraud.

SEC. 232. DISABILITY REVIEW REQUIRED FOR SSI RECIPIENTS WHO ARE 18 YEARS OF AGE.

(a) In general.—Section 1614(a)(3)(G) of the Social Security Act (42 U.S.C. 1382c(a)(3)(G)) is amended—

(1) by inserting "(i)" after "(G);"; and

(2) by adding after and below the end the following:

"(ii) During the 1-year period that begins on the date a recipient of benefits under this title by reason of disability attains 18 years of age, the applicable State agency or the Board (as the case may be) shall redetermine the eligibility of the recipient for such benefits by reason of disability, by applying the criteria used in determining eligibility for such benefits of aliens who attained 18 years of age.

(ii) A review under subclause (I) of this clause shall be considered a substitute for a re-

(a) CONTINUING DISABILITY REVIEWS.

(a) In General.—Section 1614(a)(3)(G) of such Act (42 U.S.C. 1382c(a)(3)(G)) is amended by inserting "(ii)" after "(G);".

(b) EFFECTIVE DATE—The amendment made by subsection (a) shall take effect on October 1, 1994, and shall apply to eligibility determinations beginning on or after such date.
the Internal Revenue Code of 1986" after "Internal Revenue Code of 1984."

(ii) in subparagraph (C) of (E) of paragraph (4),

(iii) in paragraph (5)(A), (B), and (C) of paragraph (4),

(iv) in paragraph (15), (16), and (17), respectively.

by striking "1984" each place it appears and inserting "1986".

(C) Subsections (b), (c), (d), (d)(1), and (e) of section 206(a) of such Act (42 U.S.C. 409) are amended by striking "1984" each place it appears and inserting "1986".

(D) The Secretary shall determine and publish annually a wage index (as defined in section 209(k)(1)) and a statement of the effect such determination is made to (U) the national average wage index (as so defined) for 1976,.

(E) Section 215(a)(1)(D) of such Act (42 U.S.C. 415(a)(1)(D)) is amended by striking "deemed average total wages" and inserting "national average wage index", and by striking the "average of the total wages and all that follows and inserting "the national average wage index (as so defined) for 1976,.

(F) Section 215(a)(1)(C)(i) of such Act (42 U.S.C. 415(a)(1)(C)(i)) is amended by striking "deemed average total wages" and inserting "national average wage index", and by striking the "average of the total wages and all that follows and inserting "the national average wage index (as so defined) for 1976,.

(G) Section 215(a)(1)(B) of such Act (42 U.S.C. 415(a)(1)(B)) is amended by striking "deemed average total wages" and inserting "national average wage index", and by striking the "average of the total wages and all that follows and inserting "the national average wage index (as so defined) for 1976,.

(H) Section 215(a)(1)(A) of such Act (42 U.S.C. 415(a)(1)(A)) is amended by striking "deemed average total wages" and inserting "national average wage index", and by striking the "average of the total wages and all that follows and inserting "the national average wage index (as so defined) for 1976,.

(I) The preceding provisions of this section are amended by redesignating paragraphs (1), (2), and (3) as (1), (2), and (3), respectively.

(J) The wage index (as defined in section 209(k)(1)) determined for a calendar year before the year in which such reduction was made shall not be disregarded for purposes of section 216(j)(4)(C) of such Act (42 U.S.C. 416(j)(4)(C)) and a statement of the effect such determination is made to (U) the national average wage index (as so defined) for 1976,.

(K) Section 215(a)(1)(H)(i) of such Act (42 U.S.C. 415(a)(1)(H)(i)) is amended by striking "deemed average total wages" and inserting "national average wage index", and by striking the "average of the total wages and all that follows and inserting "the national average wage index (as so defined) for 1976,.

(L) Section 215(a)(1)(G)(ii) of such Act (42 U.S.C. 415(a)(1)(G)(ii)) is amended by striking "deemed average total wages" and inserting "national average wage index", and by striking the "average of the total wages and all that follows and inserting "the national average wage index (as so defined) for 1976,.

(SECTION 5105(d) RELATING TO REPRESENTATIVE PAYEES.—

(A) TITLE II AMENDMENTS.—Section 5105(d)(1)(A) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) is amended—

(i) by striking "Section 205(i)(5)" and inserting "Section 205(i)(6)"; and

(ii) by redesignating paragraph (5) as amended thereby as paragraph (6).

(B) TITLE XVI AMENDMENTS.—Section 1631(d)(2)(A)(i) of such Act (42 U.S.C. 1383(d)(2)(A)(i)) is amended by inserting "and" at the end of such paragraph.

(C) Section 1631(d)(2)(A)(iv) of such Act (42 U.S.C. 1383(d)(2)(A)(iv)) is amended by striking subparagraph (C) and inserting the following:

"(C) where the representative payee is the Secretary or his delegate for purposes of section 206(b) of the Social Security Act (42 U.S.C. 416(b)),".

(D) The preceding provisions of this section are amended by redesignating subparagraphs (E) and (F) as subparagraphs (G) and (H), respectively.

(E) The preceding provisions of this section are amended by striking the following:

"(E) the Secretary shall make a good faith effort to obtain a representative payee results in misuse of benefits by the representative payee, the Secretary shall make payment to the beneficiary or the representative payee of an amount equal to such misuse benefits. The Secretary shall make a good faith effort to obtain restitution from the terminated representative payee.

(F) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5106 RELATING TO COORDINATION OF MEDICARE TITLES II AND XVI GOVERNING FEES FOR REPRESENTATIVES OF CLAIMANTS WITH ENTITLEMENTS UNDER BOTH TITLES.—

(A) CALCULATION OF FEE OF CLAIMANT'S REPRESENTATIVE.—The amount of past-due supplemental security income benefits after application of windfall offset provision—Section 1631(d)(2)(A)(ii) of the Social Security Act (42 U.S.C. 1383(d)(2)(A)(ii)) as amended by section 1127(a) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) is amended to read as follows:

"(ii) In general—Section 206(b)(1) of such Act (42 U.S.C. 416(b)) is amended—

(i) by inserting ("A") after ("B"),

(ii) by adding at the end the following new subparagraph (D):—

"(D) For purposes of this paragraph—

"(i) the term 'past-due benefits' excludes any benefits with respect to which payment has been computed pursuant to subsection (g) or (h) of section 223, and

"(ii) amounts of past-due benefits shall be taken into account to the extent provided under the circumstances applicable in cases before the Secretary.

"(E) PROTECTION FROM OFFSETTING SSi BENEFITS.—The last sentence of section 1127(a) of the Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. 1383(d)(2)(A)(ii)) is amended by striking "section 206(a)(4)" and inserting "subsection (a)(4) or (b) of section 206".

"(F) TECHNICAL CORRECTIONS RELATED TO OASDI IN THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990.—

(A) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5105(d) RELATING TO DISABLED WIDOWS.—Section 223(f)(2) of the Social Security Act (42 U.S.C. 423(f)(2)) is amended—

(i) in subparagraph (B) by inserting "(in a case to which clause (ii) does not apply)";

(ii) by striking subparagraph (B)(ii) and inserting the following—

"(ii) the individual is now able to engage in substantial gainful activity; or"

(B) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5105(d) RELATING TO REPRESENTATIVE PAYEES.—

(A) TITLE II AMENDMENTS.—Section 5105(d)(1)(A) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) is amended—

(i) by striking "Section 205(i)(5)" and inserting "Section 205(i)(6)"; and

(ii) by redesignating paragraph (5) as amended thereby as paragraph (6).

(B) TITLE XVI AMENDMENTS.—Section 1631(d)(2)(A)(i) of such Act (42 U.S.C. 1383(d)(2)(A)(i)) is amended by inserting "and" at the end of such paragraph.

(C) Section 1631(d)(2)(A)(iv) of such Act (42 U.S.C. 1383(d)(2)(A)(iv)) is amended by striking subparagraph (C) and inserting the following:

"(C) where the representative payee is the Secretary or his delegate for purposes of section 206(b) of the Social Security Act (42 U.S.C. 416(b)),".

(D) The preceding provisions of this section are amended by redesignating subparagraphs (E) and (F) as subparagraphs (G) and (H), respectively.

(E) The preceding provisions of this section are amended by striking the following:

"(E) the Secretary shall make a good faith effort to obtain a representative payee results in misuse of benefits by the representative payee, the Secretary shall make payment to the beneficiary or the representative payee of an amount equal to such misuse benefits. The Secretary shall make a good faith effort to obtain restitution from the terminated representative payee.

(F) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5106 RELATING TO COORDINATION OF MEDICARE TITLES II AND XVI GOVERNING FEES FOR REPRESENTATIVES OF CLAIMANTS WITH ENTITLEMENTS UNDER BOTH TITLES.—

(A) CALCULATION OF FEE OF CLAIMANT'S REPRESENTATIVE.—The amount of past-due supplemental security income benefits after application of windfall offset provision—Section 1631(d)(2)(A)(ii) of the Social Security Act (42 U.S.C. 1383(d)(2)(A)(ii)) as amended by section 1127(a) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) is amended to read as follows:

"(ii) In general—Section 206(b)(1) of such Act (42 U.S.C. 416(b)) is amended—

(i) by inserting ("A") after ("B"),

(ii) by adding at the end the following new subparagraph (D):—

"(D) For purposes of this paragraph—

"(i) the term 'past-due benefits' excludes any benefits with respect to which payment has been computed pursuant to subsection (g) or (h) of section 223, and

"(ii) amounts of past-due benefits shall be taken into account to the extent provided under the circumstances applicable in cases before the Secretary.

"(E) PROTECTION FROM OFFSETTING SSi BENEFITS.—The last sentence of section 1127(a) of the Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. 1383(d)(2)(A)(ii)) is amended by striking "section 206(a)(4)" and inserting "subsection (a)(4) or (b) of section 206".
As an independent agency, SSA can focus on the goal of improving service; insulate itself from the political pressures under which it operated in the 1980s; and return to the stature it enjoyed in the past.

H.R. 4277 also reforms the payments of both Social Security and SSI disability benefits to drug addicts and alcoholics. The bill would place strict limitations on benefits to such individuals and would establish safeguards to ensure that benefits, when paid, are not used to support an addiction.

The legislation also would require that individuals participate in a drug treatment program as a condition of receiving benefits. Progressive sanctions—in the form of lost benefits—would be applied to those who do not comply. Moreover, a total 3-year limit would be placed on benefits to drug addicts and alcoholics.

The bill also addresses fraud and abuse issues in the SSI program by expanding the authority of SSA to prevent, detect, and terminate fraudulent claims for SSI benefits. As a method of prevention, SSA would be required to certify individuals who serve as third-party translators.

In addition, persons found guilty of committing fraud would be subject to civil money penalties and criminal felony sanctions. The legislation would also allow SSA to review all disability cases involving fraud, using identification information from the inspector general and immigrant medical information from the immigration and Naturalization Service.

Finally, the legislation includes a number of other improvements in the Social Security program: it increases the FICA exemption for election workers and makes permanent the transfer of certain revenues to the railroad retirement account. It also transfers SSA to review all disability cases involving fraud, using identification information from the inspector general and immigrant medical information from the immigration and Naturalization Service.

Mr. Speaker, this legislation includes important changes which will increase public confidence in the Social Security and SSI programs. Moreover, it would reduce the unified deficit by $2.3 billion over the next 5 years. I urge my colleagues to give it their support.

Mr. Speaker, I reserve the balance of my time.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Ways and Means brings before the House today H.R. 4277, a bill making the Social Security Administration an independent agency and making other needed improvements in the Social Security and SSI programs.

First, the bill creates an independent Social Security Administration. This legislation has been a long time in coming. In the House, we have acted on this measure three times in the past. Recently, the Senate has also acted, approving an independent agency bill just 2 months ago.

This bill takes an important step toward restoring confidence in an agency which was decimated during the late 1980's. During the two previous administrations, the agency was starved of resources, and its staff was cut by over 20 percent. In these actions, disability applications piled up and the quality of service to the public declined.

The Clinton administration has done an excellent job working to return the agency to working-class service—but it has been an uphill battle. More remains to be done.
It is also the reason why I sponsored one of the first House bills creating an independent Social Security agency with my colleague from Austin, Mr. PICKLE, who served as the subcommittee's first chairman.

That bill was one of the three to have overwhelmingly been passed in the House over the last decade. As sometimes happens around here, however, the Senate and Senate were unable to get together on a final product.

This time, I strongly hope we in fact see the issue finally resolved. First, because freeing Social Security from the HHS bureaucracy is critical to its survival as a vital public service agency.

Making Social Security independent is not a panacea, but I believe that freeing Social Security from the layers of bureaucracy imposed upon it by its current structure within HHS will go a long way in making it less political and both more responsive and more accountable.

I believe that independence from HHS simply will allow Social Security to manage more of its own resources, and will result in results.

Mr. Speaker, the 1983 Social Security Commission, on which I served, recommended that an independent Social Security Administration be run by a single administrator, backed by an advisory board.

While I strongly support this bill, I would like to note that I would prefer the form of management that I would prefer be embodied in the bill of the gentleman from Kentucky [Mr. BUNNING], the ranking Republican on the Social Security Subcommittee, whose efforts on this issue I commend. His bill would establish a single form of leadership as was endorsed by the experts on the Staats panel.

Mr. Speaker, the bill contains other provisions that are important to average Americans and that are also long overdue. Although I would have liked stronger provisions dealing with payments to drug addicts and alcoholics, I am confident that this is just the beginning, and I look forward to working with the leadership of the subcommittee and committee to take further action.

The laxness of the current program is an affront to hard-working American taxpayers and must be corrected.

Mr. Speaker, I join Chairman ROSTENKOWSKI, Subcommittee Chairman JACOBS and our Republican leader on Social Security, the gentleman from Kentucky, Mr. BUNNING, in strongly supporting this bill.

Mr. Speaker, I yield the balance of my time to the gentleman from Kentucky [Mr. BUNNING], and I ask unanimous consent that he be permitted to yield time to other Members.

The SPEAKER pro tempore (Mr. MAZZOLI). Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. The gentleman from Kentucky [Mr. BUNNING] will control the remainder of the time for the minority.

Mr. ROSTENKOWSKI. Mr. Speaker, I make the unanimous consent request that the gentleman from Texas [Mr. ARCHER] make on behalf of the gentleman from Indiana [Mr. JACOBS] the chairman of the Subcommittee on Social Security.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The gentleman from Indiana [Mr. JACOBS] will control the balance of the time on behalf of the majority.

Mr. JACOBS. Mr. Speaker, I thank the chairman of the Committee on Ways and Means, and I yield myself such time as I may consume.

Naming Members of Congress as receiving credit on legislation gets run into the ground, but I am going to do it now. This is the first time I have ever done it, but this is a special occasion.

This proposal has been before Congress for more than a decade. It makes all the sense in the world. In essence, to put it in plain English, it allows the Social Security system to mind its own business without meddling for any reason, other than to perform its mission, into the affairs of anybody else.

The gentleman from Texas [Mr. PICKLE] and the gentleman from Texas [Mr. ARCHER] deserve credit. As a Hoosier, I hate to concentrate all the praise in that direction, but that is the way it came out. Both Mr. PICKLE and Mr. ARCHER have labored long and hard in this vineyard. Chairman ROSTENKOWSKI has been supportive at every turn in the past.

The gentleman from Kentucky [Mr. BUNNING] and the gentleman from New York [Mr. MOYNIHAN], chairman of the Senate Finance Committee, have worked unstintingly toward this end. And I might take this occasion—in fact, I think I will—to say that working with the gentleman from Kentucky [Mr. BUNNING] has been a real joy, particularly since we have managed to have the honor of really steering it into its final harbor.

I would have to say that in terms of the Record and for the sake of history we have had a series of Presidents who did not like Social Security. Now we have a President who has endorsed the idea. So on behalf of everybody who believes it makes common sense, I express my gratitude to the President as well.

Mr. Speaker, I reserve the balance of my time.

Mr. BUNNING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill we are considering right now, H.R. 4277, is, without any question, the most substantial piece of Social Security legislation I have worked on since I became ranking Republican member of the Social Security Subcommittee in 1990.

This bill does quite a few things, but the heart and soul of this bill is independent agency status for the Social Security Administration. It is long overdue.

As my colleagues know, this bill has approved independent agency legislation three times in the past. But this time is different because the Senate has approved similar legislation this year. And we are finally going to get independent agency status for the Social Security Administration a reality.

Before I comment further on the merits of the bill before us, I would also like to acknowledge the efforts of several of my colleagues, whose persistence and hard work on this issue is really paying off.

First, the ranking Republican on the Ways and Means Committee, the gentleman from Texas [Mr. ARCHER], who served as the first ranking Republican on the Social Security Subcommittee, has been an unflagging supporter of making Social Security independent for over a decade.

The chairman of the Ways and Means Committee, Mr. ROSTENKOWSKI, is to be commended for his leadership in bringing this legislation to the floor.

The gentleman from Texas [Mr. PICKLE] deserves a great deal of credit for his early efforts to bring this important change about as the first chairman of the Social Security Subcommittee.

And finally, Mr. JACOBS of Indiana, the chairman of the Social Security Subcommittee with whom it has been my distinct pleasure to work closely since 1990, has done an outstanding job bringing this bill together.

I appreciate their leadership and work on this issue.

Mr. Speaker, I have been convinced for some time that if Social Security is ever to operate efficiently, and give taxpayers Americans the service they deserve, it must be made independent of the Department of Health and Human Services.

Social Security touches the life of virtually every American citizen. It deserves more than being treated in the same manner of a huge bureaucracy like the Department of Health and Human Services.

In my opinion, making Social Security an independent agency would do more than anything else to make Social Security more responsive and more efficient. Independence will also do a great deal to insulate the Social Security Program from political pressures and budgetary games.

If there were ever a question in my mind about the need for an independent agency, it would have been answered very forcefully by the recent developments regarding the decision of HHS appointees to use Social Security trust funds to pay employee bonuses
instead of process backlogged disability claims. That outrageous incident when one high-level official received a $9,200 bonus after being with the agency less than 3 months, is proof enough for me that the folks who run Health and Human Services are not sufficiently sensitive to the special, near-sacred status of the Social Security trust funds.

Independent status will give us a chance to improve oversight and it will clarify and strengthen the lines of responsibility within the agency so that outrages like these will not be repeated.

While I strongly support making Social Security independent of the Department of Health and Human Services, I would have preferred the form of administrative leadership structure specified in the bill I introduced in April of last year—a single Administrator appointed to a seven-member part-time board instead of a three-member board as outlined in this bill.

However, I am confident that this matter of organizational structure will be thoroughly reviewed and reconsidered in conference and that a workable solution will emerge. In any event, independent agency status for the Social Security Administration will do more to strengthen and protect the Social Security Program than anything else we could possibly do.

As I mentioned earlier, this bill contains quite a few other provisions. I will not mention them all. But I would like to comment on one other significant portion of the bill, the provisions which tighten up payment of benefits to drug addicts and alcoholics.

As it stands, many recipients of Social Security disability benefits are using these funds to support their drug or alcohol addictions. This is intolerable.

The purpose of Social Security disability is to provide financial assistance to the disabled until they can return to productive lives. It is very difficult for anyone to recover from anything, if they carry the additional burden of drug or alcohol addiction.

We cannot allow this to continue. It is not fair to the taxpayers. It is not fair to the other recipients who depend on the SSDI Program. And it is not even fair to the disabled addicts and alcoholics themselves.

This bill does require better monitoring of benefits to substantiate substance abuse, it does mandate participation in treatment programs, and it does terminate benefits to addicts after 36 months.

These are very positive and much needed improvements. I think we could and should do even more—and I hope that we will return to this issue in the near future—but this bill is a very good start at addressing this very serious problem.

This bill is not and should not be controversial. As has already been mentioned, the House has overwhelmingly passed legislation to make Social Security an independent agency three times in the past.

The provisions tightening up on benefits to addicts and alcoholics are pure common sense.

And the other provisions in this bill should also improve the efficiency, the fairness, and the responsiveness of the Social Security Program.

Overall, it is a very good bill—a long-overdue bill—and it deserves the support of every Member of this body today.

I strongly urge my colleagues to vote for this landmark legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. JACOBS. Mr. Speaker, we should also give a great deal of credit to our friend and colleague, the gentleman from Wisconsin [Mr. KLECCSKA], who opposed drug amendment on drug addiction and alcoholic addition in the Committee on Ways and Means, a measure that was passed in no small measure because of the gentleman’s unstinting work on the problem.

Mr. Speaker, I yield 2 minutes to the first chairman of the Subcommittee on Social Security, the gentleman from Texas [Mr. PICKLE].

(Mr. PICKLE asked and was given permission to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, I thank the chairman for yielding.

Mr. Speaker, I rise today in support of H.R. 4277, the Social Security Administrative Reform Act of 1994. As I would hope all Members are aware, this legislation would establish the Social Security Administration as an independent agency, thereby helping to insulate this vital program from partisan political pressures.

The House has overwhelmingly voted in favor of this provision in the past, and, earlier this year, the Senate, under the able leadership of Senator MOYNIHAN, recognized the merits of this approach.

In addition, this bill contains several important provisions which are the result of investigations by the Subcommittee on Oversight, including: Preventing fraud by middlemen in obtaining benefits through the Social Security disability insurance programs; requiring periodic continuing disability reviews for people receiving benefits under the SSI Disability Insurance Program—an amendment by Mr. HANGER; and prohibiting the misuse of names and symbols related to the Social Security Administration, the Health Care Financing Administration, and the Treasury Department.

Each of these reforms will protect American taxpayers from currently widespread abuse in these programs which are so important to the general public welfare. They will prevent the payments of hundreds of millions of dollars of benefits to those who are not entitled to benefits. In addition, they will preserve public confidence in the ability of the Federal Government to properly administrate these programs.

I am pleased to note that these reforms are the result of the bipartisan efforts of the Members of the Committee. I would particularly note the leadership of Chairman ANDY JACOBS and HAROLD FORD who have worked closely on these issues with AMO HENDERSON, JIM BUNNING, RICK SANTORUM, and WALLY HERGER. I strongly urge that Members of both sides of the aisle come together in support of this important package of reforms.

Mr. BUNNING. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. Mr. Speaker, I thank my good friend from Kentucky for yielding.

Mr. Speaker, I support today's bill to reform our Social Security System. Under this bill, Social Security will become a separate agency, walled off from political mischief, to protect the hard-earned benefits of Social Security recipients. We will also impose some tough restrictions on drug addicts and alcoholics who abuse their benefits.

Today's bill, while it does not go as far as I would like it to, it will at least go in the right direction. I urge the Members of Congress to pass these reforms to protect our Social Security recipients' benefits and to guarantee Americans a secure retirement.

Mr. Speaker, as chairman of the House Republican Social Security Task Force, I support this Social Security Administrative Reform Act. Social Security is a trust between the American people and their Government. In recent years, that trust has eroded.

First, senior citizens are justifiably upset that political and budget battles have placed their hard-earned Social Security benefits many times in jeopardy. Why, just last year the Clinton administration forced through this Congress a $26.5 billion Social Security tax on Social Security recipients.

The American people are outraged that drug addicts and alcoholics are spending their supplemental security income and Social Security disability insurance benefits on drugs and alcohol.

While the time for solutions is long overdue, today's House action will take us at least a step in the right direction. Today's bill will make Social Security an independent agency to protect Americans' retirement funds from political and budget battles. Every Social Security beneficiary, both current and future, must be assured that his and her benefits will be secure and that the program will be administered fairly and soundly.

By walling off Social Security as an independent agency, Congress will help to assure the American people that Social Security funds will be used for Social Security purposes only.
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Today's bill also will tighten the rules for drug addicts and alcoholics who receive these benefits. As I testi-

fied before the subcommittee back in February, the American people are outraged that our Social Security has de-
gerated from a program to cow for addicts. This goes in the right direction in making those corrections.

Mr. JACOBS. Mr. Speaker, I yield 2 minutes to our hard-working colleague, the gentlewoman from Connecticut [Mrs. KENNELLY].

(Mrs. KENNELLY asked and was given permission to revise and extend her remarks.)

Mrs. KENNELLY. Mr. Speaker, in a world of few guarantees, one should stand back and appreciate—the promise of Social Security benefits.

We are considering a bill today that will help us make good on this promise of future security—a bill to make the Social Security Administration an independent agency.

This bill will put Social Security Administration above the fray. It will help ensure that policy is made with regard only to beneficiaries. It will help us keep our promises and our guarantees, and it will help the men and women who depend on these benefits.

Every time I am at home, I hear from seniors who are concerned about their benefits, who are worried that changes in Washington may affect them unnecessarily. This bill will help ensure that their benefits will be protected and will be there when they need them.

Mr. Speaker, I urge my colleagues to pass this bill. It is long overdue.

Mr. BUNNING. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama [Mr. BACHUS].

(Mr. BACHUS of Alabama asked and was given permission to revise and extend his remarks.)

Mr. BACHUS of Alabama. Mr. Speaker, I rise today in full support of H.R. 4277. I am cosponsor of that legislation, and I want to commend the gentleman from Indiana [Mr. JACOBS], the gentleman from Kentucky [Mr. BUNNING], the gentleman from Illinois [Mr. Rostenkowski], and the gentleman from Texas [Mr. ARCHER], and the gentleman from Texas [Mr. PICKLE] for their fine work.

We must protect our Social Security system from the political spending practices and gimmicks that we have seen in this Congress and from this ad-

ministration. This protection is all the more mandatory in these days of $300 billion annual deficits. By making Social Security an independent agency this legis-

lation will help insulate our Social Security funds from such mischief.

Americans deserve a return on their investment, an investment they believe their state and local taxes contribute to Social Security out of every paycheck. Making Social Security an independent agency is an important step in assuring that they get that return. And finally, this legislation will go a great distance in helping assure that Social Security is there for our seniors and every work-

ing American who invested in the system.

Mr. Speaker, I have stood on this floor on several occasions to warn of the impending insolvency of the Social Security Disability Trust Fund. Today the disability system is already in serious financial trouble. Unless we in Con-

gress act now, the disability fund will be totally bankrupt by 1995. Last year alone, the Disability Trust Fund lost over $3 billion, and is expected to show a deficit of over $1 billion by the next year unless this Congress takes action.

The Clinton administration has re-

quested that $15 billion be diverted from the Old Age and Survivors Insurance Disability Trust Fund to shore up the Dis-

ability Trust Fund. Mr. Speaker, this is no solution.

Instead, we must have a top to bottom reform of the Social Security dis-

ability system. I see this legislation as the first step in that process. I commend the gentleman from Indiana [Mr. JACOBS] for offering it.

I am also very pleased that my amendment requiring the Department of Health and Human Services to Investi-

gate the causes of the impending in-

solvency of the Disability Trust Fund, and make recommendations on how to correct them, has been included in this bill. I thank the gentlewoman from Texas [Mrs. KLECKZA] for her amendment in committee on my behalf.

The study, now required by this leg-

islation, is to be completed by Decem-

ber 31. It will identify problems and offer solutions to make the Disability Trust Fund sound and solvent. We can not continue to throw money at this problem, but instead must use this study as a road map to make addi-
tional changes which will be necessary if we are to save the Disability Trust Fund.

There is no need for us to reach a cri-

sis atmosphere before we act. There is every need for us to avoid a last-ditch effort in bailing out the Social Secu-

rity System. I urge you, pass this im-

portant legislation now.

Mr. JACOBS. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. KLECKZA], a member on the committee who has worked the hardest on this legislation.

(Mr. KLECKZA asked and was given permission to revise and extend his re-

marks.)

Mr. KLECKZA. Mr. Speaker, I rise in support of H.R. 4277 and urge my col-

leagues to pass this bill. I am par-

ticularly pleased to see that this bill ad-

dresses the Supplemental Security In-

come [SSI] Program, which is in dire need of reform.

In recent months, SSI has been the subject of widespread and public outrage. Reports abound of alcoholics and drug addicts using taxpayer money to fi-
nance their habits and of parents en-

couraging children to misbehave in school so they can qualify for benefits.

Clearly, the system is not working and H.R. 4277 takes a much-needed step toward fixing it. Under current law, substance abusers whose addictions are serious enough to qualify as disabling can receive SSI if they are low income. These recipients are required to under-

go treatment and can lose their ben-

efits if they fail to comply with the treatment re-

quirements. They will be suspended from their Federal checks. Drug addicts will also find that they must remain in treatment and pass drug tests if they are to remain on the program. If they fail to comply with the treatment re-

quirement, they will be suspended from the program until they demonstrate compliance. Each successive time they are suspended, they will have to demon-

strate their compliance for a pro-

gressively longer period.

Another provision contained in the bill will look for ways to reduce fraud and abuse. It calls for a comprehensive study on the possibility of delivering benefits through the use of modern technology, such as debit cards, com-

puter systems, and vouchers.

Another innovation in the bill is an examination of SSI benefit payments to chil-

dren. A Childhood Disability Commis-

sion is established to examine the pro-

gram; specifically, to consider whether technology, such as debit cards, com-

puter systems, and vouchers.
The SPEAKER pro tempore (Mr. MAZZOLI). The gentleman from Kentucky [Mr. BUNNING] has 4 minutes remaining: and the gentleman from Indiana (Mr. BUNNING) 2 minutes.

Mr. BUNNING. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. GOSS].

Mr. GOSS asked and was given permission to revise and extend his remarks.

Mr. GOSS, Mr. Speaker. I thank my friend and distinguished colleague, the gentleman from the Commonwealth of Kentucky [Mr. BUNNING] for yielding me the time. I congratulate him and the gentleman from Indiana [Mr. JACOBS] for bringing this legislation forward.

Mr. Speaker, I am from Florida, and when we say the words "Social Security" in my district in Florida, we get a lot of attention immediately, because we have an awful lot of the Nation's seniors who have found the quality of life to be terrific, and are living in Florida, as we all know, and it is the place of choice for our retirees.

Today, with this bill up today, today's Washington Post reports that nearly a third of all Americans do not think Social Security will survive to pay them benefits. In other words, what they are saying is that they are going outlive the Social Security system. Many of these or most of these, of course, are our younger workers. They feel they are just shoveling their hard-earned dollars into a bottomless basket.

Today, with H.R. 4277, we have a chance to implement one commonsense Social Security amendment to help restore a level of confidence in the system. We have seen all the reports of the audits in the SSI and SSDI programs — how drug-users and bar-tenders are cashing Government-support checks to fund the addictions of beneficiaries.

"60 Minutes" did a piece a couple of weeks ago, and everybody knows, everybody in Congress knows that, I am sure, because if it is like my district, the phones keep ringing saying, "Why in the world do you let things like that happen? Does that really happen? Why don't you fix it?"

Today's bill in fact will crack down on this type of fraud. It will put firm limits on benefits to substance abusers. Seniors in my district who have seen their taxes go up this year and seen their Medicare get cut, are seeing predictions of more of those cuts as we talk about health care reform, and are penalized for trying to work under the earnings-limitation test, need some good news. They are sick of the abuses they have been subjected to, and this is some good news for them.

Again, I think this is overdue good news. This should have been fixed a long time ago. At a time when the long-term solvency of the system is in doubt and we have just gotten new reports on that, showing that we have a larger problem than we had thought we did, taxpayers do not want to hear any more rhetoric about sacrifice. They want action. They want constructive change. They want to stop waste and they want to stop nonsense.

Today we get a start at doing all of those things. I want to take a moment of this and congratulate the authors.

Mr. BUNNING. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. HERGER].

Mr. HERGER. Mr. Speaker, I rise in strong support of this legislation, which makes vitally needed reforms in the SSI disability and disability insurance programs.

For too long we have allowed our disability programs to endanger the lives of drug addicts and alcoholics by simply providing them cash to feed their habits.

Additionally, we have not taken steps to ensure that representative payees are not responsible for the treatment centers or Government agencies. As a result, one Denver liquor store owner was collecting $140,000 annually to run a tab for 40 alcoholics on our disability rolls.

This legislation makes vitally needed reforms to ensure that only responsible parties are named as representative payees for drug addicts or alcoholics. It also will end the practice of making huge lump sum payments to addicts. Finally, it imposes a lifetime limit of 36 months for disability benefits resulting from substance abuse. Treatment providers have told me this is critical to ensuring that addicts have an incentive to stop their habit and sticking with their rehabilitation programs.

Mr. Speaker, I urge the immediate adoption of this legislation.

Mr. JACOBS. Mr. Speaker, I yield 2 minutes to my eloquent colleague, the gentleman from Ohio (Mr. TRAFICANT).

(Mr. TRAFICANT asked and was given permission to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, I support this bill. I believe its passage is critical for the following reason: A rec cent General Accounting Office investigation, IRS, found something that really startled me. It said that they could not tell where the revenue came from. All the money was in one big pot, Social Security taxes and general income taxes.

Furthermore, they said they were astounded by that, and the General Accounting Office said the Internal Revenue Service system of bookkeeping and recordkeeping was "sloppy, sloppy."

I have had a lot of dealings with the IRS, Mr. Speaker, and the IRS is anything but sloppy. Let me give my little two cents' worth here. I do not believe what the IRS is telling us about the Social Security trust fund. Mr. Speaker, I think those moneys are commingled so they would, in fact, chase Congress on a wild goose chase.

I think what the gentleman from Florida [Mr. GOSS] is exactly correct. I would doubt if our grandchildren will see Social Security. I could be wrong. I believe the money coming in one door in Social Security is going out the other right now, and there is a wastebasket all filled up with IOU's. I want to know. In fact, I have a letter in there, and if the Committee on Ways and Means would do this Nation a favor, they would want to know if the Social Security trust fund is what they say it is.

I think we are being ripped off big-time. I think there is a wastebasket all filled up with IOU's. The Members will never see Social Security. I want to know. Show me.

Mr. BUNNING. Mr. Speaker, to close the debate on our side, I yield 1 minute to the gentleman from New York [Mr. HOUGHTON] a member of the Subcommittee on Social Security of the Committee on Ways and Means.

(Mr. HOUGHTON asked and was given permission to revise and extend his remarks.)

Mr. HOUGHTON. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I think 4277, this bill, makes a lot of sense. I think it is going to pass and it is right. I say so for two reasons. First of all, it is entirely appropriate that this be a separate agency. Its time has come. There are a lot of questions in our own mind about the use of Social Security funds. I think this will tighten up the management, it will do exactly what we want it to do, everybody, not just us but everybody in the country.

Another thing, it gets at the so-called corruption and the middleman fraud scheme that we have been dealing with that the gentleman from Kentucky alluded to a while ago mentioned on the Committee on Ways and Means. It is really not right to have people coming to this country, as we all did at one point and another, and be taken over by a slick middleman, and then bilk the system of thousands of dollars for him personally, take a cut out of this, and say it is right for Social Security.
It is not right. I believe this bill goes a long way to correct that.

From the administration's standpoint, the monetary standpoint, the management of fraud, I think it is the right thing to do. I urge my colleagues to support it.

Mr. POMEROY. Mr. Speaker, I am pleased to support legislation making the Social Security Administration an independent agency.

Social Security is an important trust between Americans and their Government. It asks for a commitment from workers to contribute—and promises income assistance in retirement years. Yet the trust is too often threatened by Washington politics; leaving seniors—and all Americans—to question whether the Government will hold up its end of the promise.

Independent agency status will improve administration of Social Security by enabling the agency to attract and retain talented leadership. In the past 18 years, Social Security has had 12 different administrators, often with portfolios in between when there was no administrator. With independent status will come increased stature and stability for Social Security.

As we continue to struggle with the Federal budget, I am concerned about attempts to balance the budget on the backs of senior citizens and the disabled. Numerous seniors from North Dakota have contacted me about their fears of cuts to Social Security. By making Social Security an independent agency, I believe we send a message to seniors that we recognize the importance of this program.

Many Americans in the work force today truly believe that Social Security will not be there for them in their retirement years. I want to be sure that Social Security is a viable program for generations to come. Independent status will bolster the public's confidence in the agency and the programs it administers.

I look forward to seeing this legislation become law, and I will do all I can to support it and its supporters.

Mr. ORTON. Mr. Speaker, today I am pleased to vote in favor of H.R. 4277, a bill to create an independent Social Security Administration.

The Social Security system plays a critical role in providing economic security for millions of American workers and their families. With a growing number of recipients, the Social Security Administration is becoming an independent agency.

The Social Security Administration has been vulnerable to short-term political pressure and help the Federal Government keep its promise to both current recipients and future beneficiaries.

H.R. 4277 is a step in the right direction. In recent years, the Government agency that administers Social Security has been vulnerable to short-term political pressure and help the Federal Government keep its promise to both current recipients and future beneficiaries.

This legislation would separate the Social Security Administration from the Department of Health and Human Services (HHS) and make it an independent agency governed by a Social Security Board. The Board would be independent and bipartisan, and its members would serve staggered 6-year terms.

I believe making Social Security an independent agency will free its operations from short-term political pressure and help the Federal Government keep its promise to both current recipients and future beneficiaries.

Mr. THOMAS of California. Mr. Speaker, I want to express my support for the new provisions in H.R. 4277. The bill will stop drug addicts and alcoholics from abusing the Social Security disability and Supplementary Security income programs.

This legislation is important to my district and to the country. People need to understand that addicts who were supposed to be getting treatment to end their addiction were able to use taxpayer dollars to subsidize their habits. After reports of addicts being arrested with literally thousands of dollars of Social Security benefits in their possession appeared in local newspapers, I met with government officials and others to seek new ways to prevent addicts from using Social Security benefits to feed their habits. I introduced a bill, H.R. 1712, in light of the suggestions I received and I am pleased to say that H.R. 4277 includes several of the important changes I recommended.

H.R. 4277 cracks down on addicts who skip treatment, following my proposal's suggestion...
that increasing penalties be used to discourage addicts from thinking they can keep using drugs when they are supposed to be in treatment seeking a cure. Addicts who get caught continuing to use drugs are subjected to penalties. The first time they're caught, they lose 2 months benefits; the second time, 3 months benefits. The third time they're caught, the suspension is even longer.

H.R. 4277 also expands the use of representative payees for addicts. I found that addicts often pick friends or family today to serve as the recipient of their benefits and then pressure these payees to give them the money without any controls. H.R. 4277 does two important things to change that.

Under the bill, State and local agencies can serve as representative payees. This means that agencies concerned about seeing addicts go through treatment will be able to control their funds. The bill also provides a model for resolving the unfunded mandates problem because it incorporates my amendment to allow State and local agencies to take up to 10 percent of an addict’s benefit in order to pay for the cost of providing services.

Finally, I am pleased that the bill incorporates suggestions that we limit benefits to addicts to a maximum of 36 months because it sends a message that they have to seriously seek treatment while they are eligible.

Altogether, these provisions will save taxpayers billions of dollars. They are appropriate steps toward bringing addiction under control and I hope they can be enacted this year.

Mr. POSHARD. Mr. Speaker, I want to thank my Illinois colleagues, Chairman ROSTENKOWSKI, and the members of the committee who have worked to bring this bill to the floor.

While there are a number of important changes being made in the administration of Social Security Programs, I would like to focus on reforms being implemented to restrict disability insurance and SSI disability payments to substance abusers.

This issue came to the forefront in my district not long ago when the Decatur Herald and Review newspaper published a series of articles outlining deficiencies in our Social Security system.

The bill we are approving today makes a number of important changes:

- Paying DI benefits to a representative payee.
- Having organizations, rather than family or friends serve as the representative payee.
- Conditioning eligibility for DI benefits on participation in a treatment program.
- Importantly, the bill also stops benefits to substance abusers after 36 months.
- As I discussed these proposals with my colleagues, including the gentleman from Wisconsin, Congressman KLECZKA, I also sought the advice of the Honorable James A. Hendrian, who works through these cases on a daily basis in his courtroom.
- The judge tells troubling stories about persons receiving benefits for disabilities which are the direct result of criminal activity.
- Judge Hendrian also sees numerous cases where disabilities for which people are receiving benefits appear to be based on little if any factual evidence—other than the simple claim of disability.
- Like so many other Government programs... our resources to assist and support legitimate claims are being sapped by those who abuse the system.

To quote Judge Hendrian:

While I am sure that there are many deserving and needy people receiving benefits, there are far too many who are abusing the system. Meaningful reform, monitoring and limitation of benefits under certain circumstances is a start.

If people are disabled due to their alcohol and drug addiction they should receive treatment to recover and become productive citizens once again.

But we should not finance a long-term program of disability programs for people who are not willing to take responsibility for getting better.

I also thank the committee for its attention to the problem of school-age children who are receiving SSI benefits.

This is the headline from the Decatur Herald and Review:

"Teachers feel they fight losing battle with SSI. They say they encourage success, while parents encourage failure."

I realize that the Supreme Court ruling has made it easier for children to qualify for SSI.

But we have to look at further ways to restrict SSI eligibility... and the amendment included by the committee to require disabled children receiving SSI benefits to be reviewed for continuing disability by their 19th birthday is a start.

I've been an educator all my life. I've taught in the classroom and administered educational programs.

I don't want to take any action which would limit a child's opportunity to overcome adversity and realize his or her potential.

But if it is determined that some physical or mental condition qualifies a child for SSI payments... we should ensure that child is in an appropriate therapy program... is attending school... and the payments are going to a responsible party which can help see to it that those benefits are being used in the proper manner.

I know the committee has great concerns about this issue and I pledge my support for further action.

Again, I thank the people in Decatur who have helped bring attention to this problem, and my colleagues on the committee who are trying to do something about it.

The SPEAKER pro tempore. The time of the gentleman from Kentucky [Mr. BUNNING] has expired.

Mr. JACOBS. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. All time has expired.

The question is on the motion offered by the gentleman from Illinois [Mr. Rostenkowski] that the House suspend the rules and pass the bill, H.R. 4277, as amended.

The question was taken.

Mr. JACOBS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.
SOCIAL SECURITY ADMINISTRATIVE REFORM ACT OF 1994

The SPEAKER pro tempore (Mr. Peterson of Florida). The pending business is the question de novo of suspending the rules and passing the bill, H.R. 4277, as amended. The Clerk read the title of the bill. The question is on the motion offered by the gentleman from Illinois (Mr. Roskowsk), that the House suspend the rules and pass the bill, H.R. 4277, as amended. The question was taken. Mr. BUNNING. Mr. Speaker, on that I demand the yeas and nays. The yeas and nays were ordered. The vote was taken by electronic device, and there were—yeas 413, nays 0, not voting 29, as follows: [Roll No. 377]

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So (two-thirds having voted in favor thereof), the rules were suspended, and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.
To establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program.

IN THE SENATE OF THE UNITED STATES

MAY 19 (legislative day, MAY 16, 1994)

Received; read twice and placed on the calendar

AN ACT

To establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program.

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

3 SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

4 (a) SHORT TITLE.—This Act may be cited as the “Social Security Administrative Reform Act of 1994”.


(b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.
Sec. 2. Declaration of purposes.

TITLE I—ESTABLISHMENT OF THE SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY

Sec. 101. Establishment of the Social Security Administration as a separate, independent agency; responsibilities of the agency.
Sec. 102. Social Security Board, executive director, deputy director, beneficiary ombudsman; other officers.
Sec. 103. Personnel; budgetary matters; seal of office.
Sec. 104. Transfers to the new Social Security Administration.
Sec. 105. Transitional rules.
Sec. 106. Conforming amendments to Titles II and XVI of the Social Security Act.
Sec. 107. Other conforming amendments.
Sec. 108. Rules of construction.
Sec. 109. Effective dates.

TITLE II—IMPROVEMENTS TO THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

Sec. 201. Restrictions on payment of benefits based on disability to substance abusers.
Sec. 202. Issuance of physical documents in the form of bonds, notes, or certificates to the social security trust funds.
Sec. 203. Explicit requirements for maintenance of telephone access to local offices of the Social Security Administration.
Sec. 204. Expansion of State option to exclude service of election officials or election workers from coverage.
Sec. 205. Use of social security numbers by States and local governments and Federal district courts for jury selection purposes.
Sec. 206. Authorization for all States to extend coverage to State and local policemen and firemen under existing coverage agreements.
Sec. 207. Limited exemption for Canadian ministers from certain self-employment tax liability.
Sec. 208. Exclusion of totalization benefits from the application of the windfall elimination provision.
Sec. 209. Exclusion of military reservists from application of the government pension offset and windfall elimination provisions.
Sec. 211. Maximum family benefits in guarantee cases.
Sec. 212. Authorization for disclosure by the Secretary of Health and Human Services of information for purposes of public or private epidemiological and similar research.
Sec. 213. Misuse of symbols, emblems, or names in reference to social security programs and agencies.
Sec. 214. Increased penalties for unauthorized disclosure of social security information.
Sec. 215. Increase in authorized period for extension of time to file annual earnings report.
Sec. 216. Extension of disability insurance program demonstration project authority.
Sec. 217. Cross-matching of social security account number information and employer identification number information maintained by the Department of Agriculture.

Sec. 218. Certain transfers to railroad retirement account made permanent.

Sec. 219. Authorization for use of social security account numbers by department of labor in administration of Federal workers' compensation laws.

Sec. 220. Coverage under FICA of Federal employees transferred temporarily to international organizations.

Sec. 221. Extension of the FICA tax exemption and certain tax rules to individuals who enter the United States under a visa issued under section 101 of the Immigration and Nationality Act.

Sec. 222. Study of rising costs of disability insurance benefits.

Sec. 223. Commission on childhood disability.

Sec. 224. Disregard deemed income and resources of ineligible spouse in determining continued eligibility under section 1619(b).

Sec. 225. Plans for achieving self-support not disapproved within 60 days to be deemed approved.

Sec. 226. Temporary authority to approve a limited number of plans for achieving self-support that include housing goals.

Sec. 227. Regulations regarding completion of plans for achieving self-support.

Sec. 228. Treatment of certain grant, scholarship, or fellowship income as earned income for SSI purposes.

Sec. 229. SSI eligibility for students temporarily abroad.

Sec. 230. Disregard of cost-of-living increases for continued eligibility for work incentives.

Sec. 231. Expansion of the authority of the Social Security Administration to prevent, detect, and terminate fraudulent claims for SSI benefits.

Sec. 232. Disability review required for SSI recipients who are 18 years of age.

Sec. 233. Continuing disability reviews.

Sec. 234. Technical and clerical amendments.

SEC. 2. DECLARATION OF PURPOSES.

The purposes of this Act are as follows:

(1) To establish the Social Security Administration as an independent agency, separate from the Department of Health and Human Services.

(2) To charge the Social Security Administration with administration of the old-age, survivors, and disability insurance program and supplemental security income program.
(3) To establish a Social Security board as head
of the Social Security Administration and define the
powers and duties of such Board.

(4) To establish an Executive Director of the
Administration and define the powers and duties of
the Executive Director.

(5) To provide for delegating major authorities
to the Board and the Executive Director.

(6) To make other improvements in the old-age,
survivors, and disability insurance program under
title II of the Social Security Act.

TITLE I—ESTABLISHMENT OF
THE SOCIAL SECURITY AD-
MINISTRATION AS AN INDE-
PENDENT AGENCY

SEC. 101. ESTABLISHMENT OF THE SOCIAL SECURITY AD-
MINISTRATION AS A SEPARATE, INDEPEND-
ENT AGENCY; RESPONSIBILITIES OF THE
AGENCY.

Section 701 of the Social Security Act (42 U.S.C.
901) is amended to read as follows:

“SOCIAL SECURITY ADMINISTRATION

“Sec. 701. There is hereby established, as an inde-
pendent agency in the executive branch of the Govern-
ment, a Social Security Administration. It shall be the
duty of the Administration to administer the old-age, sur-
vivors, and disability insurance program under title II and
the supplemental security income program under title
XVI.”.

SEC. 102. SOCIAL SECURITY BOARD, EXECUTIVE DIRECTOR,
DEPUTY DIRECTOR, BENEFICIARY OMBUDSMAN; OTHER OFFICERS.

(a) In general.—Section 702 of the Social Security
Act (42 U.S.C. 902) is amended to read as follows:

"SOCIAL SECURITY BOARD; EXECUTIVE DIRECTOR;
OTHER OFFICERS

"Social Security Board

"Sec. 702. (a)(1)(A) The Administration shall be
governed by a Social Security Board. The Board shall be
composed of three members appointed by the President,
by and with the advice and consent of the Senate. The
members shall be chosen on the basis of their integrity,
impartiality, and good judgment, and shall be individuals
who are, by reason of their education, experience, and at-
tainments, exceptionally qualified to perform the duties of
members of the Board.

"(B)(i) Except as provided in clauses (ii) and (iii),
members of the Board shall be appointed for terms of six
years. A member of the Board may be removed only pur-
suant to a finding by the President of neglect of duty or
malfeasance in office. The President shall transmit any
such finding to the Speaker of the House of Representa-
tives and the majority leader of the Senate not later than five days after the date on which such finding is made.

"(ii) Of the members first appointed—

"(I) one shall be appointed for a term of 2 years,

"(II) one shall be appointed for a term of 4 years, and

"(III) one shall be appointed for a term of 6 years,

as designated by the President at the time of appointment. Such members shall be appointed after active consideration of recommendations made by the chairman of the Committee on Ways and Means of the House of Representatives and of recommendations made by the chairman of the Committee on Finance of the Senate.

"(iii) The President may not nominate an individual for appointment to a term of office as member of the Board before the commencement of the President's term of office in which the member's term of office commences. Any member appointed to a term of office after the commencement of such term may serve under such appointment only for the remainder of such term. A member may, at the request of the President, serve for not more than one year after the expiration of his or her term until his
or her successor has taken office. A member of the Board may be appointed for additional terms.

"(C) Not more than two members of the Board shall be of the same political party.

"(D) A member of the Board may not, during his or her term as member, engage in any other business, vocation, profession, or employment. A member of the Board may continue as a member of the Board for not longer than the 30-day period beginning on the date such member first fails to meet the requirements of the preceding sentence.

"(E) Two members of the Board shall constitute a quorum, except that one member may hold hearings.

"(F) A member of the Board shall be designated by the President to serve as Chairperson of the Board for a term of 4 years.

"(G) The Board shall meet at the call of the Chairperson or two members of the Board.

"(2) Each member of the Board shall be compensated at the rate provided for level II of the Executive Schedule.

"(3) The Board shall—

"(A) govern by regulation the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI,
“(B) establish the Administration and oversee its efficient and effective operation,

“(C) establish policy and devise long-term plans to promote and maintain the effective implementation of programs referred to in subparagraph (A),

“(D) appoint an Executive Director of the Administration, as described in subsection (b), to act as the chief operating officer of the Administration responsible for administering the programs referred to in subparagraph (A),

“(E) constitute three of the members of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, with the Chairperson of the Social Security Board serving as Chairperson of such Board of Trustees,

“(F) prepare an annual budget for the Administration, which shall be submitted by the President to the Congress without revision, together with the President’s annual budget for the Administration,

“(G) study and make recommendations to the Congress and the President as to the most effective methods of providing economic security through social insurance, supplemental security income, and related programs and as to legislation and matters of
administrative policy concerning the programs referred to in subparagraph (A),

"(H) provide the Congress and the President with the ongoing actuarial and other analysis undertaken by the Administration with respect to the programs referred to in subparagraph (A) and any other information relating to such programs, and

"(I) conduct policy analysis and research relating to the programs referred to in subparagraph (A).

"(4)(A) The Board may prescribe such rules and regulations as the Board determines necessary or appropriate to carry out the functions of the Administration. The regulations prescribed by the Board shall be subject to the rulemaking procedures established under section 553 of title 5, United States Code.

"(B) The Board may establish, alter, consolidate, or discontinue such organizational units or components within the Administration as the Board considers necessary or appropriate to carry out its functions, except that this subparagraph shall not apply with respect to any unit, component, or position provided for by this Act.

"(C) The Board may, with respect to the administration of the old-age, survivors, and disability insurance program under title II and the supplemental security income
program under title XVI, assign duties, and delegate, or authorize
successive redelegations of, authority to act and to render
decisions, to such officers and employees as the Board may
find necessary. Within the limitations of such
delegations, redelegations, or assignments, all official acts and
decisions of such officers and employees shall have the same
force and effect as though performed or rendered by the Board.

"Executive Director"

“(b)(1) There shall be in the Administration an Executive
Director who shall be appointed by the Social Security Board.

“(2)(A) The Executive Director shall be appointed for a
term of four years. An individual appointed to a term
of office as Executive Director after the commencement of
such term of office may serve under such appointment
only for the remainder of such term. An individual may,
at the request of the Chairperson of the Board, serve as
Executive Director after the expiration of his or her term
for not more than one year until his or her successor has
taken office. An individual may be appointed as Executive
Director for additional terms.

“(B) An individual may be removed from the office of
Executive Director before completion of his or her term
only for cause found by the Board.
"(3) The Executive Director shall be compensated at the rate provided for level II of the Executive Schedule.

"(4) The Executive Director shall—

"(A) constitute the chief operating officer of the Administration, responsible for administering, in accordance with applicable statutes and regulations, the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI,

"(B) maintain an efficient and effective operational structure for the Administration,

"(C) implement the long-term plans of the Board to promote and maintain the effective implementation of such programs,

"(D) report annually to the Board on program costs under titles II and XVI, make annual budgetary recommendations to the Board for the ongoing administrative costs of the Administration under this Act, and defend the recommendations before the Board,

"(E) advise the Board and the Congress on the effect on the administration of such programs of proposed legislative changes in such programs,

"(F) serve as Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance
Trust Fund and the Federal Disability Insurance Trust Fund,

"(G) report in December of each year to the Board for transmittal to the Congress concerning the administrative endeavors and accomplishments of the Administration, and

"(H) carry out such additional duties as are assigned by the Board from time to time.

Any reference to the Board in this Act or any other provision of law in connection with the exercise of a function of the Board which is delegated to the Executive Director pursuant to this section shall be considered a reference to the Executive Director.

"Deputy Director of Social Security

"(c)(1) There shall be in the Office of the Executive Director a Deputy Director, who shall be appointed by and serve at the pleasure of the Executive Director.

"(2) The Deputy Director shall be compensated at the rate provided for level III of the Executive Schedule.

"(3) The Deputy Director shall perform such duties and exercise such powers as the Executive Director shall from time to time assign or delegate. The Deputy Director shall be Acting Executive Director of the Administration during the absence or disability of the Executive Director and, unless the Board designates another officer of the
Government as Acting Executive Director, in the event of a vacancy in the office of the Executive Director.

"General Counsel

(d)(1) There shall be in the Administration a General Counsel, who shall be appointed by and serve at the pleasure of the Board. The General Counsel shall be the principal legal officer in the Administration.

(2) The General Counsel shall be compensated at the rate provided for level IV of the Executive Schedule.

"Inspector General


(2) The Inspector General shall be compensated at the rate provided for level IV of the Executive Schedule.

"Beneficiary Ombudsman

(f)(1) There shall be in the Administration an Office of the Beneficiary Ombudsman, to be headed by a Beneficiary Ombudsman appointed by the Board.

(2)(A) The Beneficiary Ombudsman shall be appointed for a term of five years, except that the individual first appointed to the Office of Beneficiary Ombudsman shall be appointed for a term ending September 30, 2000. An individual appointed to a term of office as Beneficiary
Ombudsman after the commencement of such term may serve under such appointment only for the remainder of such term. An individual may, at the request of the Chairperson of the Board, serve as Beneficiary Ombudsman after the expiration of his or her term for not more than one year until his or her successor has taken office. An individual may be appointed as Beneficiary Ombudsman for additional terms.

"(B) An individual may be removed from the office of Beneficiary Ombudsman before completion of his or her term only for cause found by the Board.

"(3) The Beneficiary Ombudsman shall be compensated at the rate provided for level V of the Executive Schedule.

"(4) The duties of the Beneficiary Ombudsman are as follows:

"(A) To represent within the Administration's decisionmaking process the interests and concerns of beneficiaries under the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI.

"(B) To review the Administration's policies and procedures for possible adverse effects on such beneficiaries.
“(C) To recommend within the Administration’s decisionmaking process changes in policies which have caused problems for such beneficiaries.

“(D) To help resolve the problems under such programs of individual beneficiaries in unusual or difficult circumstances, as determined by the Administration.

“(E) To represent within the Administration’s decisionmaking process the views of beneficiaries in the design of forms and the issuance of instructions.

“(5) The Board shall assure that the Office of the Beneficiary Ombudsman has staff sufficient to enable the Beneficiary Ombudsman to efficiently carry out his or her duties. Such staff shall be located in the regional offices, program centers, and central office of the Administration.

“(6) The annual report of the Board under section 704 shall include a description of the activities of the Beneficiary Ombudsman.

“Administrative Law Judge

“(g)(1) There shall be in the Administration an Office of the Chief Administrative Law Judge, who shall be appointed by the Board. The duty of the Chief Administrative Law Judge shall be to administer the affairs of the administrative law judges serving in the Administration in a manner so as to ensure that hearings and other
business are conducted by the administrative law judges in accordance with applicable law and regulations.

“(2) The Chief Administrative Law Judge shall report directly to the Board.”.

(b) CONFORMING AMENDMENTS RELATING TO COMPOSITION OF BOARD OF TRUSTEES OF OASDI TRUST FUNDS.—Section 201(c) of such Act (42 U.S.C. 401(c)) is amended—

(1) in the first sentence, by striking “shall be composed of” and all that follows down through “ex officio” and inserting the following: “shall be composed of the members of the Social Security Board, the Secretary of the Treasury, the Secretary of Health and Human Services, all ex officio”;

(2) by inserting after the first sentence the following new sentence: “The Chairperson of the Social Security Board shall be the Chairperson of the Board of Trustees.”; and

(3) by striking “Commissioner of Social Security” and inserting “Executive Director of the Social Security Administration”.

(c) INTERIM AUTHORITY OF THE COMMISSIONER.—The President shall nominate for appointment the initial members of the Social Security Board not later than April 1, 1995. In the event that, as of October 1, 1995, all mem-
bers of the Social Security Board have not entered upon office, until all members of the Board have entered upon office, the officer serving on October 1, 1995, as Commissioner of Social Security in the Department of Health and Human Services (or Acting Commissioner, if applicable), or such officer’s successor, shall, while continuing to serve as Commissioner of Social Security (or Acting Commissioner) in such Department, serve as head of the Social Security Administration established under section 701 of the Social Security Act (as amended by this Act) and shall assume the powers and duties of such Board and of the Executive Director under such Act (as amended by this Act).

SEC. 103. PERSONNEL; BUDGETARY MATTERS; SEAL OF OFFICE.

Section 703 of the Social Security Act (42 U.S.C. 903) is amended to read as follows:

"ADMINISTRATIVE DUTIES OF THE SOCIAL SECURITY BOARD

"Personnel

"Sec. 703. (a)(1) The Social Security Board shall appoint such additional officers and employees as it considers necessary to carry out its functions. Except as otherwise provided in any other provision of law, such officers and employees shall be appointed, and their compensation
shall be fixed, in accordance with title 5, United States
Code.

“(2) The Board may procure the services of experts
and consultants in accordance with the provisions of sec-
tion 3109 of title 5, United States Code.

“(3) The Director of the Office of Personnel Manage-
ment shall authorize for the Administration a total num-
ber of Senior Executive Service positions which is greater
than the number of such positions authorized in the Social
Security Administration in the Department of Health and
Human Services as of immediately before the date of the
enactment of the Social Security Administrative Reform
Act of 1994, to the extent that the greater number of such
authorized positions is specified in the comprehensive
workforce plan as established and revised by the Board
under subsection (b)(1). The total number of such posi-
tions authorized for the Administration pursuant to such
section 3133 shall not at any time be less than the number
of such authorized positions as of immediately before such
date.

“(4) In addition to the positions of the Administra-
tion in the Executive Schedule specified in section 702,
the Administration is authorized six additional positions
at level IV of the Executive Schedule and six additional
positions at level V of the Executive Schedule.
"Budgetary Matters

(b) Appropriations requests for staffing and personnel of the Administration shall be based upon a comprehensive workforce plan, which shall be established and revised from time to time by the Board.

"Seal of Office

(c) The Board shall cause a seal of office to be made for the Administration of such design as the Board shall approve. Judicial notice shall be taken of such seal."

SEC. 104. TRANSFERS TO THE NEW SOCIAL SECURITY ADMINISTRATION.

(a) FUNCTIONS.—There are transferred to the Social Security Administration all functions carried out by the Secretary of Health and Human Services with respect to the programs and activities the administration of which is vested in the Social Security Administration by reason of this Act and the amendments made thereby. The Social Security Board shall allocate such functions in accordance with sections 701, 702, and 703 of the Social Security Act (as amended by this Act).

(b) PERSONNEL, ASSETS, ETC.—(1) There are transferred from the Department of Health and Human Services to the Social Security Administration, for appropriate allocation by the Social Security Board in the Social Security Administration—
(A) the personnel (other than administrative law judges) employed in connection with the functions transferred by this Act and the amendments made thereby, as considered appropriate by the Board in consultation with the Secretary of Health and Human Services,

(B) such number of administrative law judges as are necessary to carry out the functions transferred by this Act and the amendments made thereby, as determined by the Board in consultation with the Secretary of Health and Human Services, and

(C) the assets, liabilities, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, or used in connection with such functions, arising from such functions, or available, or to be made available, in connection with such functions.

(2) Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

(3) The Secretary of Health and Human Services shall terminate—

(A) six positions in the Department of Health and Human Services placed in level IV of the Executive Schedule (or equivalent positions) other than po-
sitions specifically required under section 5315 of

title 5, United States Code, or any other provision
of law, and

(B) six positions in such Department placed in
level V of the Executive Schedule (or equivalent po-
sitions) other than positions specifically required
under section 5316 of such title or any other provi-
sion of law.

(4) The transfer pursuant to this section of full-time
personnel (except special Government employees) and
part-time personnel holding permanent positions shall not
cause any such employees to be separated or reduced in
grade or compensation for 1 year after such transfer or
October 1, 1995, whichever is later.

(c) ABOLISHMENT OF OFFICE OF COMMISSIONER IN
THE DEPARTMENT OF HEALTH AND HUMAN SERV-
ICES.—Effective upon the entry upon office of all initial
members of the Social Security Board pursuant to section
702 of the Social Security Act (as amended by this Act),
the position of Commissioner of Social Security in the De-
partment of Health and Human Services is abolished.

SEC. 105. TRANSITIONAL RULES.

(a) INTERIM AUTHORITY FOR APPOINTMENT AND
COMPENSATION.—At any time on or after the date of the
enactment of this Act—
(1) any of the officers provided for in section 702 of the Social Security Act (as amended by this Act) may enter upon office, as provided in such section, and

(2) the Social Security Board, upon entry upon office of all of the members thereof, may prescribe regulations providing for the orderly transfer of proceedings before the Secretary of Health and Human Services to the Social Security Board.

Funds available to any official or component of the Department of Health and Human Services, functions of which are transferred to the Social Security Board or the Social Security Administration by this Act, may be used, with the approval of the Director of the Office of Management and Budget, to pay the compensation and expenses of any officer entering upon office pursuant to this section until such time as funds for that purpose are otherwise available.

(b) Continuation of Orders, Determinations, Rules, Regulations, Etc.—All orders, determinations, rules, regulations, permits, contracts, collective bargaining agreements, recognitions of labor organizations, certificates, licenses, and privileges—

(1) which have been issued, made, promulgated, granted, or allowed to become effective, in the exer-
exercise of functions (A) which were exercised by the Secretary of Health and Human Services (or his delegate), and (B) which relate to functions which, by reason of this Act, the amendments made thereby, and regulations prescribed thereunder, are vested in the Social Security Board, and

(2) which are in effect immediately before October 1, 1995,

shall (to the extent that they relate to functions described in paragraph (1)(B)) continue in effect according to their terms until modified, terminated, suspended, set aside, or repealed, in accordance with law, by such Board.

(c) CONTINUATION OF PROCEEDINGS.—The provisions of this Act (including the amendments made thereby) shall not affect any proceeding pending before the Secretary of Health and Human Services immediately before October 1, 1995, with respect to functions vested (by reason of this Act, the amendments made thereby, and regulations prescribed thereunder) in the Social Security Board, except that such proceedings, to the extent that they relate to such functions, shall continue before such Board. Orders shall be issued under any such proceeding, appeals taken therefrom, and payments shall be made pursuant to such orders, in like manner as if this Act had not been enacted, and orders issued in any such proceed-
ing shall continue in effect until modified, terminated, su-
perseded, or repealed by such Board, by a court of com-
petent jurisdiction, or by operation of law.

(d) CONTINUATION OF SUITS.—Except as provided
in this subsection—

(1) the provisions of this Act shall not affect
suits commenced prior to October 1, 1995; and

(2) in all such suits proceedings shall be had,
appeals taken, and judgments rendered, in the same
manner and effect as if this Act had not been en-
acted. No cause of action, and no suit, action, or
other proceeding commenced by or against any offi-
cer in his official capacity as an officer of the De-
partment of Health and Human Services, shall abate
by reason of the enactment of this Act. Causes of
action, suits, actions, or other proceedings may be
asserted by or against the United States and the So-
cial Security Administration, or such official of such
Administration as may be appropriate, and, in any
litigation pending immediately before October 1,
1995, the court may at any time, on its own motion
or that of a party, enter an order which will give ef-
fect to the provisions of this subsection (including,
where appropriate, an order for substitution of par-
ties).
(e) CONTINUATION OF PENALTIES.—This Act shall not have the effect of releasing or extinguishing any criminal prosecution, penalty, forfeiture, or liability incurred as a result of any function which (by reason of this Act), the amendments made thereby, and regulations prescribed thereunder) is vested in the Social Security Board.

(f) JUDICIAL REVIEW.—Orders and actions of the Social Security Board in the exercise of functions vested in such Board under this Act (and the amendments made thereby) shall be subject to judicial review to the same extent and in the same manner as if such orders had been made and such actions had been taken by the Secretary of Health and Human Services in the exercise of such functions immediately before October 1, 1995. Any statutory requirements relating to notice, hearings, action upon the record, or administrative review that apply to any function so vested in such Board shall continue to apply to the exercise of such function by such Board.

(g) EXERCISE OF FUNCTIONS.—In the exercise of the functions vested in the Social Security Board under this Act, the amendments made thereby, and regulations prescribed thereunder, such Board shall have the same authority as that vested in the Secretary of Health and Human Services with respect to the exercise of such functions immediately preceding the vesting of such functions.
in such Board, and actions of such Board shall have the
same force and effect as when exercised by such Secretary.

(h) **OPERATION OF TRANSITIONAL RULES IN THE**
**EVENT OF INTERIM AUTHORITY IN THE COMMISSIONER.**—For purposes of this section, in any case in
which the powers and duties to be transferred to the Social
Security Board are transferred to the Commissioner of So-
cial Security (or acting Commissioner) in the Department
of Health and Human Services for an interim period pur-
suant to section 102(c), the preceding provisions of this
section shall apply with respect to the transfer of such
powers and duties to and from such Commissioner (or act-
ing Commissioner) pursuant to section 102(c) in the same
manner and to the same extent as they would have applied
to a direct transfer from the Secretary of Health and
Human Services to the Social Security Board if all mem-
bers of the Board had entered upon office.

**SEC. 106. CONFORMING AMENDMENTS TO TITLES II AND**
**XVI OF THE SOCIAL SECURITY ACT.**

(a) **IN GENERAL.**—Title II of the Social Security Act
(other than section 201, section 218(d), section 226, sec-
tion 226A, and section 231(c)) and title XVI of such Act
are each amended—
(1) by striking, wherever it appears therein, "Secretary of Health and Human Services" and inserting "Social Security Board";

(2) by striking, wherever it appears therein, "Department of Health and Human Services" and inserting "Social Security Administration";

(3) by striking, wherever it appears therein, "Department" (but only if it is not immediately succeeded by the words "of Health and Human Services", and only if it is used in reference to the Department of Health and Human Services) and inserting "Administration";

(4) by striking, wherever it appears therein, each of the following words (but, in the case of any such word only if such word refers to the Secretary of Health and Human Services): "Secretary", "Secretary's", "his", "him", and "he", and inserting (in the case of the word "Secretary") "Social Security Board", (in the case of the word "Secretary's") "Board's", (in the case of the word "his") "the Board's", (in the case of the word "him") "the Board", and (in the case of the word "he") "the Board"; and
(5) by striking, wherever it appears therein, "Internal Revenue Code of 1954" and inserting "Internal Revenue Code of 1986".

(b) AMENDMENTS TO SECTION 218.—Section 218(d) of such Act (42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears in paragraphs (3) and (7) and inserting "Social Security Board".

c) AMENDMENTS TO SECTION 222.—Section 222(d) of such Act (42 U.S.C. 422(d)) is amended—

(1) in the last sentence of paragraph (1), by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration"; and

(2) in the first sentence of paragraph (2), by striking "Commissioner of Social Security" and inserting "Executive Director of the Social Security Administration".

d) AMENDMENT TO SECTION 231.—Section 231(c) of such Act (42 U.S.C. 431(c)) is amended by striking "Secretary determines" and inserting "Social Security Board and the Secretary jointly determine".

e) AMENDMENT TO SECTION 1615.—Section 1615(d) of such Act (422 U.S.C. 1832d(d)) is amended by striking "Commissioner of Social Security" and insert-
SEC. 107. OTHER CONFORMING AMENDMENTS.

Title VII of the Social Security Act is amended—

(1) by striking section 704 (42 U.S.C. 904) and inserting the following new section:

"REPORTS

"Sec. 704. The Secretary and the Social Security Board shall make full reports to Congress, within 120 days after the beginning of each regular session, of the administration of the functions with which they are charged under this Act. In addition to the number of copies of such reports authorized by other law to be printed, there is hereby authorized to be printed not more than 5,000 copies of each such report for use by the Secretary and Social Security Board for distribution to Members of Congress and to State and other public or private agencies or organizations participating in or concerned with the programs provided for in this Act.";

(2) in section 709(b)(2) (42 U.S.C. 910(b)(2)), by striking "(as estimated by the Secretary)" and inserting "as estimated by the Social Security Board or the Secretary (whichever administers the program involved)","; and

(3) by adding at the end thereof the following new section:
"DUTIES AND AUTHORITY OF SECRETARY

"Sec. 712. (a) The Secretary shall perform the duties imposed upon him by this Act and shall also have the duty of studying and making recommendations as to the most effective methods of providing economic security and as to legislation and matters of administrative policy concerning the programs administered by the Secretary and related subjects; except that nothing in this section shall be construed to require the Secretary to make studies or recommendations with respect to programs administered by the Social Security Administration.

"(b) The Secretary is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures, as may be necessary for carrying out the Secretary's functions under this Act. Appointments of attorneys and experts may be made without regard to the civil service laws."

Sec. 108. RULES OF CONSTRUCTION.

(a) References to the Department of Health and Human Services.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, court order, or other document to the Department of Health and Human Services with respect to such Department's functions under the old-age, survivors, and disability insurance
program under title II of the Social Security Act or the
supplemental security income program under title XVI of
such Act, such reference shall be considered a reference
to the Social Security Administration.

(b) REFERENCES TO THE SECRETARY OF HEALTH
AND HUMAN SERVICES.—Whenever any reference is made
in any provision of law (other than this Act or a provision
of law amended by this Act), regulation, rule, record, court
order, or other document to the Secretary of Health and
Human Services with respect to such Secretary’s functions
under such programs, such reference shall be considered
a reference to the Social Security Board.

(c) REFERENCES TO OTHER OFFICERS AND EMPLOYEES.—Whenever any reference is made in any provi-
sion of law (other than this Act or a provision of law
amended by this Act), regulation, rule, record, or docu-
ment to any other officer or employee of the Department
of Health and Human Services with respect to such offi-
cer’s or employee’s functions under such programs, such
reference shall be considered a reference to the appro-
priate officer or employee of the Social Security Adminis-
tration.
SEC. 109. EFFECTIVE DATES.

(a) IN GENERAL.—Sections 101, 102(a), 103, 104, 106, 107, and 108 of this Act (and the amendments made thereby) shall take effect October 1, 1995.

(b) EXCEPTIONS.—Section 102(b) of this Act shall take effect upon the entry upon office of all initial members of the Social Security Board. Sections 102(c) and 105 of this Act shall take effect on the date of the enactment of this Act.

(c) NEW SPENDING AUTHORITY.—Any new spending authority provided by this title shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

TITLE II—IMPROVEMENTS TO THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

SEC. 201. RESTRICTIONS ON PAYMENT OF BENEFITS BASED ON DISABILITY TO SUBSTANCE ABUSERS.

(a) AMENDMENTS RELATING TO BENEFITS BASED ON DISABILITY UNDER TITLE II OF THE SOCIAL SECURITY ACT.—

(1) REQUIRED PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—
(A) IN GENERAL.—Section 205(j)(1) of the Social Security Act (42 U.S.C. 405(j)(1)) is amended—

   (i) by inserting after the first sentence the following new sentence: “In the case of an individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary’s determination that the individual is under a disability, certification of payment of such benefits to a representative payee shall be deemed to serve the interest of such individual under this title.”; and

   (ii) in the last sentence, by inserting “, if the interest of the individual under this title would be served thereby,” after “alternative representative payee or”.

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.

(C) STUDY REGARDING FEASIBILITY, COST, AND EQUITY OF REQUIRING REPRESENTATIVE PAYEES FOR ALL DISABILITY BENE-
FICIARIES SUFFERING FROM ALCOHOLISM OR DRUG ADDICTION.—

(i) STUDY.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services shall conduct a study of the representative payee program. In such study, the Secretary shall examine—

(I) the feasibility, cost, and equity of requiring representative payees for all individuals entitled to benefits based on disability under title II or XVI of the Social Security Act who suffer from alcoholism or drug addiction, irrespective of whether the alcoholism or drug addiction was material in any case to the Secretary's determination of disability,

(II) the feasibility of and appropriate timetable for providing benefits through non-cash means, including (but not limited to) vouchers, debit cards, and electronic benefits transfer systems,
(III) the extent to which child beneficiaries are afflicted by drug addiction or alcoholism and ways of addressing such affliction, including the feasibility of requiring treatment, and

(IV) the extent to which children's representative payees are afflicted by drug addiction or alcoholism, and methods to identify children's representative payees afflicted by drug addition or alcoholism and to ensure that benefits continue to be provided to beneficiaries appropriately.

(ii) REPORT.—Not later than April 1, 1995, the Secretary shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report setting forth the findings of the Secretary based on such Study. Such report shall include such recommendations for administrative or legislative changes as the Secretary considers appropriate.
(2) INCREASED RELIANCE ON PROFESSIONAL REPRESENTATIVE PAYEES.—

(A) PREFERENCE REQUIRED FOR ORGANIZATIONAL REPRESENTATIVE PAYEES.—Section 205(j)(2)(C) of such Act (42 U.S.C. 405(j)(2)(C)) is amended by adding at the end the following new clause:

“(v) In the case of an individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability, when selecting such individual’s representative payee, preference shall be given to—

“(I) a community-based nonprofit social service agency licensed or bonded by the State,

“(II) a State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities, or

“(III) a State or local government agency with fiduciary responsibilities,

(or a designee of such an agency if the Secretary deems it appropriate), unless the Secretary determines that selection of such an agency would not be appropriate.”.

(B) AVA1LABILITY OF PUBLIC AGENCIES AND OTHER QUALIFIED ORGANIZATIONS TO
SERVE AS REPRESENTATIVE PAYEES.—Section 205(j)(4) of such Act (42 U.S.C. 405(j)(4)) is amended—

(i) in subparagraph (A)—

(I) by striking “exceed the lesser of—” and inserting “exceed—”; and

(II) by striking clauses (i) and (ii) and inserting the following:

“(i) in any case in which an individual is entitled to benefits based on disability and alcoholism or drug addiction is a contributing factor material to the Secretary’s determination that the individual is under a disability, 10 percent of the monthly benefit involved, or

“(ii) in any other case, the lesser of—

“(I) 10 percent of the monthly benefit involved, or

“(II) $25.00 per month.”;

(ii) in subparagraph (B)—

(I) by inserting “State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities, any State or local government
agency with fiduciary responsibilities, 
or any” after “means any”;

(II) by striking “representative 
payee and which,” and inserting “rep- 
resentative payee, if such agency;”;

(III) by striking “, and” at the 
end of clause (ii) and inserting a pe- 
period; and

(IV) by striking clause (iii); and

(iii) by striking subparagraph (D), ef- 
effective July 1, 1994.

(C) DEFINITION.—Section 205(j) of such 
Act (42 U.S.C. 405(j)) is amended by adding at 
the end the following new paragraph:

“(7) For purposes of this subsection, the term ‘bene- 
fit based on disability’ of an individual means a disability 
insurance benefit of such individual under section 223 or 
a child’s, widow’s, or widower’s insurance benefit of such 
individual under section 202 based on such individual’s 
disability.”.

(3) NONPAYMENT OR TERMINATION OF BENE- 
FITS.—

(A) IN GENERAL.—Section 225 of such 
Act (42 U.S.C. 425) is amended—
(i) by striking the heading and inserting the following:

"ADDITIONAL RULES RELATING TO BENEFITS BASED ON DISABILITY"

"Suspension of Benefits";

(ii) by inserting before subsection (b) the following new heading:

"Continued Payments During Rehabilitation Program";

and

(iii) by adding at the end the following new subsection:

"Nonpayment or Termination of Benefits Where Entitlement Involves Alcoholism or Drug Addiction"

"(c)(1)(A) Notwithstanding any other provision of this title, in the case of any individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that such individual is under a disability and such individual is determined by the Secretary not to be in compliance with the requirements of this subsection for a month, such benefits shall be suspended for a period commencing with such month and ending with the month preceding the first month, after the determination of noncompliance, in which such individual demonstrates that he or she has reestablished and maintained compliance with
such requirements for the applicable period specified in paragraph (3).

"(B) For purposes of this subsection, in the case of an individual who is entitled to benefits based on disability for the first month ending after 180 days after the date of the enactment of the Social Security Administrative Reform Act of 1994, if such individual has a primary diagnosis of alcoholism or drug addiction, such alcoholism or drug addiction shall be treated as a contributing factor material to the Secretary's determination of disability.

"(2)(A) An individual described in paragraph (1) is in compliance with the requirements of this subsection for a month if such individual in such month undergoes any medical or psychological treatment that may be appropriate, for such individual's condition diagnosed as substance abuse or alcohol abuse and for the stage of such individual's rehabilitation, at an institution or facility approved for purposes of this subsection by the Secretary, and complies in such month with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under paragraph (6).

"(B) An individual described in paragraph (1) shall not be determined to be not in compliance with the requirements of this subsection for a month if access by such individual to such treatment is not reasonably available.
for that month, as determined under regulations of the Secretary.

“(3) The applicable period specified in this paragraph is—

“(A) 2 consecutive months, in the case of a first determination that an individual is not in compliance with the requirements of this subsection,

“(B) 3 consecutive months, in the case of the second such determination with respect to the individual, and

“(C) 6 consecutive months, in the case of the third or subsequent such determination with respect to the individual.

“(4) In any case in which an individual’s benefit is suspended for a period of 12 consecutive months for failure to comply with treatment described in paragraph (2) of this subsection, the month following such period shall be deemed, for purposes of section 223(a)(1) or subsection (d)(1)(G)(i), (e)(1), or (f)(1) of section 202 (as applicable), as the termination month with respect to such entitlement.

“(5)(A) Subject to subparagraph (B), monthly insurance benefits under this title which would be payable to any individual (other than the disabled individual to whom benefits are not payable by reason of this subsection) on
the basis of the wages and self-employment income of such
disabled individual but for the provisions of paragraph (1)
or (4), shall be payable as though such disabled individual
were receiving such benefits which are not payable under
this subsection (and, in the case of a disabled individual
whose entitlement is terminated under paragraph (4), as
though such disabled individual’s entitlement were not ter-
minated).

“(B) If the monthly insurance benefits of a disabled
individual referred to in subparagraph (A) are not payable
by reason of termination of entitlement under paragraph
(4), monthly insurance benefits which are payable to any
other individual on the basis of the wages and self-employ-
ment income of such disabled individual pursuant to sub-
paragraph (A) shall not be payable for any month after
2 years after the last month of such entitlement.

“(6)(A) The Secretary shall provide for the monitor-
ing and testing of all individuals who are receiving benefits
under this title and who as a condition of payment of such
benefits are required to be undergoing treatment and com-
plying with the terms, conditions, and requirements there-
of as described in paragraph (2)(A), in order to assure
such compliance and to determine the extent to which the
imposition of such requirements is contributing to the
achievement of the purposes of this title. The Secretary
shall annually submit to the Congress a full and complete report on the Secretary's activities under this paragraph. Each such annual report shall include the number and percentage of such individuals who did not receive regular drug testing during the year covered by the report.

"(B) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations—

"(i) defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subsection, and

"(ii) establishing guidelines to be used to review and evaluate their compliance, including measures of the progress of participants in such programs.

"(C)(i) For purposes of carrying out the requirements of subparagraphs (A) and (B), the Secretary shall establish in each State a referral and monitoring agency for such State.

"(ii) Each referral and monitoring agency for a State shall—

"(I) identify appropriate placements, for individuals residing in such State who are entitled to benefits based on disability and with respect to whom alcoholism or drug addiction is a contributing factor material to the Secretary's determination that
they are under a disability, where they may obtain
treatment described in paragraph (2)(A),

“(II) refer such individuals to such placements
for such treatment, and

“(III) monitor compliance with the require-
ments of paragraph (2)(A) by individuals who are
referred by the agency to such placements and
promptly report failures to comply to the Secretary.

“(7) In the case of any individual who is entitled to
a benefit based on disability for any month, if alcoholism
or drug addiction is a contributing factor material to the
Secretary’s determination that the individual is under a
disability, payment of any past-due monthly insurance
benefits under this title to which such individual is entitled
shall be made in any month only to the extent that the
sum of—

“(A) the amount of such past-due benefit paid
in such month, and

“(B) the amount of any benefit for the preced-
ing month under such current entitlement which is
payable in such month,
does not exceed 200 percent of the amount of such benefit
for the preceding month.

“(8) In the case of any individual entitled to benefits
based on disability, if alcoholism or drug addiction is a
contributing factor material to the Secretary's determination that such individual is under a disability, the month following the 36-month period beginning with such individual's first month of entitlement shall be deemed, for purposes of section 223(a)(1) or subsection (d)(1)(G)(i), (e)(1), or (f)(1) of section 202 (as applicable), as the termination month with respect to such entitlement, and such individual shall be deemed not to be entitled to any past-due benefits under such entitlement remaining unpaid as of the end of such 36-month period. Such individual may not be entitled to benefits based on disability for any month after such 36-month period if, with respect to such entitlement, alcoholism or drug addition is a contributing factor material to the Secretary's determination that such individual is under a disability.

“(9) For purposes of this subsection, the term ‘benefit based on disability’ of an individual means a disability insurance benefit of such individual under section 223 or a child's, widow's, or widower's insurance benefit of such individual under section 202 based on the disability of such individual.”.

(B) PRESERVATION OF MEDICARE BENEFITS.—Section 226 of such Act (42 U.S.C. 426) is amended by adding at the end the following:
“(i) For purposes of this section, each person whose benefit for any month is not payable by reason of paragraph (1) of section 225(c) (and is not terminated by reason of paragraph (4) or (8) of section 225(c)) shall be treated as entitled to such benefit for such month if such person would be entitled to such benefit for such month in the absence of such section.”

paragraph (other than paragraphs (6)(C) and (8) of section 225(c) of the Social Security Act added by this paragraph) shall apply with respect to benefits based on disability (as defined in section 225(c)(9) of the Social Security Act, added by this section) of individuals becoming entitled to such benefits for months beginning after 180 days after the date of the enactment of this Act. Section 225(c)(6)(C) of the Social Security Act shall take effect 180 days after the date of the enactment of this Act. Section 225(c)(8) of the Social Security Act (added by this section) shall apply with respect to benefits for months ending after 180 days after the date of the enactment of this Act, and, for purposes of such section 225(c)(8), in the case of any individual entitled to benefits based on disability (as so defined) for the first month ending after 180 days after the date of the enactment of this Act, such month shall be treated as such individual’s first month of entitlement to such benefits.”
(4) IRRELEVANCE OF LEGALITY OF SERVICES PERFORMED IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY.—

(A) IN GENERAL.—Section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended—

(i) by inserting “(A)” after “(4)”; and

(ii) by adding at the end the following new subparagraph:

“(B) In determining under subparagraph (A) when services performed or earnings derived from services demonstrate an individual’s ability to engage in substantial gainful activity, the Secretary apply the criteria described in subparagraph (A) with respect to services performed by any individual without regard to the legality of such services.”.

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of the enactment of this Act.

(b) AMENDMENTS RELATING TO SUPPLEMENTAL SECURITY INCOME BENEFITS UNDER TITLE XVI OF THE SOCIAL SECURITY ACT.—

(1) REQUIRED PAYMENT OF BENEFITS TO REPRESENTATIVE PAYEES.—
(A) IN GENERAL.—Section 1631(a)(2)(A) of the Social Security Act (42 U.S.C. 1383(a)(2)(A)) is amended—

(i) in clause (ii), by adding at the end the following: “In the case of an individual entitled to benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, the payment of such benefits to a representative payee shall be deemed to serve the interest of such individual under this title.”; and

(ii) in clause (iii), by striking “to the individual or eligible spouse or to an alternative representative payee of the individual or eligible spouse” and inserting “to an alternative representative payee of the individual or eligible spouse or, if the interest of the individual under this title would be served thereby, to the individual or eligible spouse”.

(B) CONFORMING AMENDMENT.—Section 1631(a)(2)(B)(viii)(II) of such Act (42 U.S.C. 1383(a)(2)(B)(viii)(II)) is amended by striking
“15 years” and all that follows and inserting
“of 15 years, or (if alcoholism or drug addiction
is a contributing factor material to the Sec-
retary’s determination that the individual is dis-
abled) is entitled to benefits under this title by
reason of disability.”.

(C) EFFECTIVE DATE.—The amendments
made by subparagraphs (A) and (B) shall apply
with respect to benefits for months beginning
after 180 days after the date of the enactment
of this Act.

(2) INCREASED RELIANCE ON PROFESSIONAL
REPRESENTATIVE PAYEES.—

(A) PREFERENCE REQUIRED FOR ORGANI-
ZATIONAL REPRESENTATIVE PAYEES.—Section
1631(a)(2)(B) of such Act (42 U.S.C.
1383(a)(2)(B)) is amended—

(i) by redesignating clauses (vii)
through (xii) as clauses (viii) through
(xiii), respectively;

(ii) by inserting after clause (vi) the
following:

“(vii) In the case of an individual entitled to benefits
under this title by reason of disability, if alcoholism or
drug addiction is a contributing factor material to the See-
retary's determination that the individual is disabled,
when selecting such individual's representative payee,
preference shall be given to—

"(I) a community-based nonprofit social service agency licensed or bonded by the State;

“(II) a State or local government agency whose mission is to carry out income maintenance, social service, or health care-related activities; or

“(III) a State or local government agency with fiduciary responsibilities,

(or a designee of such an agency if the Secretary deems it appropriate), unless the Secretary determines that selec-
tion of such an agency would not be appropriate.”;

(iii) in clause (viii) (as so redesignated), by striking “clause (viii)” and insert-
ting “clause (ix)”;

(iv) in clause (ix) (as so redesignated), by striking “(vii)” and inserting “(viii)”;

(v) in clause (xiii) (as so redesign-
ated)—

(I) by striking “(xi)” and insert-
ing “(xii)”; and

(II) by striking “(x)” and insert-
ing “(xi)”.

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(B) AVAILABILITY OF PUBLIC AGENCIES AND OTHER QUALIFIED ORGANIZATIONS TO SERVE AS REPRESENTATIVE PAYEES.—Section 1631(a)(2)(D) of such Act (42 U.S.C. 1383(a)(2)(D)) is amended—

(i) in clause (i)—

(I) by striking "exceed the lesser of—" and inserting "exceed—"; and

(II) by striking subclauses (I) and (II) and inserting the following:

"(I) in any case in which an individual is entitled to benefits under this title by reason of disability and alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, 10 percent of the monthly benefit involved, or

"(II) in any other case, the lesser of—

"(aa) 10 percent of the monthly benefit involved, or

"(bb) $25.00 per month.";

(ii) in clause (ii)—

(I) by inserting "State or local government agency whose mission is to carry out income maintenance, social service, or health care-related ac-
activities, any State or local government agency with fiduciary responsibilities, or any” after “means any”; (II) by inserting a comma after “service agency”; (III) by adding “and” at the end of subclause (I); and (IV) in subclause (II)— (aa) by adding “and” at the end of item (aa); (bb) by striking “; and” at the end of item (bb) and inserting a period; and (cc) by striking item (cc); and (iii) by striking clause (iv), effective July 1, 1994. (3) NONPAYMENT OR TERMINATION OF BENEFITS.— (A) IN GENERAL.—Section 1611(e)(3) of such Act (42 U.S.C. 1382(e)(3)), is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following:
“(B)(i) Notwithstanding any other provision of this title, in the case of any individual entitled to benefits under this title solely by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary’s determination that such individual is disabled and such individual is determined by the Secretary not to be in compliance with the requirements of this subparagraph for a month, such benefits shall be suspended for a period commencing with such month and ending with the month preceding the first month, after the determination of noncompliance, in which such individual demonstrates that he or she has reestablished and maintained compliance with such requirements for the applicable period specified in clause (iii).

“(ii)(I) An individual described in clause (i) is in compliance with the requirements of this subparagraph for a month if the individual in such month undergoes any medical or psychological treatment that may be appropriate, for the individual’s condition diagnosed as substance abuse or alcohol abuse and for the stage of the individual’s rehabilitation, at an institution or facility approved for purposes of this subparagraph by the Secretary, and complies in such month with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under subparagraph (C).
"(II) An individual described in clause (i) shall not be determined to be not in compliance with the requirements of this subparagraph for a month if access by such individual to such treatment is not reasonably available for the month, as determined under regulations of the Secretary.

"(iii) The applicable period specified in this clause is—

"(I) 2 consecutive months, in the case of a 1st determination that an individual is not in compliance with the requirements of this subparagraph;

"(II) 3 consecutive months, in the case of the 2nd such determination with respect to the individual; or

"(III) 6 consecutive months, in the case of the 3rd or subsequent such determination with respect to the individual.

"(iv) An individual shall not be an eligible individual for purposes of this title for the 12-month period that begins with the end of any period of 12 consecutive months for which the benefits of the individual under this title have been suspended by reason of this subparagraph.

"(v) In the case of any individual entitled to benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Sec-
retary's determination that such individual is disabled, such individual may not be entitled to such benefits by reason of disability (or any past-due benefits under such entitlement) for any month after the 36-month period beginning with such individual's first month of such entitlement, notwithstanding section 1619(a).

“(vi)(I) The Secretary shall not, in a month, pay to an individual described in clause (i) benefits under this title the payment of which is past due, in an amount that exceeds the amount of benefits under this title which are payable to the individual for the month and the payment of which is not past due.

“(II) As used in subclause (I) of this clause, the term ‘benefits under this title’ includes supplementary payments of the type described in section 1616(a) and payments pursuant to an agreement entered into under section 212(a) of Public Law 93—66.”.

(B) REFERRAL, MONITORING, AND TREATMENT.—Section 1611(e)(3)(C) of such Act (42 U.S.C. 1382(e)(3)(C)), as so designated by the amendment made by subparagraph (A) of this paragraph, is amended—

(i) by adding at the end the following:

“Each such annual report shall include the number and percentage of such individuals
who did not receive regular drug testing during the year covered by the report.

(ii) by inserting "(i)" after "(C)"; and

(iii) by adding after and below the end following:

"(ii) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations—

"(I) defining appropriate treatment for alcoholics and drug addicts who are subject to required medical or psychological treatment under this subparagraph; and

"(II) establishing guidelines to be used to review and evaluate their compliance, including measures of the progress of participants in such programs.

"(iii)(I) For purposes of carrying out the requirements of clauses (i) and (ii), the Secretary shall establish in each State a referral and monitoring agency for the State.

"(II) Each referral and monitoring agency for a State shall—

"(aa) identify appropriate placements, for individuals residing in the State who are entitled to benefits under this title by reason of disability and with respect to whom alcoholism or drug addiction is a
contributing factor material to the Secretary's determination that they are disabled, where they may obtain treatment described in subparagraph (B)(ii)(I);

"(bb) refer such individuals to such placements for such treatment; and

"(cc) monitor compliance with the requirements of subparagraph (B) by individuals who are referred by the agency to such placements, and promptly report to the Secretary any failure to comply with such requirements."

(C) PRESERVATION OF MEDICAID BENEFITS.—Section 1634 of such Act (42 U.S.C. 13283c) is amended by adding at the end the following:

"(e) Each person to whom benefits under this title by reason of disability are not payable for any month solely by reason of section 1611(e)(3)(B) shall be treated, for purposes of title XIX, as receiving benefits under this title for such month."

(D) CONFORMING AMENDMENTS.—Section 1611(e)(3) of such Act (42 U.S.C. 1382(e)(3)), as amended by subparagraphs (A) and (B) of this paragraph, is amended—

(i) in subparagraph (A), by striking "(B)" and inserting "(C)"; and
(ii) in subparagraph (C), by inserting "or (B)" after "(A)".

(E) EFFECTIVE DATE.—

(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the amendments made by this paragraph shall apply with respect to benefits for months beginning after 180 days after the date of the enactment of this Act.

(ii) TIME LIMITATION ON BENEFITS.—Section 1611(e)(3)(B)(v) of the Social Security Act (as added by the amendment made by subparagraph (A) of this paragraph) shall apply with respect to benefits for months ending after 180 days after the date of the enactment of this Act, and, for purposes of such section, in the case of any individual entitled to benefits by reason of disability for the first month ending after 180 days after the date of the enactment of this Act, such month shall be treated as such individual's first month of entitlement to such benefits.

(iii) ESTABLISHMENT OF REFERRAL AND MONITORING AGENCIES.—Section
1611(e)(3)(C)(iii) of the Social Security Act (as added by the amendment made by subparagraph (B)(iii) of this paragraph) shall take effect 180 days after the date of the enactment of this Act.

(4) IRRELEVANCE OF LEGALITY OF SUBSTANTIAL GAINFUL ACTIVITY.—

(A) IN GENERAL.—Section 1614(a)(3)(D) of such Act (42 U.S.C. 1382c(a)(3)(D)) is amended by adding at the end the following: “The Secretary shall make determinations under this title with respect to substantial gainful activity, without regard to the legality of the activity.”.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall take effect on the date of the enactment of this Act.

(c) EFFECTIVE DATE.—The amendments made by the preceding provisions of this section shall apply to benefits payable for months beginning 180 or more days after the date of the enactment of this Act.

(d) DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall develop and carry out demonstration projects designed to explore innovative re-
ferral, monitoring, and treatment approaches with respect to—

(A) individuals who are entitled to disability insurance benefits or child's, widow's, or widower's insurance benefits based on disability under title II of the Social Security Act, and

(B) individuals who are eligible for supplemental security income benefits under title XVI of such Act based solely on disability,

in cases in which alcoholism or drug addiction is a contributing factor material to the Secretary's determination that individuals are under a disability.

(2) SCOPE.—The demonstration projects developed under paragraph (1) shall be of sufficient scope and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative approaches under consideration while giving assurance that the results derived from the projects will obtain generally in the operation of the programs involved without committing such programs to the adoption of any particular system either locally or nationally.

(3) FINAL REPORT.—The Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than December 31,
1997, a final report on the demonstration projects carried out under this subsection, together with any related data and materials which the Secretary may consider appropriate. The authority under this section shall terminate upon the transmittal of such final report.

SEC. 202. ISSUANCE OF PHYSICAL DOCUMENTS IN THE FORM OF BONDS, NOTES, OR CERTIFICATES TO THE SOCIAL SECURITY TRUST FUNDS.

(a) Requirement that Obligations Issued to the OASDI Trust Funds Be Evidenced by Paper Instruments in the Form of Bonds, Notes, or Certificates of Indebtedness Setting Forth Their Terms.—Section 201(d) of the Social Security Act (42 U.S.C. 401(d)) is amended by inserting after the fifth sentence the following new sentence: "Each obligation issued for purchase by the Trust Funds under this subsection shall be evidenced by a paper instrument in the form of a bond, note, or certificate of indebtedness issued by the Secretary of the Treasury setting forth the principal amount, date of maturity, and interest rate of the obligation, and stating on its face that the obligation shall be incontestable in the hands of the Trust Fund to which it is issued, that the obligation is supported by the full faith and credit of the United States, and that the United
States is pledged to the payment of the obligation with respect to both principal and interest.”.

(b) Payment to the OASDI Trust Funds from the General Fund of the Treasury of Interest on Obligations, and of Proceeds from the Sale or Redemption of Obligations, Required to Be in the Form of Checks.—Section 201(f) of such Act (42 U.S.C. 401(f)) is amended by adding at the end the following new sentence: “Payment from the general fund of the Treasury to either of the Trust Funds of any such interest or proceeds shall be in the form of paper checks drawn on such general fund to the order of such Trust Fund.”.

(c) Effective Date.—

(1) In General.—The amendments made by this section shall apply with respect to obligations issued, and payments made, after 60 days after the date of the enactment of this Act.

(2) Treatment of Outstanding Obligations.—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Treasury shall issue to the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as applicable, a paper instrument, in the form of a bond, note, or certificate of indebt-
edness, for each obligation which has been issued to
the Trust Fund under section 201(d) of the Social
Security Act and which is outstanding as of such
date. Each such document shall set forth the prin-
cipal amount, date of maturity, and interest rate of
the obligation, and shall state on its face that the
obligation shall be incontestable in the hands of the
Trust Fund to which it was issued, that the obliga-
tion is supported by the full faith and credit of the
United States, and that the United States is pledged
to the payment of the obligation with respect to both
principal and interest.

SEC. 203. EXPLICIT REQUIREMENTS FOR MAINTENANCE OF

TELEPHONE ACCESS TO LOCAL OFFICES OF

THE SOCIAL SECURITY ADMINISTRATION.

(a) MAINTENANCE OF SERVICE TO LOCAL OF-
FICES.—

(1) IN GENERAL.—Section 5110(a) of the Om-
1388–272) is amended by adding at the end the fol-
lowing new sentence: “In carrying out the require-
ments of the preceding sentence, the Secretary shall
reestablish and maintain in service at least the same
number of telephone lines to each such local office
as was in place as of such date, including telephone
sets for connections to such lines.

(2) EFFECTIVE DATE.—The Secretary of
Health and Human Services shall ensure that the
requirements of the amendment made by paragraph
(1) are carried out no later than 90 days after the
date of the enactment of this Act.

(3) GAO REPORT.—The Comptroller General of
the United States shall make an independent deter-
mination of the number of telephone lines to each
local office of the Social Security Administration
which are in place as of 90 days after the enactment
of this Act and shall report his findings to the Com-
mittee on Ways and Means of the House of Rep-
resentatives and the Committee on Finance of the
Senate no later than 150 days after the date of the
enactment of this Act.

(b) MAINTENANCE OF TOLL-FREE TELEPHONE
NUMBER SERVICE.—The Secretary of Health and Human
Services shall ensure that toll-free telephone service pro-
vided by the Social Security Administration is maintained
at a level which is at least equal to that in effect on the
date of the enactment of this Act.
SEC. 204. EXPANSION OF STATE OPTION TO EXCLUDE SERVICE OF ELECTION OFFICIALS OR ELECTION WORKERS FROM COVERAGE.

(a) LIMITATION ON MANDATORY COVERAGE OF STATE ELECTION OFFICIALS AND ELECTION WORKERS WITHOUT STATE RETIREMENT SYSTEM.—

(1) AMENDMENT TO SOCIAL SECURITY ACT.—

Section 210(a)(7)(F)(iv) of the Social Security Act (42 U.S.C. 410(a)(7)(F)(iv)) (as amended by section 11332(a) of the Omnibus Budget Reconciliation Act of 1990) is amended by striking “$100” and inserting “$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) for any subsequent year with respect to service performed during such subsequent year”.

(2) AMENDMENT TO FICA.—Section 3121(b)(7)(F)(iv) of the Internal Revenue Code of 1986 (as amended by section 11332(b) of the Omnibus Budget Reconciliation Act of 1990) is amended by striking “$100” and inserting “$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) of the Social Security Act for any subsequent year with respect to service performed during such subsequent year”.
(b) CONFORMING AMENDMENTS RELATING TO MEDICARE QUALIFIED GOVERNMENT EMPLOYMENT.—

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(p)(2)(E) of the Social Security Act (42 U.S.C. 410(p)(2)(E)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) for any subsequent year with respect to service performed during such subsequent year".

(2) AMENDMENT TO FICA.—Section 3121(u)(2)(B)(ii)(V) of the Internal Revenue Code of 1986 is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1995, and the adjusted amount determined under section 218(c)(8)(B) of the Social Security Act for any subsequent year with respect to service performed during such subsequent year".

(c) AUTHORITY FOR STATES TO MODIFY COVERAGE AGREEMENTS WITH RESPECT TO ELECTION OFFICIALS AND ELECTION WORKERS.—Section 218(c)(8) of the Social Security Act (42 U.S.C. 418(c)(8)) is amended—

(1) by striking "on or after January 1, 1968," and inserting "at any time";
(2) by striking "$100" and inserting "$1,000
with respect to service performed during 1995, and
the adjusted amount determined under subpara-
graph (B) for any subsequent year with respect to
service performed during such subsequent year";
and

(3) by striking the last sentence and inserting
the following new sentence: "Any modification of an
agreement pursuant to this paragraph shall be effec-
tive with respect to services performed in and after
the calendar year in which the modification is mailed
or delivered by other means to the Secretary."

(d) INDEXATION OF EXEMPT AMOUNT.—Section
218(c)(8) of such Act (as amended by subsection (c)) is
further amended—

(1) by inserting "(A)" after "(8)"; and

(2) by adding at the end the following new sub-
paragraph:

"(B) For each year after 1995, the Secretary shall
adjust the amount referred to in subparagraph (A) at the
same time and in the same manner as is provided under
section 215(a)(1)(B)(ii) with respect to the amounts re-
ferred to in section 215(a)(1)(B)(i), except that—
“(i) for purposes of this subparagraph, 1993 shall be substituted for the calendar year referred to in section 215(a)(1)(B)(ii)(II), and
“(ii) such amount as so adjusted, if not a multiple of $100, shall be rounded to the next higher multiple of $100 where such amount is a multiple of $50 and to the nearest multiple of $100 in any other case.

The Secretary shall determine and publish in the Federal Register each adjusted amount determined under this subparagraph not later than November 1 preceding the year for which the adjustment is made.”.

(e) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (c) shall apply with respect to service performed on or after January 1, 1995.

SEC. 205. USE OF SOCIAL SECURITY NUMBERS BY STATES AND LOCAL GOVERNMENTS AND FEDERAL DISTRICT COURTS FOR JURY SELECTION PURPOSES.

(a) IN GENERAL.—Section 205(c)(2) of the Social Security Act (42 U.S.C. 405(c)(2)) is amended—

(1) in subparagraph (B)(i), by striking “(E)” in the matter preceding subclause (I) and inserting “(F)”;

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(2) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and
(3) by inserting after subparagraph (D) the following:

"(E)(i) It is the policy of the United States that—

"(I) any State (or any political subdivision of a State) may utilize the social security account numbers issued by the Secretary for the additional purposes described in clause (ii) if such numbers have been collected and are otherwise utilized by such State (or political subdivision) in accordance with applicable law, and

"(II) any district court of the United States may use, for such additional purposes, any such social security account numbers which have been so collected and are so utilized by any State.

"(ii) The additional purposes described in this clause are the following:

"(I) Identifying duplicate names of individuals on master lists used for jury selection purposes.

"(II) Identifying on such master lists those individuals who are ineligible to serve on a jury by reason of their conviction of a felony.

"(iii) To the extent that any provision of Federal law enacted before the date of the enactment of this subpara-
graph is inconsistent with the policy set forth in clause (i), such provision shall, on and after that date, be null, void, and of no effect.

“(iv) For purposes of this subparagraph, the term ‘State’ has the meaning such term has in subparagraph (D).”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 206. AUTHORIZATION FOR ALL STATES TO EXTEND COVERAGE TO STATE AND LOCAL POLICEMEN AND FIREMEN UNDER EXISTING COVERAGE AGREEMENTS.

(a) IN GENERAL.—Section 218(l) of the Social Security Act (42 U.S.C. 418(l)) is amended—

(1) in paragraph (1), by striking “(1)” after “(l)”, and by striking “the State of” and all that follows through “prior to the date of enactment of this subsection” and inserting “a State entered into pursuant to this section”; and

(2) by striking paragraph (2).

(b) CONFORMING AMENDMENT.—Section 218(d)(8)(D) of such Act (42 U.S.C. 418(d)(8)(D)) is amended by striking “agreements with the States named
in” and inserting “State agreements modified as provided in”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to modifications filed by States after the date of the enactment of this Act.

SEC. 207. LIMITED EXEMPTION FOR CANADIAN MINISTERS FROM CERTAIN SELF-EMPLOYMENT TAX LIABILITY.

(a) IN GENERAL.—Notwithstanding any other provision of law, if—

(1) an individual performed services described in section 1402(c)(4) of the Internal Revenue Code of 1986 which are subject to tax under section 1401 of such Code,

(2) such services were performed in Canada at a time when no agreement between the United States and Canada pursuant to section 233 of the Social Security Act was in effect, and

(3) such individual was required to pay contributions on the earnings from such services under the social insurance system of Canada,

then such individual may file a certificate under this section in such form and manner, and with such official, as may be prescribed in regulations issued under chapter 2 of such Code. Upon the filing of such certificate, notwith-
standing any judgment which has been entered to the contrary, such individual shall be exempt from payment of such tax with respect to services described in paragraphs (1) and (2) and from any penalties or interest for failure to pay such tax or to file a self-employment tax return as required under section 6017 of such Code.

(b) PERIOD FOR FILING.—A certificate referred to in subsection (a) may be filed only during the 180-day period commencing with the date on which the regulations referred to in subsection (a) are issued.

(c) TAXABLE YEARS AFFECTED BY CERTIFICATE.—A certificate referred to in subsection (a) shall be effective for taxable years ending after December 31, 1978, and before January 1, 1985.

(d) RESTRICTION ON CREDITING OF EXEMPT SELF-EMPLOYMENT INCOME.—In any case in which an individual is exempt under this section from paying a tax imposed under section 1401 of the Internal Revenue Code of 1986, any income on which such tax would have been imposed but for such exemption shall not constitute self-employment income under section 211(b) of the Social Security Act (42 U.S.C. 411(b)), and, if such individual's primary insurance amount has been determined under section 215 of such Act (42 U.S.C. 415), notwithstanding section 215(f)(1) of such Act, the Secretary of Health and
Human Services shall recompute such primary insurance amount so as to take into account the provisions of this subsection. The recomputation under this subsection shall be effective with respect to benefits for months following approval of the certificate of exemption.

**SEC. 208. EXCLUSION OF TOTALIZATION BENEFITS FROM THE APPLICATION OF THE WINDFALL ELIMINATION PROVISION.**

(a) **IN GENERAL.**—Section 215(a)(7) of the Social Security Act (42 U.S.C. 415(a)(7)) is amended—

(1) in subparagraph (A), by striking “but excluding” and all that follows through “1937” and inserting “but excluding (I) a payment under the Railroad Retirement Act of 1974 or 1937, and (II) a payment by a social security system of a foreign country based on an agreement concluded between the United States and such foreign country pursuant to section 233”; and

(2) in subparagraph (E), by inserting after “in the case of an individual” the following: “whose eligibility for old-age or disability insurance benefits is based on an agreement concluded pursuant to section 233 or an individual”.

(b) **CONFORMING AMENDMENT RELATING TO BENEFITS UNDER 1939 ACT.**—Section 215(d)(3) of such Act
(42 U.S.C. 415(d)(3)) is amended by striking "but excluding" and all that follows through "1937" and inserting "but excluding (I) a payment under the Railroad Retirement Act of 1974 or 1937, and (II) a payment by a social security system of a foreign country based on an agreement concluded between the United States and such foreign country pursuant to section 233".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply (notwithstanding section 215(f)(1) of the Social Security Act (42 U.S.C. 415(f)(1))) with respect to benefits payable for months after January 1995.

SEC. 209. EXCLUSION OF MILITARY RESERVISTS FROM APPLICATION OF THE GOVERNMENT PENSION OFFSET AND WINDFALL ELIMINATION PROVISIONS.

(a) EXCLUSION FROM GOVERNMENT PENSION OFFSET PROVISIONS.—Subsections (b)(4), (c)(2), (e)(7), (f)(2), and (g)(4) of section 202 of the Social Security Act (42 U.S.C. 402 (b)(4), (c)(2), (e)(7), (f)(2), and (g)(4)) are each amended—

(1) in subparagraph (A)(ii), by striking "unless subparagraph (B) applies.”;

(2) in subparagraph (A), by striking "The" in the matter following clause (ii) and inserting "unless subparagraph (B) applies. The"; and
(3) in subparagraph (B), by redesignating the existing matter as clause (ii), and by inserting before such clause (ii) (as so redesignated) the following:

"(B)(i) Subparagraph (A)(i) shall not apply with respect to monthly periodic benefits based wholly on service as a member of a uniformed service (as defined in section 210(m)).".

(b) EXCLUSION FROM WINDFALL ELIMINATION PROVISIONS.—Section 215(a)(7)(A) of such Act (as amended by section 210(a) of this Act) and section 215(d)(3) of such Act (as amended by section 210(b) of this Act) are each further amended—

(1) by striking "and" before "(II)"; and

(2) by striking "section 233" and inserting "section 233, and (III) a payment based wholly on service as a member of a uniformed service (as defined in section 210(m))".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply (notwithstanding section 215(f) of the Social Security Act) with respect to benefits payable for months after January 1995.
SEC. 210. REPEAL OF THE FACILITY-OF-PAYMENT PROVISION.

(a) REPEAL OF RULE PRECLUDING REDISTRIBUTION UNDER FAMILY MAXIMUM.—Section 203(i) of the Social Security Act (42 U.S.C. 403(i)) is repealed.

(b) COORDINATION UNDER FAMILY MAXIMUM OF REDUCTION IN BENEFICIARY'S AUXILIARY BENEFITS WITH SUSPENSION OF AUXILIARY BENEFITS OF OTHER BENEFICIARY UNDER EARNINGS TEST.—Section 203(a)(4) of such Act (42 U.S.C. 403(a)(4)) is amended by striking “section 222(b). Whenever” and inserting the following: “section 222(b). Notwithstanding the preceding sentence, any reduction under this subsection in the case of an individual who is entitled to a benefit under subsection (b), (e), (d), (e), (f), (g), or (h) of section 202 for any month on the basis of the same wages and self-employment income as another person—

“(A) who also is entitled to a benefit under subsection (b), (e), (d), (e), (f), (g), or (h) of section 202 for such month,

“(B) who does not live in the same household as such individual, and

“(C) whose benefit for such month is suspended (in whole or in part) pursuant to subsection (h)(3) of this section,
shall be made before the suspension under subsection (h)(3). Whenever”.

(e) CONFORMING AMENDMENT APPLYING EARNINGS REPORTING REQUIREMENT DESPITE SUSPENSION OF BENEFITS.—The third sentence of section 203(h)(1)(A) of such Act (42 U.S.C. 403(h)(1)(A)) is amended by striking “Such report need not be made” and all that follows through “The Secretary may grant” and inserting the following: “Such report need not be made for any taxable year—

“(i) beginning with or after the month in which such individual attained age 70, or

“(ii) if benefit payments for all months (in such taxable year) in which such individual is under age 70 have been suspended under the provisions of the first sentence of paragraph (3) of this subsection, unless—

“(I) such individual is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202,

“(II) such benefits are reduced under subsection (a) of this section for any month in such taxable year, and

“(III) in any such month there is another person who also is entitled to benefits under
subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the same wages and self-employment income and who does not live in the same household as such individual.

The Secretary may grant”.

(d) CONFORMING AMENDMENT DELETING SPECIAL INCOME TAX TREATMENT OF BENEFITS NO LONGER REQUIRED BY REASON OF REPEAL.—Section 86(d)(1) of the Internal Revenue Code of 1986 (relating to income tax on social security benefits) is amended by striking the last sentence.

(e) EFFECTIVE DATES.—

(1) The amendments made by subsections (a), (b), and (c) shall apply with respect to benefits payable for months after December 1995.

(2) The amendment made by subsection (d) shall apply with respect to benefits received after December 31, 1995, in taxable years ending after such date.

SEC. 211. MAXIMUM FAMILY BENEFITS IN GUARANTEE CASES.

(a) IN GENERAL.—Section 203(a) of the Social Security Act (42 U.S.C. 403(a)) is amended by adding at the end the following new paragraph:

“(10)(A) Subject to subparagraphs (B) and (C)—
“(i) the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for a month on the basis of the wages and self-employment income of an individual whose primary insurance amount is computed under section 215(a)(2)(B)(i) shall equal the total monthly benefits which were authorized by this section with respect to such individual’s primary insurance amount for the last month of his prior entitlement to disability insurance benefits, increased for this purpose by the general benefit increases and other increases under section 215(i) that would have applied to such total monthly benefits had the individual remained entitled to disability insurance benefits until the month in which he became entitled to old-age insurance benefits or reentitled to disability insurance benefits or died, and

“(ii) the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for a month on the basis of the wages and self-employment income of an individual whose primary insurance amount is computed under section 215(a)(2)(C) shall equal the total monthly benefits which were authorized by this section with respect to such individual’s primary insurance amount for the
last month of his prior entitlement to disability insurance benefits.

"(B) In any case in which—

"(i) the total monthly benefits with respect to such individual's primary insurance amount for the last month of his prior entitlement to disability insurance benefits was computed under paragraph (6), and

"(ii) the individual's primary insurance amount is computed under subparagraph (B)(i) or (C) of section 215(a)(2) by reason of the individual's entitlement to old-age insurance benefits or death,

the total monthly benefits shall equal the total monthly benefits that would have been authorized with respect to the primary insurance amount for the last month of his prior entitlement to disability insurance benefits if such total monthly benefits had been computed without regard to paragraph (6).

"(C) This paragraph shall apply before the application of paragraph (3)(A), and before the application of section 203(a)(1) of this Act as in effect in December 1978.”.

(b) CONFORMING AMENDMENT.—Section 203(a)(8) of such Act (42 U.S.C. 403(a)(8)) is amended by striking “Subject to paragraph (7),” and inserting “Subject to
paragraph (7) and except as otherwise provided in paragraph (10)(C), ",

(e) EFFECTIVE DATE.—The amendments made by this section shall apply for the purpose of determining the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 of the Social Security Act based on the wages and self-employment income of an individual who—

(1) becomes entitled to an old-age insurance benefit under section 202(a) of such Act,

(2) becomes reentitled to a disability insurance benefit under section 223 of such Act, or

(3) dies,


SEC. 212. AUTHORIZATION FOR DISCLOSURE BY THE SECRETARY OF HEALTH AND HUMAN SERVICES OF INFORMATION FOR PURPOSES OF PUBLIC OR PRIVATE EPIDEMIOLOGICAL AND SIMILAR RESEARCH.

(a) IN GENERAL.—Section 1106 of the Social Security Act (42 U.S.C. 1306) is amended—

(1) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively;
(2) in subsection (f) (as so redesignated), by striking “subsection (d)” and inserting “subsection (e)”; and

(3) by inserting after subsection (c) the following new subsection:

“(d) Notwithstanding any other provision of this section, in any case in which—

“(1) information regarding whether an individual is shown on the records of the Secretary as being alive or deceased is requested from the Secretary for purposes of epidemiological or similar research which the Secretary finds may reasonably be expected to contribute to a national health interest, and

“(2) the requester agrees to reimburse the Secretary for providing such information and to comply with limitations on safeguarding and rerelease or redisclosure of such information as may be specified by the Secretary,

the Secretary shall comply with such request, except to the extent that compliance with such request would constitute a violation of the terms of any contract entered into under section 205(r).”.

(b) AVAILABILITY OF INFORMATION RETURNS REGARDING WAGES PAID EMPLOYEES.—Section 6103(l)(5)
of the Internal Revenue Code of 1986 (relating to disclosure of returns and return information to the Department of Health and Human Services for purposes other than tax administration) is amended—

(1) by striking "for the purpose of" and inserting "for the purpose of—";

(2) by striking "carrying out, in accordance with an agreement" and inserting the following:

"(A) carrying out, in accordance with an agreement";

(3) by striking "program." and inserting "program; or"; and

(4) by adding at the end the following new subparagraph:

"(B) providing information regarding the mortality status of individuals for epidemiological and similar research in accordance with section 1106(d) of the Social Security Act.".

(c) Effective Date.—The amendments made by this section shall apply with respect to requests for information made after the date of the enactment of this Act.
SEC. 213. MISUSE OF SYMBOLS, EMBLEMS, OR NAMES IN
REFERENCE TO SOCIAL SECURITY PROGRAMS AND AGENCIES.

(a) PROHIBITION OF UNAUTHORIZED REPRODUCTION, REPRINTING, OR DISTRIBUTION FOR FEE OF CERTAIN OFFICIAL PUBLICATIONS.—Section 1140(a) of the Social Security Act (42 U.S.C. 1320b–10(a)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(2) by inserting “(1)” after “(a)”; and

(3) by adding at the end the following new paragraph:

“(2) No person may, for a fee, reproduce, reprint, or distribute any item consisting of a form, application, or other publication of the Social Security Administration unless such person has obtained specific, written authorization for such activity in accordance with regulations which the Secretary shall prescribe.”.

(b) ADDITION TO PROHIBITED WORDS, LETTERS, SYMBOLS, AND EMBLEMS.—Paragraph (1) of section 1140(a) of such Act (as redesignated by subsection (a)) is further amended—

(1) in subparagraph (A) (as redesignated), by striking “Administration”, the letters ‘SSA’ or ‘HCFA’,” and inserting “Administration’, ‘Depart-

(2) in subparagraph (B) (as redesignated), by striking “Social Security Administration” each place it appears and inserting “Social Security Administration, Health Care Financing Administration, or Department of Health and Human Services”, and by striking “or of the Health Care Financing Administration”.

(c) EXEMPTION FOR USE OF WORDS, LETTERS, SYMBOLS, AND EMBLEMS OF STATE AND LOCAL GOVERNMENT AGENCIES BY SUCH AGENCIES.—Paragraph (1) of section 1140(a) of such Act (as redesignated by subsection (a)) is further amended by adding at the end the following new sentence: “The preceding provisions of this subsection shall not apply with respect to the use by any agency or instrumentality of a State or political subdivision of a State of any words or letters which identify an agency or instrumentality of such State or of a political subdivision of such State or the use by any such agency or instrumentality of any symbol or emblem of an agency or instrumentality of such State or a political subdivision of such State.”.
(d) INCLUSION OF REASONABLENESS STANDARD.—
Section 1140(a)(1) of such Act (as amended by the pre-
ceeding provisions of this section) is further amended, in
the matter following subparagraph (B) (as redesignated),
by striking “convey” and inserting “convey, or in a man-
ner which reasonably could be interpreted or construed as
conveying,”.

(e)INEFFECTIVENESS OF DISCLAIMERS.—Sub-
section (a) of section 1140 of such Act (as amended by
the preceding provisions of this section) is further amend-
ed by adding at the end the following new paragraph:
“(3) Any determination of whether the use of one or
more words, letters, symbols, or emblems (or any combina-
tion or variation thereof) in connection with an item de-
scribed in paragraph (1) or the reproduction, reprinting,
or distribution of an item described in paragraph (2) is
a violation of this subsection shall be made without regard
to any inclusion in such item (or any so reproduced, re-
printed, or distributed copy thereof) of a disclaimer of af-
iliation with the United States Government or any par-
ticular agency or instrumentality thereof.”.

(f) VIOLATIONS WITH RESPECT TO INDIVIDUAL
ITEMS.—Section 1140(b)(1) of such Act (42 U.S.C.
1320b–10(b)(1)) is amended by adding at the end the fol-
lowing new sentence: “In the case of any items referred
to in subsection (a)(1) consisting of pieces of mail, each such piece of mail which contains one or more words, letters, symbols, or emblems in violation of subsection (a) shall represent a separate violation. In the case of any item referred to in subsection (a)(2), the reproduction, reprinting, or distribution of such item shall be treated as a separate violation with respect to each copy thereof so reproduced, reprinted, or distributed.”.

(g) ELIMINATION OF CAP ON AGGREGATE LIABILITY AMOUNT.—

(1) REPEAL.—Paragraph (2) of section 1140(b) of such Act (42 U.S.C. 1320b—10(b)(2)) is repealed.

(2) CONFORMING AMENDMENTS.—Section 1140(b) of such Act is further amended—

(A) by striking “(1) Subject to paragraph (2), the” and inserting “The”;

(B) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively;

and

(C) in paragraph (1) (as redesignated), by striking “subparagraph (B)” and inserting “paragraph (2)”.

(h) REMOVAL OF FORMAL DECLINATION REQUIREMENT.—Section 1140(e)(1) of such Act (42 U.S.C.
1320b–10(c)(1)) is amended by inserting “and the first sentence of subsection (c)” after “and (i)”.

(i) **Penalties Relating to Social Security Administration Deposited in OASI Trust Fund.**—Section 1140(c)(2) of such Act (42 U.S.C. 1320b–10(c)(2)) is amended in the second sentence by striking “United States.” and inserting “United States, except that, to the extent that such amounts are recovered under this section as penalties imposed for misuse of words, letters, symbols, or emblems relating to the Social Security Administration, such amounts shall be deposited into the Federal Old-Age and Survivor’s Insurance Trust Fund.”.

(j) **Enforcement.**—Section 1140 of such Act (42 U.S.C. 1320b–10) is amended by adding at the end the following new subsection:

“(d) The preceding provisions of this section shall be enforced through the Office of Inspector General of the Department of Health and Human Services.”.

(k) **Annual Reports.**—Section 1140 of such Act (as amended by the preceding provisions of this section) is further amended by adding at the end the following new subsection:

“(e) The Secretary shall include in the annual report submitted pursuant to section 704 a report on the oper-
ation of this section during the year covered by such annual report. Such report shall specify—

“(1) the number of complaints of violations of this section received by the Social Security Administration during the year,

“(2) the number of cases in which a notice of violation of this section was sent by the Social Security Administration during the year requesting that an individual cease activities in violation of this section,

“(3) the number of complaints of violations of this section referred by the Social Security Administration to the Inspector General in the Department of Health and Human Services during the year,

“(4) the number of investigations of violations of this section undertaken by the Inspector General during the year,

“(5) the number of cases in which a demand letter was sent during the year assessing a civil money penalty under this section,

“(6) the total amount of civil money penalties assessed under this section during the year,

“(7) the number of requests for hearings filed during the year pursuant to subsection (c)(1) of this section and section 1128A(c)(2),

"
“(8) the disposition during such year of hearings filed pursuant to sections 1140(e)(1) and 1128A(e)(2), and
“(9) the total amount of civil money penalties under this section deposited into the Federal Old-Age and Survivors Insurance Trust Fund during the year.”.

(l) PROHIBITION OF MISUSE OF DEPARTMENT OF THE TREASURY NAMES, SYMBOLS, ETC.—

(1) GENERAL RULE.—Subchapter II of chapter 3 of title 31, United States Code, is amended by adding at the end thereof the following new section:

“§ 333. Prohibition of misuse of Department of the Treasury names, symbols, etc.

“(a) GENERAL RULE.—No person may use, in connection with, or as a part of, any advertisement, solicitation, business activity, or product, whether alone or with other words, letters, symbols, or emblems—

“(1) the words ‘Department of the Treasury’, or the name of any service, bureau, office, or other subdivision of the Department of the Treasury,

“(2) the titles ‘Secretary of the Treasury’ or ‘Treasurer of the United States’ or the title of any other officer or employee of the Department of the Treasury,
“(3) the abbreviations or initials of any entity referred to in paragraph (1),

“(4) the words ‘United States Savings Bond’ or the name of any other obligation issued by the Department of the Treasury,

“(5) any symbol or emblem of an entity referred to in paragraph (1) (including the design of any envelope or stationary used by such an entity), and

“(6) any colorable imitation of any such words, titles, abbreviations, initials, symbols, or emblems, in a manner which could reasonably be interpreted or construed as conveying the false impression that such advertisement, solicitation, business activity, or product is in any manner approved, endorsed, sponsored, or authorized by, or associated with, the Department of the Treasury or any entity referred to in paragraph (1) or any officer or employee thereof.

“(b) TREATMENT OF DISCLAIMERS.—Any determination of whether a person has violated the provisions of subsection (a) shall be made without regard to any use of a disclaimer of affiliation with the United States Government or any particular agency or instrumentality thereof.

“(c) CIVIL PENALTY.—
subsection (b).—The Secretary of the Treasury may impose a civil penalty on any person who violates the provisions of subsection (a).

"(2) Amount of penalty.—The amount of the civil penalty imposed by paragraph (1) shall not exceed $5,000 for each use of any material in violation of subsection (a). If such use is in a broadcast or telecast, the preceding sentence shall be applied by substituting '$25,000' for '$5,000'.

"(3) Time limitations.—

"(A) Assessments.—The Secretary of the Treasury may assess any civil penalty under paragraph (1) at any time before the end of the 3-year period beginning on the date of the violation with respect to which such penalty is imposed.

"(B) Civil action.—The Secretary of the Treasury may commence a civil action to recover any penalty imposed under this subsection at any time before the end of the 2-year period beginning on the date on which such penalty was assessed.

"(4) Coordination with subsection (d).—No penalty may be assessed under this subsection with respect to any violation after a criminal pro-
ceeding with respect to such violation has been commenced under subsection (d).

"(d) CRIMINAL PENALTY.—

“(1) IN GENERAL.—If any person knowingly violates subsection (a), such person shall, upon conviction thereof, be fined not more than $10,000 for each such use or imprisoned not more than 1 year, or both. If such use is in a broadcast or telecast, the preceding sentence shall be applied by substituting ‘$50,000’ for ‘$10,000’.

“(2) TIME LIMITATIONS.—No person may be prosecuted, tried, or punished under paragraph (1) for any violation of subsection (a) unless the indictment is found or the information instituted during the 3-year period beginning on the date of the violation.

“(3) COORDINATION WITH SUBSECTION (c).—No criminal proceeding may be commenced under this subsection with respect to any violation if a civil penalty has previously been assessed under subsection (c) with respect to such violation.”

(2) CLERICAL AMENDMENT.—The analysis for chapter 3 of title 31, United States Code, is amended by adding after the item relating to section 332 the following new item:
"333. Prohibition of misuse of Department of the Treasury names, symbols, etc."

(3) REPORT.—Not later than May 1, 1996, the Secretary of the Treasury shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the implementation of the amendments made by this section. Such report shall include the number of cases in which the Secretary has notified persons of violations of section 333 of title 31, United States Code (as added by subsection (a)), the number of prosecutions commenced under such section, and the total amount of the penalties collected in such prosecutions.

(m) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to violations occurring after the date of the enactment of this Act.

SEC. 214. INCREASED PENALTIES FOR UNAUTHORIZED DISCLOSURE OF SOCIAL SECURITY INFORMATION.

(a) UNAUTHORIZED DISCLOSURE.—Section 1106(a) of the Social Security Act (42 U.S.C. 1306(a)) is amended—

(1) by striking "misdemeanor" and inserting "felony";
(2) by striking "$1,000" and inserting "$10,000 for each occurrence of a violation"; and
(3) by striking "one year" and inserting "5 years".

(b) UNAUTHORIZED DISCLOSURE BY FRAUD.—Section 1107(b) of such Act (42 U.S.C. 1307(b)) is amended—

(1) by inserting "social security account number," after "information as to the";
(2) by striking "misdemeanor" and inserting "felony";
(3) by striking "$1,000" and inserting "$10,000 for each occurrence of a violation"; and
(4) by striking "one year" and inserting "5 years".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to violations occurring on or after the date of the enactment of this Act.

SEC. 215. INCREASE IN AUTHORIZED PERIOD FOR EXTENSION OF TIME TO FILE ANNUAL EARNINGS REPORT.

(a) IN GENERAL.—Section 203(h)(1)(A) of the Social Security Act (42 U.S.C. 403(h)(1)(A)) is amended in the last sentence by striking "three months" and inserting "four months".
(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to reports of earnings for taxable years ending on or after December 31, 1994.

SEC. 216. EXTENSION OF DISABILITY INSURANCE PROGRAM DEMONSTRATION PROJECT AUTHORITY.

(a) IN GENERAL.—Section 505 of the Social Security Disability Amendments of 1980 (Public Law 96–265), as amended by section 12101 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272), section 10103 of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101–239), and section 5120 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508) is further amended—

(1) in paragraph (3) of subsection (a), by striking “June 10, 1993” and inserting “June 10, 1996”;

(2) in paragraph (4) of subsection (a), by striking “1992” and inserting “1995”; and

(3) in subsection (c), by striking “October 1, 1993” and inserting “October 1, 1996”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.
SEC. 217. CROSS-MATCHING OF SOCIAL SECURITY ACCOUNT NUMBER INFORMATION AND EMPLOYER IDENTIFICATION NUMBER INFORMATION MAINTAINED BY THE DEPARTMENT OF AGRICULTURE.

(a) Social Security Account Number Information.—Clause (iii) of section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) (as added by section 1735(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3791)) is amended—

(1) by inserting "(I)" after "(iii)"; and

(2) by striking "The Secretary of Agriculture shall restrict" and all that follows and inserting the following:

"(II) The Secretary of Agriculture may share any information contained in any list referred to in subclause (I) with any other agency or instrumentality of the United States which otherwise has access to social security account numbers in accordance with this subsection or other applicable Federal law, except that the Secretary of Agriculture may share such information only to the extent that such Secretary determines such sharing would assist in verifying and matching such information against information maintained by such other agency or instrumentality. Any such information shared pursuant to this subclause..."
may be used by such other agency or instrumentality only for the purpose of effective administration and enforcement of the Food Stamp Act of 1977 or for the purpose of investigation of violations of other Federal laws or enforcement of such laws.

"(III) The Secretary of Agriculture, and the head of any other agency or instrumentality referred to in this subclause, shall restrict, to the satisfaction of the Secretary of Health and Human Services, access to social security account numbers obtained pursuant to this clause only to officers and employees of the United States whose duties or responsibilities require access for the purposes described in subclause (II).

"(IV) The Secretary of Agriculture, and the head of any agency or instrumentality with which information is shared pursuant to clause (II), shall provide such other safeguards as the Secretary of Health and Human Services determines to be necessary or appropriate to protect the confidentiality of the social security account numbers."

(b) EMPLOYER IDENTIFICATION NUMBER INFORMATION.—Subsection (f) of section 6109 of the Internal Revenue Code of 1986 (as added by section 1735(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3792)) (relating to access
to employer identification numbers by Secretary of Agriculture for purposes of Food Stamp Act of 1977) is amended—

(1) by striking paragraph (2) and inserting the following:

"(2) SHARING OF INFORMATION AND SAFEGUARDS.—

"(A) SHARING OF INFORMATION.—The Secretary of Agriculture may share any information contained in any list referred to in paragraph (1) with any other agency or instrumentality of the United States which otherwise has access to employer identification numbers in accordance with this section or other applicable Federal law, except that the Secretary of Agriculture may share such information only to the extent that such Secretary determines such sharing would assist in verifying and matching such information against information maintained by such other agency or instrumentality. Any such information shared pursuant to this subparagraph may be used by such other agency or instrumentality only for the purpose of effective administration and enforcement of the Food Stamp Act of 1977 or for the purpose of
investigation of violations of other Federal laws or enforcement of such laws.

"(B) SAFEGUARDS.—The Secretary of Agriculture, and the head of any other agency or instrumentality referred to in subparagraph (A), shall restrict, to the satisfaction of the Secretary of the Treasury, access to employer identification numbers obtained pursuant to this subsection only to officers and employees of the United States whose duties or responsibilities require access for the purposes described in subparagraph (A). The Secretary of Agriculture, and the head of any agency or instrumentality with which information is shared pursuant to subparagraph (A), shall provide such other safeguards as the Secretary of the Treasury determines to be necessary or appropriate to protect the confidentiality of the employer identification numbers.”;

(2) in paragraph (3), by striking “by the Secretary of Agriculture pursuant to this subsection” and inserting “pursuant to this subsection by the Secretary of Agriculture or the head of any agency or instrumentality with which information is shared pursuant to paragraph (2)”, and by striking “social
security account numbers” and inserting “employer identification numbers”; and

(3) in paragraph (4), by striking “by the Secretary of Agriculture pursuant to this subsection” and inserting “pursuant to this subsection by the Secretary of Agriculture or any agency or instrumentality with which information is shared pursuant to paragraph (2)”.

SEC. 218. CERTAIN TRANSFERS TO RAILROAD RETIREMENT ACCOUNT MADE PERMANENT.

Subsection (c)(1)(A) of section 224 of the Railroad Retirement Solvency Act of 1983 (relating to section 72(r) revenue increase transferred to certain railroad accounts) is amended by striking “with respect to benefits received before October 1, 1992”.

SEC. 219. AUTHORIZATION FOR USE OF SOCIAL SECURITY ACCOUNT NUMBERS BY DEPARTMENT OF LABOR IN ADMINISTRATION OF FEDERAL WORKERS’ COMPENSATION LAWS.

Section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) is amended by adding at the end the following new clause:

“(ix) In the administration of the provisions of chapter 81 of title 5, United States Code, and the Longshore and Harbor Workers’ Compensation Act (33 U.S.C. 901
et seq.), the Secretary of Labor may require by regulation that any person filing a notice of injury or a claim for benefits under such provisions provide as part of such notice or claim such person's social security account number, subject to the requirements of this clause. No officer or employee of the Department of Labor shall have access to any such number for any purpose other than the establishment of a system of records necessary for the effective administration of such provisions. The Secretary of Labor shall restrict, to the satisfaction of the Secretary of Health and Human Services, access to social security account numbers obtained pursuant to this clause to officers and employees of the United States whose duties or responsibilities require access for the administration or enforcement of such provisions. The Secretary of Labor shall provide such other safeguards as the Secretary of Health and Human Services determines to be necessary or appropriate to protect the confidentiality of the social security account numbers.”

SEC. 220. COVERAGE UNDER FICA OF FEDERAL EMPLOYEES TRANSFERRED TEMPORARILY TO INTERNATIONAL ORGANIZATIONS.

(a) Treatment of Service in the Employ of International Organizations by Certain Transferred Federal Employees.—
(1) IN GENERAL.—Section 3121 of the Internal Revenue Code of 1986 (relating to definitions) is amended by adding at the end the following new subsection:

"(y) SERVICE IN THE EMPLOY OF INTERNATIONAL ORGANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EMPLOYEES.—

“(1) IN GENERAL.—For purposes of this chapter, service performed in the employ of an international organization by an individual pursuant to a transfer of such individual to such international organization pursuant to section 3582 of title 5, United States Code, shall constitute ‘employment’ if—

“(A) immediately before such transfer, such individual performed service with a Federal agency which constituted ‘employment’ under subsection (b) for purposes of the taxes imposed by sections 3101(a) and 3111(a), and

“(B) such individual would be entitled, upon separation from such international organization and proper application, to reemployment with such Federal agency under such section 3582."
“(2) DEFINITIONS.—For purposes of this subsection—

“(A) FEDERAL AGENCY.—The term ‘Federal agency’ means an agency, as defined in section 3581(1) of title 5, United States Code.

“(B) INTERNATIONAL ORGANIZATION.—

The term ‘international organization’ has the meaning provided such term by section 3581(3) of title 5, United States Code.”

(2) CONTRIBUTIONS BY FEDERAL AGENCY.—

Section 3122 of such Code (relating to Federal service) is amended by inserting after the first sentence the following new sentence: “In the case of the taxes imposed by this chapter with respect to service performed in the employ of an international organization pursuant to a transfer to which the provisions of section 3121(y) are applicable, the determination of the amount of remuneration for such service, and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency from which the transfer was made.”

(3) COLLECTION OF EMPLOYEE CONTRIBUTIONS.—Section 3102 of such Code (relating to deduction of tax from wages) is amended by adding at the end the following new subsection:
“(e) SPECIAL RULE FOR CERTAIN TRANSFERRED FEDERAL EMPLOYEES.—In the case of any payments of wages for service performed in the employ of an international organization pursuant to a transfer to which the provisions of section 3121(y) are applicable—

“(1) subsection (a) shall not apply,

“(2) the head of the Federal agency from which the transfer was made shall separately include on the statement required under section 6051—

“(A) the amount determined to be the amount of the wages for such service, and

“(B) the amount of the tax imposed by section 3101 on such payments, and

“(3) the tax imposed by section 3101 on such payments shall be paid by the employee.”

(4) EXCLUSION FROM TREATMENT AS TRADE OR BUSINESS.—Paragraph (2)(C) of section 1402(c) of such Code (defining trade or business) is amended by adding at the end the following: “except service which constitutes ‘employment’ under section 3121(y),”.

(5) CONFORMING AMENDMENT.—Paragraph (15) of section 3121(b) of such Code is amended by inserting “, except service which constitutes ‘em-
(b) AMENDMENTS TO THE SOCIAL SECURITY ACT.—

(1) IN GENERAL.—Section 210 of the Social Security Act (42 U.S.C. 410) is amended by adding at the end the following new subsection:

"SERVICE IN THE EMPLOY OF INTERNATIONAL ORGANIZATIONS BY CERTAIN TRANSFERRED FEDERAL EMPLOYEES"

"(r)(1) For purposes of this title, service performed in the employ of an international organization by an individual pursuant to a transfer of such individual to such international organization pursuant to section 3582 of title 5, United States Code, shall constitute 'employment' if—

"(A) immediately before such transfer, such individual performed service with a Federal agency which constituted 'employment' as defined in subsection (a), and

"(B) such individual would be entitled, upon separation from such international organization and proper application, to reemployment with such Federal agency under such section 3582.

"(2) For purposes of this subsection:
“(A) The term ‘Federal agency’ means an agency, as defined in section 3581(1) of title 5, United States Code.

“(B) The term ‘international organization’ has the meaning provided such term by section 3581(3) of title 5, United States Code.”

(2) EXCLUSION FROM TREATMENT AS TRADE OR BUSINESS.—Section 211(c)(2)(C) of such Act (42 U.S.C. 411(c)(2)(C)) is amended by inserting before the semicolon the following “, except service which constitutes ‘employment’ under section 210(r)”.

(3) CONFORMING AMENDMENT.—Section 210(a)(15) of such Act (42 U.S.C. 410(a)(15)) is amended by inserting “, except service which constitutes ‘employment’ under subsection (r)” before the semicolon.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to service performed after the calendar quarter following the calendar quarter in which the date of the enactment of this Act occurs.
SEC. 221. EXTEND THE FICA TAX EXEMPTION AND CERTAIN
TAX RULES TO INDIVIDUALS WHO ENTER
THE UNITED STATES UNDER A VISA ISSUED
UNDER SECTION 101 OF THE IMMIGRATION
AND NATIONALITY ACT.

(a) AMENDMENTS TO THE INTERNAL REVENUE
CODE OF 1986.—

(1) The following provisions of the Internal
Revenue Code of 1986 are each amended by striking
“(J), or (M)” each place it appears and inserting
“(J), (M), or (Q)”:

(A) Section 871(c).
(B) Section 1441(b).
(C) Section 3121(b)(19).
(D) Section 3231(e)(1).
(E) Section 3306(c)(19).

(2) Paragraph (3) of section 872(b) of such
Code is amended by striking “(F) or (J)” and in-
serting “(F), (J), or (Q)”.

(3) Paragraph (5) of section 7701(b) of such
Code is amended by striking “subparagraph (J)” in
subparagraphs (C)(i) and (D)(i)(II) and inserting
“subparagraph (J) or (Q)”.

(b) AMENDMENT TO SOCIAL SECURITY ACT.—Para-
graph (19) of section 210(a) of the Social Security Act
is amended by striking "(J), or (M)" each place it appears
and inserting "(J), (M), or (Q)".

(c) EFFECTIVE DATE.—The amendments made by
this subsection shall take effect with the calendar quarter
following the date of the enactment of this Act.

SEC. 222. STUDY OF RISING COSTS OF DISABILITY INSUR-
ANCE BENEFITS.

(a) IN GENERAL.—As soon as practicable after the
date of the enactment of this Act, the Secretary of Health
and Human Services shall conduct a comprehensive study
of the reasons for rising costs payable from the Federal
Disability Insurance Trust Fund.

(b) MATTERS TO BE INCLUDED IN STUDY.—In con-
ducting the study under this section, the Secretary shall—

(1) determine the relative importance of the fol-
lowing factors in increasing the costs payable from
the Trust Fund:

(A) increased numbers of applications for
benefits;

(B) higher rates of benefit allowances; and

(C) decreased rates of benefit terminations;

and

(2) identify, to the extent possible, underlying
social, economic, demographic, programmatic, and
other trends responsible for changes in disability benefit applications, allowances, and terminations.

(c) REPORT.—Not later than December 31, 1994, the Secretary shall transmit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate setting forth the results of the study conducted under this section, together with any recommendations for legislative changes which the Secretary determines appropriate.

SEC. 223. COMMISSION ON CHILDHOOD DISABILITY.

(a) ESTABLISHMENT OF COMMISSION.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall appoint a Commission on the Evaluation of Disability in Children (in this section referred to as the "Commission").

(b) APPOINTMENT OF MEMBERS.—(1) The Secretary shall appoint not less than 9 but not more than 15 members to the Commission, including—

(A) recognized experts in the field of medicine, whose work involves—

(i) the evaluation and treatment of disability in children,

(ii) the study of congenital, genetic, or perinatal disorders in children, or
(iii) the measurement of developmental milestones and developmental deficits in children; and

(B) recognized experts in the fields of—

(i) psychology,

(ii) education and rehabilitation,

(iii) law,

(iv) the administration of disability programs,

(v) social insurance (including health insurance), and

(vi) other fields of expertise that the Secretary determines to be appropriate.

(2) Members shall be appointed by January 1, 1995, without regard to the provisions of title 5, United States Code, governing appointments to competitive service.

(3) Members appointed under this subsection shall serve for a term equivalent to the duration of the Commission.

(4) The Secretary shall designate a member of the Commission to serve as Chair of the Commission for a term equivalent to the duration of the Commission.

(e) ADMINISTRATIVE PROVISIONS.—(1) Service as a member of the Commission by an individual who is not otherwise a Federal employee shall not be considered serv-
ice in an appointive or elective position in the Federal Government for the purposes of title 5, United States Code.

(2) Each member of the Commission who is not a full-time Federal employee shall be paid compensation at a rate equal to the daily equivalent of the rate of basic pay in effect for Level IV of the Executive Schedule for each day (including travel time) the member attends meetings or otherwise performs the duties of the Commission.

(3) While away from their homes or regular places of business on the business of the Commission, each member who is not a full-time Federal employee may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(d) ASSISTANCE TO COMMISSION.—The Commission may engage individuals skilled in medical and other aspects of childhood disability to provide such technical assistance as may be necessary to carry out the functions of the Commission. The Secretary shall make available to the Commission such secretarial, clerical, and other assistance as the Commission may require to carry out the functions of the Commission.

(e) STUDY BY THE COMMISSION.—(1) The Commission shall conduct a study, in consultation with the Na-
tional Academy of Sciences, of the effects of the definition
of "disability" under title XVI of the Social Security Act
(42 U.S.C. 1382 et seq.) in effect on the date of enactment
of this Act, as such definition applies to determining
whether a child under the age of 18 is eligible to receive
benefits under such title, the appropriateness of such defi-
nition, and the advantages and disadvantages of using any
alternative definition of disability in determining whether
a child under age 18 is eligible to receive benefits under
such title.

(2) The study described in paragraph (1) shall in-
clude issues of—

(A) whether the need by families for assistance
in meeting high costs of medical care for children
with serious physical or mental impairments, whether
or not they are eligible for disability benefits
under title XVI of the Social Security Act, might ap-
propriately be met through expansion of Federal
health assistance programs (including the program
of medical assistance under title XIX of such Act);

(B) the feasibility of providing benefits to chil-
dren through nonecash means, including but not lim-
ited to vouchers, debit cards, and electronic benefit
transfer systems;
(C) the extent to which the Social Security Administration can involve private organizations in an effort to increase the provision of social services, education, and vocational instruction with the aim of promoting independence and the ability to engage in substantial gainful activity;

(D) the feasibility of providing retroactive supplemental security income benefits pursuant to the decision in Sullivan v. Zebley, 110 S. Ct. 2658 (1990), on a prorated basis or by means of a packaged trust;

(E) methods to increase the extent to which benefits are used in the effort to assist the child achieve independence and engage in substantial gainful activity; and

(F) such other issues that the Secretary determines to be appropriate.

(f) REPORT.—Not later than November 30, 1995, the Commission shall prepare a report and submit such report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate which shall summarize the results of the study described in subsection (e) and include any recommendations that the Commission determines to be appropriate.
SEC. 224. DISREGARD DEEMED INCOME AND RESOURCES OF INELIGIBLE SPOUSE IN DETERMINING CONTINUED ELIGIBILITY UNDER SECTION 1619(b).

(a) IN GENERAL.—Section 1619(b)(2) of the Social Security Act (42 U.S.C. 1382h(b)(2)) is amended by adding at the end the following:

"(C)(i)(I) For purposes of paragraph (1), in determining the earnings of an individual whose spouse is not an eligible individual, there shall be disregarded the net income of the spouse to the extent such net income does not exceed an amount equal to twice the threshold amount determined for the individual.

"(II) As used in subclause (I), the term 'threshold amount' means, with respect to an individual—

“(aa) $85, plus twice the amount of benefits payable under this title (including federally administered State supplementary payments) to an individual who is living in his or her own household and who has no other income, plus the average amount expended per individual, under the State plan approved under title XIX by the State in which the individual resides, on individuals who are recipients of benefits under this title by reason of disability; or

“(bb) if the gross earnings of the individual exceeds the amount described in item (aa), the amount
that would be sufficient to allow the individual to provide for himself or herself a reasonable equivalent of benefits and services described in paragraph (1)(D).

"(ii) For purposes of paragraph (1)(A), in determining the resources of an individual whose spouse is not an eligible individual, there shall be disregarded the resources of the spouse to the extent the amount of such resources does not exceed the community spouse resource allowance (as defined in section 1924(f)(2)) of the State in which the individual resides."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1995.

SEC. 225. PLANS FOR ACHIEVING SELF-SUPPORT NOT DISAPPROVED WITHIN 60 DAYS TO BE DEEMED APPROVED.

(a) AMENDMENTS TO INCOME EXCLUSION RULES.— Section 1612(b)(4) of the Social Security Act (42 U.S.C. 1382a(b)(4)(A)) is amended in each of subparagraphs (A) and (B) by inserting "and, for purposes of this clause, a completed plan for achieving self-support which is not disapproved by the Board within 60 days after the date of submission shall be deemed to be approved by the Board until subsequently disapproved by the Board (with appropriate notification to the individual)," after "plan,".
(b) **AMENDMENT TO RESOURCE EXCLUSION**

**RULE.**—Section 1613(a)(4) of such Act (42 U.S.C. 1382b(a)(4)) is amended by inserting “, and, for purposes of this paragraph, a completed plan for achieving self-support which is not disapproved by the Board within 60 days after the date of submission shall be deemed to be approved by the Board until 6 months after subsequently disapproved by the Board (with appropriate notification to the individual)” after “such plan”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on January 1, 1995.

**SEC. 226. TEMPORARY AUTHORITY TO APPROVE A LIMITED NUMBER OF PLANS FOR ACHIEVING SELF-SUPPORT THAT INCLUDE HOUSING GOALS.**

(a) **IN GENERAL.**—During the 42-month period that begins on January 1, 1995, the Board may, under title XVI of the Social Security Act, approve not more than 20 percent of the plans for achieving self-support that include a housing goal.

(b) **REPORT.**—Within 12 months after the end of the 5-year period that begins on January 1, 1995, the Board shall submit to the Congress a report on the activities under subsection (a).
SEC. 227. REGULATIONS REGARDING COMPLETION OF PLANS FOR ACHIEVING SELF-SUPPORT.

(a) IN GENERAL.—Section 1633 of the Social Security Act (42 U.S.C. 1383b) is amended by adding at the end the following:

"(d) The Board shall establish by regulation time limits and other criteria related to individuals' plans for achieving self-support, that take into account the difficulty of achieving self-support based on the needs of individuals and the goals of the plan."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1995.

SEC. 228. TREATMENT OF CERTAIN GRANT, SCHOLARSHIP, OR FELLOWSHIP INCOME AS EARNED INCOME FOR SSI PURPOSES.

(a) IN GENERAL.—Section 1612(a)(1) of the Social Security Act (42 U.S.C. 1382a(a)(1)) is amended—

(1) by striking "and" at the end of subparagraph (D); and

(2) by adding at the end the following:

"(F) any grant, scholarship, or fellowship."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to eligibility and benefit determinations for any month that begins after the 2nd month after the month in which this Act is enacted.

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SEC. 229. SSI ELIGIBILITY FOR STUDENTS TEMPORARILY ABROAD.

(a) IN GENERAL.—Section 1611(f) of the Social Security Act (42 U.S.C. 1382(f)) is amended—

(1) by inserting "(1)" after "(f)"; and

(2) by adding after and below the end the following:

"(2) The first sentence of paragraph (1) shall not apply to any individual who—

"(A) was eligible to receive a benefit under this title for the month immediately preceding the first month during all of which the individual was outside the United States; and

"(B) demonstrates to the satisfaction of the Board that the absence of the individual from the United States is—

"(i) temporary; and

"(ii) for the purpose of conducting studies as part of an educational program that is designed to prepare the individual for gainful employment, and is sponsored by a school, college, or university in the United States.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1995.
SEC. 230. DISREGARD OF COST-OF-LIVING INCREASES FOR CONTINUED ELIGIBILITY FOR WORK INCENTIVES.

(a) In General.—Section 1619(b)(1)(B) of the Social Security Act (42 U.S.C. 1382h(b)(1)(B)) is amended by inserting “and increases pursuant to section 215(i) in the level of monthly insurance benefits to which the individual is entitled under title II that occur while such individual is considered to be receiving supplemental security income benefits by reason of this subsection” after “earnings”.

(b) Effective Date.—The amendment made by subsection (a) shall apply to eligibility determinations for months after December 1994.

SEC. 231. EXPANSION OF THE AUTHORITY OF THE SOCIAL SECURITY ADMINISTRATION TO PREVENT, DETECT, AND TERMINATE FRAUDULENT CLAIMS FOR SSI BENEFITS.

(a) Prevention of Fraud in the SSI Program by Translators of Foreign Languages.—

(1) In General.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)) is amended by inserting after paragraph (3) the following:

“(4) A translation into English by a third party of a statement made in a foreign language by an applicant for or recipient of benefits under this title shall not be
regarded as reliable unless the third party, under penalty of perjury—

"(A) certifies that the translation is accurate;

and

"(B) discloses the nature and scope of the relationship between the third party and the applicant or recipient, as the case may be."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(b) CIVIL MONETARY PENALTIES, ASSESSMENTS, AND EXCLUSIONS FOR TITLE XVI.—

(1) IN GENERAL.—Title XI of the Social Security Act (42 U.S.C. 1301–1320b–14) is amended by inserting after section 1128B the following:

"SEC. 1129. CIVIL MONETARY PENALTIES AND ASSESSMENTS FOR TITLE XVI.

"(a) Any person (including an organization, agency, or other entity) who makes, or causes to be made, a statement or representation of a material fact for use in determining any initial or continuing right to benefits or payments under title XVI that the person knows or should know is false or misleading or knows or should know omits a material fact shall be subject to, in addition to any other penalties that may be prescribed by law, a civil money pen-
alty of not more than $5,000 for each such statement or representation. Such person also shall be subject to an assessment, in lieu of damages sustained by the United States because of such statement or representation, of not more than twice the amount of benefits or payments paid as a result of such a statement or representation. In addition, the Board may make a determination in the same proceeding to exclude the person from participation in the programs under title XVIII and to direct the appropriate State agency to exclude the person from participation in any State health care program.

"(b)(1) The Board may initiate a proceeding to determine whether to impose a civil money penalty, assessment, or exclusion under subsection (a) only as authorized by the Attorney General pursuant to procedures agreed upon by the Board and the Attorney General. The Board may not initiate an action under this section with respect to any violation described in subsection (a) later than 6 years after the date the violation was committed. The Board may initiate an action under this section by serving notice of the action in any manner authorized by Rule 4 of the Federal Rules of Civil Procedure.

"(2) The Board shall not make a determination adverse to any person under this section until the person has been given written notice and an opportunity for the
determination to be made on the record after a hearing at which the person is entitled to be represented by counsel, to present witnesses, and to cross-examine witnesses against the person.

"(3) In a proceeding under this section which—

"(A) is against a person who has been convicted (whether upon a verdict after trial or upon a plea of guilty or nolo contendere) of a Federal crime charging fraud or false statements; and

"(B) involves the same transaction as in the criminal action;

the person is estopped from denying the essential elements of the criminal offense.

"(4) The official conducting a hearing under this section may sanction a person, including any party or attorney, for failing to comply with an order or procedure, failing to defend an action, or other misconduct as would interfere with the speedy, orderly, or fair conduct of the hearing. Such sanction shall reasonably relate to the severity and nature of the failure or misconduct. Such sanction may include—

"(A) in the case of refusal to provide or permit discovery, drawing negative factual inference or treating such refusal as an admission by deeming the matter, or certain facts, to be established;
"(B) prohibiting a party from introducing certain evidence or otherwise supporting a particular claim or defense;

"(C) striking pleadings, in whole or in part;

"(D) staying the proceedings;

"(E) dismissal of the action;

"(F) entering a default judgment;

"(G) ordering the party or attorney to pay attorneys' fees and other costs caused by the failure or misconduct; and

"(H) refusing to consider any motion or other action which is not filed in a timely manner.

"(c) In determining the amount or scope of any penalty, assessment, or exclusion imposed pursuant to this section, the Board shall take into account—

"(1) the nature of the statements and representations referred to in subsection (a) and the circumstances under which they occurred;

"(2) the degree of culpability, history of prior offenses, and financial condition of the person committing the offense; and

"(3) such other matters as justice may require.

"(d)(1) Any person adversely affected by a determination of the Board under this section may obtain a review of such determination in the United States Court
of Appeals for the circuit in which the person resides, or in which the statement or representation referred to in subsection (a) was made, by filing in such court (within 60 days following the date the person is notified of the Board's determination) a written petition requesting that the determination be modified or set aside. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Board, and thereupon the Board shall file in the court the record in the proceeding as provided in section 2112 of title 28, United States Code. Upon such filing, the court shall have jurisdiction of the proceeding and of the question determined therein, and shall have the power to make and enter upon the pleadings, testimony, and proceedings set forth in such record a decree affirming, modifying, remanding for further consideration, or setting aside, in whole or in part, the determination of the Board and enforcing the same to the extent that such order is affirmed or modified. No objection that has not been urged before the Board shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances.

“(2) The findings of the Board with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive in the review described in paragraph (1). If any party shall apply
to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the hearing before the Board, the court may order such additional evidence to be taken before the Board and to be made a part of the record. The Board may modify its findings as to the facts, or make new findings, by reason of additional evidence so taken and filed, and the Board shall file with the court such modified or new findings, which findings with respect to questions of fact, if supported by substantial evidence on the record considered as a whole shall be conclusive, and his recommendations, if any, for the modification or setting aside of his original order.

"(3) Upon the filing of the record with the Board's original or modified order, the jurisdiction of the court shall be exclusive and its judgment and decree shall be final, except that the same shall be subject to review by the Supreme Court of the United States, as provided in section 1254 of title 28, United States Code.

"(e)(1) Civil money penalties and assessments imposed under this section may be compromised by the Board and may be recovered—

"(A) in a civil action in the name of the United States brought in United States district court for
the district where the statement or representation
referred to in subsection (a) was made, or where the
person resides, as determined by the Board;

"(B) by means of reduction in tax refunds to
which the person is entitled, based on notice to the
Secretary of the Treasury as permitted under sec-
tion 3720A of title 31, United States Code;

"(C) by decrease of any payment under title
XVI to which the person is entitled, notwithstanding
section 207 of this Act, as made applicable to this
title by reason of section 1631(d)(1);

"(D) by authorities provided under the Debt
Collection Act of 1982, as amended, to the extent
applicable to debts arising under the Social Security
Act;

"(E) by deduction of the amount of such pen-
alty or assessment, when finally determined, or the
amount agreed upon in compromise, from any sum
then or later owing by the United States to the per-
son against whom the penalty or assessment has
been assessed; or

"(F) by any combination of the foregoing.

"(f) A determination by the Board to impose a pen-
alty, assessment, or exclusion under this section shall be
final upon the expiration of the 60-day period referred to
in subsection (d). Matters that were raised or that could have been raised in a hearing before the Board or in an appeal pursuant to subsection (d) may not be raised as a defense to a civil action by the United States to collect a penalty and assessment imposed under this section.

"(g) Whenever the Board’s determination to impose a penalty, assessment, or exclusion under this section with respect to a medical provider or physician becomes final, the provisions of section 1128A(h) shall apply.

"(h) Whenever the Board has reason to believe that any person has engaged, is engaging, or is about to engage in any activity which makes the person subject to a civil monetary penalty under this section, the Board may bring an action in an appropriate district court of the United States (or, if applicable, a United States court of any territory) to enjoin such activity, or to enjoin the person from concealing, removing, encumbering, or disposing of assets which may be required in order to pay a civil monetary penalty and assessment if any such penalty were to be imposed or to seek other appropriate relief.

"(i)(1) The provisions of subsections (d) and (e) of section 205 shall apply with respect to this section to the same extent as they are applicable with respect to title II. The Board may delegate the authority granted by section 205(d) (as made applicable to this section) to the In-
spector General of the Department of Health and Human Services for purposes of any investigation under this section.

"(2) The Board may delegate authority granted under this section to the Inspector General of the Social Security Administration.

"(j) For purposes of this section, the term 'State agency' shall have the same meaning as in section 1128A(i)(1).

"(k) A principal is liable for penalties, assessments, and exclusions under this section for the actions of the principal's agent acting within the scope of the agency."

(2) CONFORMING AMENDMENTS.—Section 1128 of such Act (42 U.S.C. 1320a–7) is amended—

(A) in subsection (b)(7), by striking "or section 1128B" and inserting ", section 1128B, or section 1129";

(B) in subsection (b)(8)(B)(ii), by inserting "and section 1129" after "section 1128A";

(C) in subsection (c)(1), by striking "or under section 1128A" and inserting ", section 1128A, or section 1129";

(D) in subsection (c)(3)(A), by inserting "or section 1129" after "section 1128A";

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(E) in subsection (d)(1), by striking “and section 1128A” and inserting “, section 1128A, and section 1129”;

(F) in subsection (d)(2)(A), by striking “or section 1128A” and inserting “, section 1128A, or section 1129”;

(G) in subsection (e)(1), by striking “or section 1128A” and inserting “, section 1128A, or section 1129”;

(H) in subsection (f)(3), by inserting “, 1129,” after “sections 1128A”;

(I) in subsection (g)(1), by striking “or section 1128A” each place such term appears and inserting “, section 1128A, or section 1129”;

(J) in subsection (g)(2)(A), by inserting “and section 1129(a)” after “section 1128A(a)”; and

(K) in subsection (h), by striking “1128A and 1128B” and inserting “1128A, 1128B, and 1129”.

(c) SSI FRAUD CONSIDERED A FELONY.—

(1) IN GENERAL.—Section 1632(a) of the Social Security Act (42 U.S.C. 1383a(a)) is amended by striking “shall” the 1st place such term appears
and all that follows and inserting "shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both."

(2) CONFORMING AMENDMENT.—Section 1632(b) of such Act (42 U.S.C. 1383a(b)) is amended to read as follows:

"(b)(1) If a person or entity violates subsection (a) in the person's or entity's role as, or in applying to become, a payee under section 1631(a)(2) on behalf of another individual (other than the person's eligible spouse), and the violation includes a willful misuse of funds by the person or entity, the court may also require that full or partial restitution of funds be made to such other individual.

"(2) Any person or entity convicted of a violation of subsection (a) of this section or of section 208 may not be certified as a payee under section 1631(a)(2)."

(d) AUTHORITY TO REDETERMINE ELIGIBILITY IN DISABILITY CASES IF FRAUD IS INVOLVED, AND TO TERMINATE BENEFITS IF THERE IS INSUFFICIENT RELIABLE EVIDENCE OF DISABILITY.—

(1) IN GENERAL.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)) is amended by adding at the end the following:
“(6)(A) The Board shall immediately redetermine the eligibility of an individual for benefits under this title by reason of disability, disregarding any unreliable evidence of disability, if there is reason to believe that fraud was involved in the application of the individual for such benefits, unless a United States attorney, or equivalent State prosecutor, with jurisdiction over potential or actual related criminal cases, certifies, in writing, that there is a substantial risk that redetermining such eligibility would jeopardize the criminal prosecution of any person who is a subject of the investigation from which the information is derived.

“(B) If, after redetermining the eligibility of an individual for benefits under this title by reason of disability, the Board determines that there is insufficient reliable evidence of disability, the Board may terminate such eligibility.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 1994, and shall apply to eligibility determinations made before, on, or after such date.

(e) AVAILABILITY OF RECIPIENT IDENTIFYING INFORMATION FROM THE INSPECTOR GENERAL, SOCIAL SECURITY ADMINISTRATION.—
(1) In general.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)), as amended by subsection (d) of this section, is amended by adding at the end the following:

“(7) As soon as the Inspector General, Social Security Administration, has reason to believe that fraud was involved in the application of a recipient for benefits under this title, the Inspector General shall make available to the Board information identifying the recipient, unless a United States attorney, or equivalent State prosecutor, with jurisdiction over potential or actual related criminal cases, certifies, in writing, that there is a substantial risk that making the information so available or redetermining the eligibility of the recipient for such benefits would jeopardize the criminal prosecution of any person who is a subject of the investigation from which the information is derived.”.

(2) Effective date.—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(f) Authority to use available preadmission immigrant and refugee medical information.—

(1) In general.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)), as amended
by the preceding provisions of this Act, is amended by adding at the end the following:

"(8) The Board shall request the Immigration and Naturalization Service and the Centers for Disease Control to provide the Board with whatever medical information either such entity has with respect to any alien who has applied for benefits under this title to the extent that the information is relevant to any determination relating to such eligibility."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 1994.

(g) ANNUAL REPORTS ON REVIEWS OF SSI CASES.—The Board shall annually submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the extent to which the Board has exercised its authority to review supplemental security income cases under title XVI of the Social Security Act, and the extent to which the cases reviewed were those that involved a high likelihood or probability of fraud.
SEC. 232. DISABILITY REVIEW REQUIRED FOR SSI RECIPIENTS WHO ARE 18 YEARS OF AGE.

(a) IN GENERAL.—Section 1614(a)(3)(G) of the Social Security Act (42 U.S.C. 1382c(a)(3)(G)) is amended—

(1) by inserting "(i)" after "(G)"; and

(2) by adding after and below the end the following:

"(ii)(I) During the 1-year period that begins on the date a recipient of benefits under this title by reason of disability attains 18 years of age, the applicable State agency or the Board (as may be appropriate) shall redetermine the eligibility of the recipient for such benefits by reason of disability, by applying the criteria used in determining eligibility for such benefits of applicants who have attained 18 years of age.

"(II) A review under subclause (I) of this clause shall be considered a substitute for a review required under clause (i).”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to individuals who attain 18 years of age in or after the 9th month after the month in which this Act is enacted.
SEC. 233. CONTINUING DISABILITY REVIEWS.

(a) IN GENERAL.—Section 1614(a)(3)(G) of such Act (42 U.S.C. 1382c(a)(3)(G)) is amended by inserting “221(i),” after “221(h),”.

(b) EFFECTIVE DATE.—The amendment made by subsection (A) shall take effect on October 1, 1995.

SEC. 234. TECHNICAL AND CLERICAL AMENDMENTS.

(a) AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT.—

(1) Section 201(a) of the Social Security Act (42 U.S.C. 401(a)) is amended, in the matter following clause (4), by striking “and and” and inserting “and”.

(2) Section 202(d)(8)(D)(ii) of such Act (42 U.S.C. 402(d)(8)(D)(ii)) is amended by adding a period at the end and by adjusting the left hand margination thereof so as to align with section 202(d)(8)(D)(i) of such Act.

(3) Section 202(q)(1)(A) of such Act (42 U.S.C. 402(q)(1)(A)) is amended by striking the dash at the end.

(4) Section 202(q)(9) of such Act (42 U.S.C. 402(q)(9)) is amended, in the matter preceding subparagraph (A), by striking “parargaph” and inserting “paragraph”.

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(5) Section 202(t)(4)(D) of such Act (42 U.S.C. 402(t)(4)(D)) is amended by inserting "if the" before "Secretary" the second and third places it appears.

(6) Clauses (i) and (ii) of section 203(f)(5)(C) of such Act (42 U.S.C. 403(f)(5)(C)) are amended by adjusting the left-hand margination thereof so as to align with clauses (i) and (ii) of section 203(f)(5)(B) of such Act.

(7) Paragraph (3)(A) and paragraph (3)(B) of section 205(b) of such Act (42 U.S.C. 405(b)) are amended by adjusting the left-hand margination thereof so as to align with the matter following section 205(b)(2)(C) of such Act.

(8) Section 205(c)(2)(B)(iii) of such Act (42 U.S.C. 405(c)(2)(B)(iii)) is amended by striking "non-public" and inserting "nonpublic".

(9) Section 205(c)(2)(C) of such Act (42 U.S.C. 405(c)(2)(C)) is amended—

(A) by striking the clause (vii) added by section 2201(c) of Public Law 101–624;

(B) by redesignating the clause (iii) added by section 2201(b)(3) of Public Law 101–624, clause (iv), clause (v), clause (vi), and the clause (vii) added by section 1735(b) of Public
Law 101–624 as clause (iv), clause (v), clause (vi), clause (vii), and clause (viii), respectively;

(C) in clause (v) (as redesignated), by striking “subclause (I) of”, and by striking “subclause (II) of clause (i)” and inserting “clause (ii)”; and

(D) in clause (viii)(IV) (as redesignated), by inserting “a social security account number or” before “a request for”.

(10) The heading for section 205(j) of such Act (42 U.S.C. 405(j)) is amended to read as follows:

“Representative Payees”.

(11) The heading for section 205(s) of such Act (42 U.S.C. 405(s)) is amended to read as follows:

“Notice Requirements”.

(12) Section 208(c) of such Act (42 U.S.C. 408(c)) is amended by striking “subsection (g)” and inserting “subsection (a)(7)”.

(13) Section 210(a)(5)(B)(i)(V) of such Act (42 U.S.C. 410(a)(5)(B)(i)(V)) is amended by striking “section 105(e)(2)” and inserting “section 104(e)(2)”.

(14) Section 211(a) of such Act (42 U.S.C. 411(a)) is amended—
(A) in paragraph (13), by striking "and"

at the end; and

(B) in paragraph (14), by striking the pe-

riod and inserting "; and".

(15) Section 213(c) of such Act (42 U.S.C.

413(c)) is amended by striking "section" the first

place it appears and inserting "sections".

(16) Section 215(a)(5)(B)(i) of such Act (42

U.S.C. 415(a)(5)(B)(i)) is amended by striking

"subsection" the second place it appears and insert-

ing "subsections".

(17) Section 215(f)(7) of such Act (42 U.S.C.

415(f)(7)) is amended by inserting a period after

"1990".

(18) Subparagraph (F) of section 218(c)(6) of

such Act (42 U.S.C. 418(c)(6)) is amended by ad-

justing the left-hand margination thereof so as to

align with section 218(c)(6)(E) of such Act.

(19) Section 223(i) of such Act (42 U.S.C.

423(i)) is amended by adding at the beginning the

following heading:

"Limitation on Payments to Prisoners".

(b) RELATED AMENDMENTS.—

(1) Section 603(b)(5)(A) of Public Law 101–

649 (amending section 202(n)(1) of the Social Secu-
(1)(A)(i) Section 201(g)(1) of such Act (42 U.S.C. 401(g)(1)) is amended—

(I) in subparagraph (A)(i), by striking “and subchapter E” and all that follows through “1954” and inserting “and chapters 2 and 21 of the Internal Revenue Code of 1986”; 

(II) in subparagraph (A)(ii), by striking “1954” and inserting “1986”;
(III) in the matter in subparagraph (A) following clause (ii), by striking "subchapter E" and all that follows through "1954." and inserting "chapters 2 and 21 of the Internal Revenue Code of 1986.", and by striking "1954 other" and inserting "1986 other"; and

(IV) in subparagraph (B), by striking "1954" each place it appears and inserting "1986".

(ii) The amendments made by clause (i) shall apply only with respect to periods beginning on or after the date of the enactment of this Act.

(B)(i) Section 201(g)(2) of such Act (42 U.S.C. 401(g)(2)) is amended by striking "section 3101(a)" and all that follows through "1950." and inserting "section 3101(a) of the Internal Revenue Code of 1986 which are subject to refund under section 6413(c) of such Code with respect to wages (as defined in section 3121 of such Code).", and by striking "wages reported" and all that follows through "1954," and inserting "wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of such Code.".
(ii) The amendments made by clause (i) shall apply only with respect to wages paid on or after January 1, 1995.

(C) Section 201(g)(4) of such Act (42 U.S.C. 401(g)(4)) is amended—

(i) by striking “The Board of Trustees shall prescribe before January 1, 1981, the method” and inserting “If at any time or times the Boards of Trustees of such Trust Funds deem such action advisable, they may modify the method prescribed by such Boards”;

(ii) by striking “1954” and inserting “1986”; and

(iii) by striking the last sentence.

(2) Section 202(v) of such Act (42 U.S.C. 402(v)) is amended—

(A) in paragraph (1), by striking “1954” and inserting “1986”; and

(B) in paragraph (3)(A), by inserting “of the Internal Revenue Code of 1986” after “3127”.

(3) Section 205(c)(5)(F)(i) of such Act (42 U.S.C. 405(c)(5)(F)(i)) is amended by inserting “or the Internal Revenue Code of 1986” after “1954”.

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(4)(A) Section 209(a)(4)(A) of such Act (42 U.S.C. 409(a)(4)(A)) is amended by inserting “or the Internal Revenue Code of 1986” after “Internal Revenue Code of 1954”.

(B) Section 209(a) of such Act (42 U.S.C. 409(a)) is amended—

(i) in subparagraphs (C) and (E) of paragraph (4),

(ii) in paragraph (5)(A),

(iii) in subparagraphs (A) and (B) of paragraph (14),

(iv) in paragraph (15),

(v) in paragraph (16), and

(vi) in paragraph (17),

by striking “1954” each place it appears and inserting “1986”.

(C) Subsections (b), (f), (g), (i)(1), and (j) of section 209 of such Act (42 U.S.C. 409) are amended by striking “1954” each place it appears and inserting “1986”.

(5) Section 211(a)(15) of such Act (42 U.S.C. 411(a)(15)) is amended by inserting “of the Internal Revenue Code of 1986” after “section 162(m)”.

(6) Title II of such Act is further amended—
(A) in subsections (f)(5)(B)(ii) and (k) of section 203 (42 U.S.C. 403),
(B) in section 205(c)(1)(D)(i) (42 U.S.C. 405(c)(1)(D)(i)),
(C) in the matter in section 210(a) (42 U.S.C. 410(a)) preceding paragraph (1) and in paragraphs (8), (9), and (10) of section 210(a),
(D) in subsections (p)(4) and (q) of section 210 (42 U.S.C. 410),
(E) in the matter in section 211(a) (42 U.S.C. 411(a)) preceding paragraph (1) and in paragraphs (3), (4), (6), (10), (11), and (12) and clauses (iii) and (iv) of section 211(a),
(F) in the matter in section 211(c) (42 U.S.C. 411(c)) preceding paragraph (1), in paragraphs (3) and (6) of section 211(c), and in the matter following paragraph (6) of section 211(c),
(G) in subsections (d), (e), and (h)(1)(B) of section 211 (42 U.S.C. 411),
(H) in section 216(j) (42 U.S.C. 416(j)),
(I) in section 218(e)(3) (42 U.S.C. 418(e)(3)),
(J) in section 229(b) (42 U.S.C. 429(b)),
(K) in section 230(c) (42 U.S.C. 430(c)),
and

(L) in section 232 (42 U.S.C. 432),
by striking “1954” each place it appears and inserting “1986”.

(d) RULES OF CONSTRUCTION.—

(1) The preceding provisions of this section shall be construed only as technical and clerical corrections and as reflecting the original intent of the provisions amended thereby.

(2) Any reference in title II of the Social Security Act to the Internal Revenue Code of 1986 shall be construed to include a reference to the Internal Revenue Code of 1954 to the extent necessary to carry out the provisions of paragraph (1).

(e) UTILIZATION OF NATIONAL AVERAGE WAGE INDEX FOR WAGE-BASED ADJUSTMENTS.—

(1) DEFINITION OF NATIONAL AVERAGE WAGE INDEX.—Section 209(k) of the Social Security Act (42 U.S.C. 409(k)) is amended—

(A) by redesignating paragraph (2) as paragraph (3);

(B) in paragraph (3) (as redesignated), by striking “paragraph (1)” and inserting “this subsection”; and
(C) by striking paragraph (1) and inserting the following new paragraphs:


"(2) The Secretary shall prescribe regulations under which the national average wage index for any calendar year shall be computed—

"(A) on the basis of amounts reported to the Secretary of the Treasury or his delegate for such year,

"(B) by disregarding the limitation on wages specified in subsection (a)(1),

"(C) with respect to calendar years after 1990, by incorporating deferred compensation amounts and factoring in for such years the rate of change from year to year in such amounts, in a manner consistent with the requirements of section 10208 of..."
the Omnibus Budget Reconciliation Act of 1989, and

"(D) with respect to calendar years before 1978, in a manner consistent with the manner in which the average of the total wages for each of such calendar years was determined as provided by applicable law as in effect for such years.".

(2) CONFORMING AMENDMENTS.—

(A) Section 213(d)(2)(B) of such Act (42 U.S.C. 413(d)(2)(B)) is amended by striking "deemed average total wages" and inserting "national average wage index", and by striking "the average of the total wages" and all that follows and inserting "the national average wage index (as so defined) for 1976,".

(B) Section 215(a)(1)(B)(ii) of such Act (42 U.S.C. 415(a)(1)(B)(ii)) is amended—

(i) in subclause (I), by striking "deemed average total wages" and inserting "national average wage index"; and

(ii) in subclause (II), by striking "the average of the total wages" and all that follows and inserting "the national average wage index (as so defined) for 1977.".
(C) Section 215(a)(1)(C)(ii) of such Act (42 U.S.C. 415(a)(1)(C)(ii)) is amended by striking “deemed average total wages” and inserting “national average wage index”.

(D) Section 215(a)(1)(D) of such Act (42 U.S.C. 415(a)(1)(D)) is amended—

(i) by striking “after 1978”;

(ii) by striking “and the average of the total wages (as described in subparagraph (B)(ii)(I))” and inserting “and the national average wage index (as defined in section 209(k)(1))”; and

(iii) by striking the last sentence.

(E) Section 215(b)(3)(A)(ii) of such Act (42 U.S.C. 415(b)(3)(A)(ii)) is amended by striking “deemed average total wages” each place it appears and inserting “national average wage index”.

(F) Section 215(i)(1) of such Act (42 U.S.C. 415(i)(1)) is amended—

(i) in subparagraph (E), by striking “SSA average wage index” and inserting “national average wage index (as defined in section 209(k)(1))”; and
(ii) by striking subparagraph (G) and redesignating subparagraph (H) as subparagraph (G).

(G) Section 215(i)(2)(C)(ii) of such Act (42 U.S.C. 415(i)(1)(C)(ii)) is amended to read as follows:

"(ii) The Secretary shall determine and promulgate the OASDI fund ratio for the current calendar year on or before November 1 of the current calendar year, based upon the most recent data then available. The Secretary shall include a statement of the fund ratio and the national average wage index (as defined in section 209(k)(1)) and a statement of the effect such ratio and the level of such index may have upon benefit increases under this subsection in any notification made under clause (i) and any determination published under subparagraph (D)."

(H) Section 224(f)(2) of such Act (42 U.S.C. 424a(f)(2)) is amended—

(i) in subparagraph (A), by adding "and" at the end;

(ii) by striking subparagraph (C); and

(iii) by striking subparagraph (B) and inserting the following:

"(B) the ratio of (i) the national average wage index (as defined in section 209(k)(1)) for the cal-
endar year before the year in which such redeter-
mination is made to (ii) the national average wage
index (as so defined) for the calendar year before
the year in which the reduction was first computed
(but not counting any reduction made in benefits for
a previous period of disability).”.

(f) TECHNICAL CORRECTIONS RELATED TO OASDI
IN THE OMNIBUS BUDGET RECONCILIATION ACT OF
1990.—

(1) AMENDMENTS RELATED TO PROVISIONS IN
SECTION 5103(b) RELATING TO DISABLED WID-
OWS.—Section 223(f)(2) of the Social Security Act
(42 U.S.C. 423(f)(2)) is amended—

(A) in subparagraph (A), by striking “(in
a case to which clause (ii)(II) does not apply)”; and

(B) by striking subparagraph (B)(ii) and
inserting the following:

“(ii) the individual is now able to en-
gage in substantial gainful activity; or”.

(2) AMENDMENTS RELATED TO PROVISIONS IN
SECTION 5105(d) RELATING TO REPRESENTATIVE
PAYEES.—

(A) TITLE II AMENDMENTS.—Section
5105(d)(1)(A) of the Omnibus Budget Rec-
conciliation Act of 1990 (Public Law 101–508) is amended—

(i) by striking “Section 205(j)(5)” and inserting “Section 205(j)(6)”; and

(ii) by redesignating the paragraph (5) as amended thereby as paragraph (6).

(B) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of the Social Security Act (42 U.S.C. 1383(a)(2)) is amended—

(i) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(ii) by inserting after subparagraph (D) the following:

“(E) RESTITUTION.—In cases where the negligent failure of the Secretary to investigate or monitor a representative payee results in misuse of benefits by the representative payee, the Secretary shall make payment to the beneficiary or the beneficiary’s representative payee of an amount equal to such misused benefits. The Secretary shall make a good faith effort to obtain restitution from the terminated representative payee.”.

(3) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5106 RELATING TO COORDINATION OF RULES UNDER TITLES II AND XVI GOVERNING FEES
FOR REPRESENTATIVES OF CLAIMANTS WITH ENTITLEMENTS UNDER BOTH TITLES.—

(A) CALCULATION OF FEE OF CLAIMANT'S REPRESENTATIVE BASED ON AMOUNT OF PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS AFTER APPLICATION OF WINDFALL OFFSET PROVISION.—Section 1631(d)(2)(A)(i) of the Social Security Act (as amended by section 5106(a)(2) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 1383(d)(2)(A)(i)) is amended to read as follows:

"(i) by substituting, in subparagraphs (A)(ii)(I) and (C)(i), the phrase 'as determined before any applicable reduction under section 1631(g), and reduced by the amount of any reduction in benefits under this title or title II made pursuant to section 1127(a)' for the parenthetical phrase contained therein; and”.

(B) CALCULATION OF PAST-DUE BENEFITS FOR PURPOSES OF DETERMINING ATTORNEY FEES IN JUDICIAL PROCEEDINGS.—

(i) IN GENERAL.—Section 206(b)(1) of such Act (42 U.S.C. 406(b)(1)) is amended—
(I) by inserting "(A)" after "(b)(1)"; and

(II) by adding at the end the following new subparagraph:

"(B) For purposes of this paragraph—

"(i) the term ‘past-due benefits’ excludes any benefits with respect to which payment has been continued pursuant to subsection (g) or (h) of section 223, and

"(ii) amounts of past-due benefits shall be taken into account to the extent provided under the rules applicable in cases before the Secretary."

(i) PROTECTION FROM OFFSETTING SSI BENEFITS.—The last sentence of section 1127(a) of such Act (as added by section 5106(b) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 1320a-6(a)) is amended by striking “section 206(a)(4)” and inserting “subsection (a)(4) or (b) of section 206”.

(4) APPLICATION OF SINGLE DOLLAR AMOUNT CEILING TO CONCURRENT CLAIMS UNDER TITLES II AND XVI.—

(A) IN GENERAL.—Section 206(a)(2) of such Act (as amended by section 5106(a)(1) of

(i) by redesignating subparagraph (C) as subparagraph (D); and

(ii) by inserting after subparagraph (B) the following new subparagraph:

“(C) In any case involving—

“(i) an agreement described in subparagraph (A) with any person relating to both a claim of entitlement to past-due benefits under this title and a claim of entitlement to past-due benefits under title XVI, and

“(ii) a favorable determination made by the Secretary with respect to both such claims,

the Secretary may approve such agreement only if the total fee or fees specified in such agreement does not exceed, in the aggregate, the dollar amount in effect under subparagraph (A)(ii)(II).”.

(B) CONFORMING AMENDMENT.—Section 206(a)(3)(A) of such Act (as amended by section 5106(a)(1) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 406(a)(3)(A)) is amended by striking “paragraph (2)(C)” and inserting “paragraph (2)(D)”.

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(5) EFFECTIVE DATE.—Each amendment made by this section shall take effect as if included in the provisions of the Omnibus Budget Reconciliation Act of 1990 to which such amendment relates.

(g) ELIMINATION OF ROUNDING DISTORTION IN THE CALCULATION OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE CONTRIBUTION AND BENEFIT BASE AND THE EARNINGS TEST EXEMPT AMOUNTS.—

(1) ADJUSTMENT OF OASDI CONTRIBUTION AND BENEFIT BASE.—

(A) IN GENERAL.—Section 230(b) of the Social Security Act (42 U.S.C. 430(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

“(1) $60,600, and

“(2) the ratio of (A) the national average wage index (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subsection (a) is made to (B) the national average wage index (as so defined) for 1992,”.

(B) CONFORMING AMENDMENT RELATING TO APPLICABLE PRIOR LAW.—Section 230(d) of such Act (42 U.S.C. 430(d)) is amended by striking “(except that” and all that follows
through the end and inserting "(except that, for purposes of subsection (b) of such section 230 as so in effect, the reference to the contribution and benefit base in paragraph (1) of such subsection (b) shall be deemed a reference to an amount equal to $45,000, each reference in paragraph (2) of such subsection (b) to the average of the wages of all employees as reported to the Secretary of the Treasury shall be deemed a reference to the national average wage index (as defined in section 209(k)(1)), the reference to a preceding calendar year in paragraph (2)(A) of such subsection (b) shall be deemed a reference to the calendar year before the calendar year in which the determination under subsection (a) of such section 230 is made, and the reference to a calendar year in paragraph (2)(B) of such subsection (b) shall be deemed a reference to 1992)."

(C) ADJUSTMENT OF CONTRIBUTION AND BENEFIT BASE APPLICABLE IN DETERMINING YEARS OF COVERAGE FOR PURPOSES OF SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT.—Section 215(a)(1)(C)(ii) of such Act is amended by striking "(except that" and all
that follows through the end and inserting "(except that, for purposes of subsection (b) of such section 230 as so in effect, the reference to the contribution and benefit base in paragraph (1) of such subsection (b) shall be deemed a reference to an amount equal to $45,000, each reference in paragraph (2) of such subsection (b) to the average of the wages of all employees as reported to the Secretary of the Treasury shall be deemed a reference to the national average wage index (as defined in section 209(k)(1)), the reference to a preceding calendar year in paragraph (2)(A) of such subsection (b) shall be deemed a reference to the calendar year before the calendar year in which the determination under subsection (a) of such section 230 is made, and the reference to a calendar year in paragraph (2)(B) of such subsection (b) shall be deemed a reference to 1992)."

(2) ADJUSTMENT OF EARNINGS TEST EXEMPT AMOUNT.—Section 203(f)(8)(B)(ii) of the Social Security Act (42 U.S.C. 403(f)(8)(B)(ii)) is amended to read as follows:
“(ii) the product of the corresponding exempt amount which is in effect with respect to months in the taxable year ending after 1993 and before 1995, and the ratio of—

“(I) the national average wage index (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subparagraph (A) is made, to

“(II) the national average wage index (as so defined) for 1992, with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is a multiple of $5 but not of $10 and to the nearest multiple of $10 in any other case.”.

(3) EFFECTIVE DATES.—

(A) The amendments made by subsection (a) shall be effective with respect to the determination of the contribution and benefit base for years after 1994.

(B) The amendment made by subsection (b) shall be effective with respect to the deter-
mination of the exempt amounts applicable to any taxable year ending after 1994.


Attest: DONNALD K. ANDERSON,

Clerk.
AN ACT

To establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program.

MAY 19 (legislative day, MAY 16), 1994
Received; read twice and placed on the calendar
A BILL

To establish the Social Security Administration as an independent agency, 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; AMENDMENT OF SOCIAL SECURITY ACT; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Social Security Administration Independence Act of 1993”.

(b) AMENDMENT OF SOCIAL SECURITY ACT.—Except as otherwise expressly provided, whenever in this Act
an amendment is expressed in terms of an amendment to
or repeal of, a section or other provision, the reference
shall be considered to be made to that section or other
provision of the Social Security Act.

(c) TABLE OF CONTENTS.—The table of contents of
this Act is as follows:

Sec. 1. Short title; amendment of Social Security Act; table of contents.

TITLE I—ESTABLISHMENT OF NEW INDEPENDENT AGENCY

Sec. 101. Establishment of Social Security Administration as a separate, independent agency.
Sec. 102. Commissioner and Deputy Commissioner of Social Security.
Sec. 103. Social Security Advisory Board.
Sec. 104. Personnel; budgetary matters; seal of office.
Sec. 105. Transfers to the new Social Security Administration.
Sec. 106. Transitional rules.
Sec. 107. Effective dates.

TITLE II—CONFORMING AMENDMENTS

Sec. 201. Amendments to titles II and XVI of the Social Security Act.
Sec. 202. Other amendments.
Sec. 203. Rules of construction.
Sec. 204. Effective dates.

TITLE I—ESTABLISHMENT OF NEW INDEPENDENT AGENCY

SEC. 101. ESTABLISHMENT OF SOCIAL SECURITY ADMINIS-
TRATION AS A SEPARATE, INDEPENDENT AGENCY.

Section 701 (42 U.S.C. 901) is amended to read as
follows:

"SOCIAL SECURITY ADMINISTRATION

"SEC. 701. There is hereby established, as an inde-
pendent agency in the executive branch of the Govern-
ment, a Social Security Administration (hereafter in this
title referred to as the 'Administration'). It shall be the duty of the Administration to administer the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI.”.

SEC. 102. COMMISSIONER AND DEPUTY COMMISSIONER OF SOCIAL SECURITY.

Section 702 (42 U.S.C. 902) is amended to read as follows:

"COMMISSIONER AND DEPUTY COMMISSIONER

"Commissioner of Social Security

"SEC. 702. (a)(1) There shall be in the Administration a Commissioner of Social Security (hereafter in this title referred to as the 'Commissioner') who shall be appointed by the President, with the advice and consent of the Senate.

"(2) The Commissioner shall be compensated at the rate provided for level I of the Executive Schedule.

"(3) The Commissioner shall be appointed for a term of 4 years coincident with the term of the President, or until the appointment of a qualified successor.

"(4) The Commissioner shall be responsible for the exercise of all powers and the discharge of all duties of the Administration, and shall have authority and control over all personnel and activities thereof.
“(5) The Commissioner may prescribe such rules and regulations as the Commissioner determines necessary or appropriate to carry out the functions of the Administration. The regulations prescribed by the Commissioner shall be subject to the rulemaking procedures established under section 553 of title 5, United States Code.

“(6) The Commissioner may establish, alter, consolidate, or discontinue such organizational units or components within the Administration as the Commissioner considers necessary or appropriate, except that this paragraph shall not apply with respect to any unit, component, or provision provided for by this Act.

“(7) The Commissioner may assign duties, and delegate, or authorize successive redelegations of, authority to act and to render decisions, to such officers and employees of the Administration as the Commissioner may find necessary. Within the limitations of such delegations, redelegations, or assignments, all official acts and decisions of such officers and employees shall have the same force and effect as though performed or rendered by the Commissioner.

“(8) The Commissioner and the Secretary of Health and Human Services (hereafter in this title referred to as the ‘Secretary’) shall consult, on an ongoing basis, to ensure—
“(A) the coordination of the programs administered by the Commissioner, as described in section 701, with the programs administered by the Secretary under titles XVIII and XIX of this Act; and

“(B) that adequate information concerning benefits under such titles XVIII and XIX shall be available to the public.

“Deputy Commissioner of Social Security

“(b)(1) There shall be in the Administration a Deputy Commissioner of Social Security (hereafter in this title referred to as the ‘Deputy Commissioner’) who shall be appointed by the President, with the advice and consent of the Senate.

“(2) The Deputy Commissioner shall be appointed for a term of 4 years coincident with the term of the Commissioner, or until the appointment of a qualified successor.

“(3) The Deputy Commissioner shall be compensated at the rate provided for level II of the Executive Schedule.

“(4) The Deputy Commissioner shall perform such duties and exercise such powers as the Commissioner shall from time to time assign or delegate. The Deputy Commissioner shall be Acting Commissioner of the Administration during the absence or disability of the Commissioner and, unless the President designates another officer
of the Government as Acting Commissioner, in the event of a vacancy in the office of the Commissioner.”.

SEC. 103. SOCIAL SECURITY ADVISORY BOARD.

Section 703 (42 U.S.C. 903) is amended to read as follows:

“SOCIAL SECURITY ADVISORY BOARD

“Establishment of Board

“SEC. 703. (a) There shall be established a Social Security Advisory Board (hereinafter referred to as the ‘Board’).

“Functions of the Board

“(b) The Board shall advise the Commissioner on policies related to the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI. Specific functions of the Board shall include—

“(1) analyzing the Nation’s retirement and disability systems and making recommendations with respect to how the old-age, survivors, and disability insurance program and the supplemental security income program, supported by other public and private systems, can most effectively assure economic security;

“(2) studying and making recommendations relating to the coordination of programs that provide
health security with programs described in paragraph (1);

"(3) making recommendations to the President and to the Congress with respect to policies that will ensure the solvency of the old-age, survivors, and disability insurance program, both in the short-term and the long-term;

"(4) making recommendations to the President of candidates to consider in selecting nominees for the position of Commissioner and Deputy Commissioner;

"(5) reviewing and assessing the quality of service that the Administration provides to the public;

"(6) reviewing and making recommendations with respect to policies and regulations regarding the old-age, survivors, and disability insurance program and the supplemental security income program;

"(7) increasing public understanding of the social security system;

"(8) in consultation with the Commissioner, reviewing the development and implementation of a long-range research and program evaluation plan for the Administration;
“(9) reviewing and assessing any major studies of social security as may come to the attention of the Board; and

“(10) conducting such other reviews and assessments that the Board determines to be appropriate.

“Structure and Membership of the Board

“(c) The Board shall be composed of 7 members who shall be appointed as follows:

“(1) 3 members shall be appointed by the President, with the advice and consent of the Senate. Not more than 2 of such members shall be from the same political party.

“(2) 2 members (each member from a different political party) shall be appointed by the President pro tempore of the Senate with the advice of the Chairman and the Ranking Minority Member of the Senate Committee on Finance.

“(3) 2 members (each member from a different political party) shall be appointed by the Speaker of the House of Representatives, with the advice of the Chairman and the Ranking Minority Member of the House Committee on Ways and Means.

“Terms of Appointment

“(d) Each member of the Board shall serve for a term of 6 years, except that—
“(1) a member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed, shall be appointed for the remainder of such term; and

“(2) the terms of service of the members initially appointed under this section shall expire as follows:

“(A) The terms of service of the members initially appointed by the President shall expire as designated by the President at the time of nomination, 1 each at the end of—

“(i) 2 years;

“(ii) 4 years; and

“(iii) 6 years.

“(B) The terms of service of members initially appointed by the President pro tempore of the Senate shall expire as designated by the President pro tempore of the Senate at the time of nomination, 1 each at the end of—

“(i) 4 years; and

“(ii) 6 years.

“(C) The terms of service of members initially appointed by the Speaker of the House of Representatives shall expire as designated by
the Speaker of the House of Representatives at
the time of nomination, 1 each at the end of—
“(i) 3 years; and
“(ii) 5 years.

“Chairman
“(e) A member of the Board shall be designated by
the President to serve as Chairman for a term of 4 years,
coincident with the term of the President, or until the des-
ignation of a successor.

“Compensation
“(f) Members of the Board shall be compensated as
follows:
“(1) Members shall be paid at a rate equal to
25 percent of the rate for level III of the Executive
Schedule.
“(2) For days when the Board or any author-
ized subcommittee of the Board meets, members
who attend meetings on such days (including travel
time) shall receive additional compensation in an
amount equal to the daily equivalent of the rate for
level III of the Executive Schedule.
“(3) While serving on business of the Board
away from their homes or regular places of business,
members may be allowed travel expenses, including
per diem in lieu of subsistence, as authorized by sec-
tion 5703 of title 5, United States Code, for persons in the Government employed intermittently.

"(4) Service on the Board shall not be treated as Federal service or employment for purposes of receiving any benefits under chapters 83, 84, and 87 of title 5, United States Code.

"(5) A member of the Board may elect coverage of a health benefits plan under chapter 89 of title 5, United States Code. Such a member electing coverage shall have the applicable employee contributions under section 8906 of such title withheld from pay for service as a member of the Board. The Administration shall pay the applicable Government contributions under such section 8906 for such member. The Office of Personnel Management shall promulgate regulations to apply the provisions of chapter 89 of such title to Board members electing coverage as provided under this paragraph.

"Meetings

"(g) The Board shall meet not less than 6 times each year to consider a specific agenda of issues, as determined by the Chairman in consultation with the other members of the Board.
"Federal Advisory Committee Act

(h) The Board shall be exempt from the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

"Personnel

(i)(1) The Board shall, without regard to title 5, United States Code, appoint a Staff Director who shall be paid at a rate equivalent to a rate for the Senior Executive Service.

(ii) The Board is authorized, without regard to title 5, United States Code, to appoint and fix the compensation of such additional personnel as the Board determines to be necessary to carry out the functions of the Board.

(iii) In fixing the compensation of additional personnel under paragraph (2), the Board shall not authorize that any individual appointed under such paragraph be compensated at a rate that is greater than the rate of compensation of the Staff Director described in paragraph (1).

"Authorization of Appropriation

(j) There are authorized to be made available for expenditure, out of the Federal Disability Insurance Trust Fund, the Federal Old Age and Survivors Insurance Trust Fund, and the general fund in the Treasury, such sums as the Congress may deem appropriate to carry out the purposes of this section."
SEC. 104. PERSONNEL; BUDGETARY MATTERS; SEAL OF OFFICE.

Section 704 is amended to read as follows:

"ADMINISTRATIVE DUTIES OF THE COMMISSIONER

"Personnel

"Sec. 704. (a)(1) The Commissioner shall appoint such additional officers and employees as the Commissioner considers necessary to carry out the functions of the Administration under this Act. Except as otherwise provided in any other provision of law, such officers and employees shall be appointed, and their compensation shall be fixed, in accordance with title 5, United States Code.

"(2) The Commissioner may procure the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code.

"(3) Notwithstanding any requirements of section 3133 of title 5, United States Code, the Director of the Office of Personnel Management shall authorize for the Administration a total number of Senior Executive Service positions which is substantially greater than the number of such positions authorized in the Social Security Administration in the Department of Health and Human Services as of immediately before the date of the enactment of the Social Security Administration Independence Act of 1993 to the extent that the greater number of such authorized positions is specified in the comprehensive..."
work force plan as established and revised by the Commissioner under subsection (b)(1). The total number of such positions authorized for the Administration shall not at any time be less than the number of such authorized positions as of immediately before such date.

"Budgetary Matters"

"(b)(1) Appropriations requests for staffing and personnel of the Administration shall be based upon a comprehensive work force plan, which shall be established and revised from time to time by the Commissioner.

"(2) Appropriations for administrative expenses of the Administration are authorized to be provided on a biennial basis.

"(3) Funds appropriated for the Administration to be available on a contingency basis shall be apportioned upon the occurrence of the stipulated contingency, as determined by the Commissioner and reported to the Congress.

"Employment Restriction"

"(c) The number of positions in the Administration which may be excepted from the competitive service, on a temporary or permanent basis, because of the confidential or policy-determining character of such positions, may not exceed at any time the equivalent of 10 full-time positions.
"Seal of Office

"(d) The Commissioner shall cause a seal of office to be made for the Administration of such design as the Commissioner shall approve. Judicial notice shall be taken of such seal."

SEC. 105. TRANSFERS TO THE NEW SOCIAL SECURITY ADMINISTRATION.

(a) FUNCTIONS.—There are transferred to the Social Security Administration all functions carried out by the Secretary of Health and Human Services with respect to the programs and activities the administration of which is vested in the Social Security Administration by reason of this title and the amendments made thereby. The Commissioner of Social Security shall allocate such functions in accordance with sections 701, 702, 703, and 704 of the Social Security Act (as amended by this title).

(b) PERSONNEL, ASSETS, ETC.—(1) There are transferred from the Department of Health and Human Services to the Social Security Administration, for appropriate allocation by the Commissioner of Social Security in the Social Security Administration—

(A) the personnel employed in connection with the functions transferred by this title and the amendments made thereby; and
(B) the assets, liabilities, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, or used in connection with such functions, arising from such functions, or available, or to be made available, in connection with such functions.

(2) Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

(3) Any individual who is an employee of the Department and who was not employed on the date of the enactment of this title, in connection with functions transferred by this title to the Administration, but who was so employed on the day before the date established pursuant to section 107(a), may be transferred from the Department of Health and Human Services to the Social Security Administration by the Commissioner under subparagraph (A) of paragraph (1), after consultation with the Secretary of Health and Human Services, if the Commissioner determines such transfer to be appropriate.

(4) Any individual who is an employee of the Department and who was employed on the date of the enactment of this title, solely in connection with functions transferred by this title to the Administration, and who was so employed on the day before the date established pursuant to
section 107(a), shall be transferred from the Department of Health and Human Services to the Social Security Administration.

(c) ABOLISHMENT OF OFFICE OF COMMISSIONER IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Effective upon the appointment of a Commissioner of Social Security pursuant to section 702 of the Social Security Act (as amended by this title)—

(1) the position of Commissioner of Social Security in the Department of Health and Human Services is abolished; and

(2) section 5315 of title 5, United States Code, is amended by striking the following:

"Commissioner of Social Security, Department of Health and Human Services."

SEC. 106. TRANSITIONAL RULES.

(a) TRANSITION DIRECTOR.—(1) Within 30 days after the date of the enactment of this Act, a transition director shall be appointed by the President, who shall be selected on the basis of experience and knowledge of the operation of the Government.

(2) The transition director shall conduct activities necessary to ensure the transition of the Social Security Administration to the status of an independent agency in the executive branch of the Government. In conducting
such activities before the appointment of the Commissioner of Social Security, the transition director shall consult regularly with the Director of the Office of Management and Budget. Upon such appointment, the transition director shall conduct such activities at the direction of the Commissioner of Social Security.

(3) The transition director shall be compensated at the rate provided for level IV of the Executive Schedule.

(4) Expenditures to carry out the purposes of this subsection shall be made out of the Federal Old Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

(b) INTERIM AUTHORITY FOR APPOINTMENT AND COMPENSATION.—

(1) APPOINTMENT OF COMMISSIONER.—Within 60 days of the date of the enactment of this title, the Commissioner of Social Security shall be appointed by the President pursuant to section 702 of the Social Security Act (as amended by this title). If the appointment is made pursuant to such section before the date established pursuant to section 107(a), the Commissioner of Social Security shall also perform the duties assigned to the Commissioner of Social Security in the Department of Health and Human Services.
(2) **OTHER APPOINTMENTS.**—At any time on or after the date of the enactment of this title any of the other officers provided for in sections 702 and 703 of the Social Security Act (as amended by this title) may be nominated and appointed, as provided in such sections.

(3) **COMPENSATION.**—Funds available to any official or component of the Department of Health and Human Services, functions of which are transferred to the Commissioner of Social Security or the Social Security Administration by this title, may with the approval of the Director of the Office of Management and Budget, be used to pay the compensation and expenses of any officer appointed pursuant to this subsection until such time as funds for that purpose are otherwise available.

(c) **CONTINUATION OF ORDERS, DETERMINATIONS, RULES, REGULATIONS, ETC.**—All orders, determinations, rules, regulations, permits, contracts, collective bargaining agreements (and ongoing negotiations relating to such collective bargaining agreements), recognitions of labor organizations, certificates, licenses, and privileges—

(1) which have been issued, made, promulgated, granted, or allowed to become effective, in the exercise of functions (A) which were exercised by the
Secretary of Health and Human Services (or the Secretary's delegate), and (B) which relate to functions which, by reason of this title, the amendments made thereby, and regulations prescribed thereunder, are vested in the Commissioner of Social Security; and

(2) which are in effect immediately before the date established pursuant to section 107(a), shall (to the extent that they relate to functions described in paragraph (1)(B)) continue in effect according to their terms until modified, terminated, suspended, set aside, or repealed by such Commissioner, except that any collective bargaining agreement shall remain in effect until the date of termination specified in such agreement.

(d) CONTINUATION OF PROCEEDINGS.—The provisions of this title (including the amendments made thereby) shall not affect any proceeding pending before the Secretary of Health and Human Services immediately before the date established pursuant to section 107(a), with respect to functions vested (by reason of this title, the amendments made thereby, and regulations prescribed thereunder) in the Commissioner of Social Security, except that such proceedings, to the extent that such proceedings relate to such functions, shall continue before such Commissioner. Orders shall be issued under any such proceed-
ing, appeals taken therefrom, and payments shall be made pursuant to such orders, in like manner as if this title had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or repealed by such Commissioner, by a court of competent jurisdiction, or by operation of law.

(e) CONTINUATION OF SUITS.—Except as provided in this subsection—

(1) the provisions of this title shall not affect suits commenced before the date established pursuant to section 107(a); and

(2) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this title had not been enacted.

No cause of action, and no suit, action, or other proceeding commenced by or against any officer in such officer's official capacity as an officer of the Department of Health and Human Services, shall abate by reason of the enactment of this title. Causes of action, suits, actions, or other proceedings may be asserted by or against the United States and the Social Security Administration, or such official of such Administration as may be appropriate, and, in any litigation pending immediately before the date established pursuant to section 107(a), the court may at any
time, on the court's own motion or that of a party, enter an order which will give effect to the provisions of this subsection (including, where appropriate, an order for sub-
titution of parties).

(f) CONTINUATION OF PENALTIES.—This title shall not have the effect of releasing or extinguishing any crim-
nal prosecution, penalty, forfeiture, or liability incurred as a result of any function which (by reason of this title, the amendments made thereby, and regulations prescribed thereunder) is vested in the Commissioner of Social Secu-
ity.

(g) JUDICIAL REVIEW.—Orders and actions of the Commissioner of Social Security in the exercise of func-
tions vested in such Commissioner under this title (and the amendments made thereby) shall be subject to judicial review to the same extent and in the same manner as if such orders had been made and such actions had been taken by the Secretary of Health and Human Services in the exercise of such functions immediately before the date established pursuant to section 107(a). Any statutory re-
quirements relating to notice, hearings, action upon the record, or administrative review that apply to any function so vested in such Commissioner shall continue to apply to the exercise of such function by such Commissioner.
(h) EXERCISE OF FUNCTIONS.—In the exercise of the functions vested in the Commissioner of Social Security under this title, the amendments made thereby, and regulations prescribed thereunder, such Commissioner shall have the same authority as that vested in the Secretary of Health and Human Services with respect to the exercise of such functions immediately preceding the vesting of such functions in such Commissioner, and actions of such Commissioner shall have the same force and effect as when exercised by such Secretary.

(i) REPORT.—Within 120 days of the date of the enactment of this title, the transition director and the Commissioner of Social Security shall report to the Congress on the status of the transition to an independent Social Security Administration, and on any significant internal restructuring or management improvements that are proposed to be undertaken.

SEC. 107. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), this title, and the amendments made by such title shall take effect on the earlier of—

(1) the date which is 180 days after the date of the enactment of this Act, or

(2) a date designated by the President.
(b) TRANSITIONAL RULES.—Section 106 shall take effect on the date of the enactment of this title.

TITLE II—CONFORMING AMENDMENTS

SEC. 201. AMENDMENTS TO TITLES II AND XVI OF THE SOCIAL SECURITY ACT.

(a) IN GENERAL.—Title II (42 U.S.C. 401 et seq.) (other than section 201, section 218(d), section 231(c), section 226, and section 226A) and title XVI (42 U.S.C. 1382 et seq.) (other than sections 1614(f)(2)(B) and 1616(e)(3)) are each amended—

(1) by striking, wherever it appears therein, "Secretary of Health and Human Services" and inserting "Commissioner of Social Security";

(2) by striking, wherever it appears therein, "Department of Health and Human Services" and inserting "Social Security Administration";

(3) by striking, wherever it appears therein, "Department" (but only if it is not immediately succeeded by the words "of Health and Human Services", and only if it is used in reference to the Department of Health and Human Services) and inserting "Administration";

(4) by striking, wherever it appears therein, each of the following words (but, in the case of any
such word only if such word refers to the Secretary of Health and Human Services): “Secretary”, “Secretary’s”, “his”, “him”, “he”, “her”, and “she”, and inserting (in the case of the word “Secretary”) “Commissioner of Social Security”, (in the case of the word “Secretary’s”) “Commissioner’s”, (in the case of the word “his”) “the Commissioner’s”, (in the case of the word “him”) “the Commissioner”, (in the case of the word “her”) “the Commissioner” or “the Commissioner’s”, as may be appropriate, and (in the case of the words “she” or “he”) “the Commissioner”; and


(b) AMENDMENTS TO SECTION 201.—(1)(A) Sections 201(a)(3), 201(a)(4), 201(b)(1), and 201(b)(2) (42 U.S.C. 401(a)(3), 401(a)(4), 401(b)(1), and 401(b)(2), respectively) are each amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”; and

(B) Sections 201(a)(3) and 201(b)(1) (42 U.S.C. 401(a)(3) and 401(b)(1), respectively) are each amended by striking “such Secretary” and inserting “such Commissioner”. 
(2) Section 201(c) (42 U.S.C. 401(c)) is amended—

(A) in the first sentence, by striking "shall be composed of" and all that follows down through "ex officio" and inserting the following: "shall be composed of the Commissioner of Social Security, the Secretary of the Treasury, and the Secretary of Health and Human Services, all ex officio"; and

(B) in the fifth sentence, by striking "The Commissioner of Social Security" and inserting "The Deputy Commissioner of Social Security".

(3) Section 201(g)(1)(A) (42 U.S.C. 401(g)(1)(A)) is amended—

(A) in clause (i), by striking "by him and the Secretary of Health and Human Services" and inserting "by him, the Commissioner of Social Security, and the Secretary of Health and Human Services", and by striking "by the Department of Health and Human Services and the Treasury Department" and inserting "by the Social Security Administration, the Department of Health and Human Services, and the Department of the Treasury";

(B) in clause (ii), by striking "method prescribed by the Board of Trustees under paragraph (4)" and inserting "applicable method prescribed under paragraph (4)", by striking "the Secretary of
Health and Human Services” and inserting “the Commissioner of Social Security and the Secretary of Health and Human Services”, and by striking “the Department of Health and Human Services” and inserting “the Social Security Administration and the Department of Health and Human Services”; and

(C) by striking the last sentence and inserting the following: “There are hereby authorized to be made available for expenditure, out of any or all of the Trust Funds, such amounts as the Congress may deem appropriate to pay the costs of the part of the administration of this title and title XVI for which the Commissioner of Social Security is responsible, the costs of title XVIII for which the Secretary of Health and Human Services is responsible, and the costs of carrying out the functions of the Social Security Administration, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1986 other than those referred to in clause (i) of the first sentence of this subparagraph.”.

(4) Section 201(g)(1) (42 U.S.C. 401(g)(1)) is further amended by striking subparagraph (B) and inserting the following new subparagraphs:
“(B) After the close of each fiscal year—

“(i) the Commissioner of Social Security shall determine (I) the portion of the costs, incurred during such fiscal year, of administration of this title and title XVI and of carrying out the functions of the Social Security Administration, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1986 (other than those referred to in clause (i) of the first sentence of subparagraph (A)), which should have been borne by the general fund in the Treasury, (II) the portion of such costs which should have been borne by the Federal Old-Age and Survivors Insurance Trust Fund, and (III) the portion of such costs which should have been borne by the Federal Disability Insurance Trust Fund, and

“(ii) the Secretary of Health and Human Services shall determine (I) the portion of the costs, incurred during such fiscal year, of administration of title XVIII which should have been borne by the general fund in the Treasury, (II) the portion of such costs which should have been borne by the Federal Hospital Insurance Trust Fund, and (III) the portion of such costs which should have been borne
by the Federal Supplementary Medical Insurance
Trust Fund,
except that the determination of the amounts to be borne
by the general fund in the Treasury with respect to ex-
penditures incurred in carrying out such functions speci-
fied in section 232 shall be made pursuant to the applica-
ble method prescribed under paragraph (4) of this sub-
section.
"(C) After the determinations under subparagraph
(B) have been made for any fiscal year, the Commissioner
of Social Security and the Secretary of Health and Human
Services shall jointly certify to the Managing Trustee the
amounts, if any, which should be transferred from one to
to any of the other of such Trust Funds and the amounts,
if any, which should be transferred between the Trust
Funds (or one of the Trust Funds) and the general fund
in the Treasury, in order to ensure that each of the Trust
Funds and the general fund in the Treasury have borne
their proper share of the costs, incurred during such fiscal
year, for (i) the part of the administration of this title
and title XVI for which the Commissioner of Social Secu-
rity is responsible, (ii) the part of the administration of
this title and title XVIII for which the Secretary of Health
and Human Services is responsible, and (iii) carrying out
the functions of the Social Security Administration, speci-
fied in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1986 (other than those referred to in clause (i) of the first sentence of subparagraph (A)). The Managing Trustee shall transfer any such amounts in accordance with any certification so made.”.

(5) Section 201(g)(2) (42 U.S.C. 401(g)(2)) is amended, in the second sentence, by striking “established and maintained by the Secretary of Health and Human Services” and inserting “maintained by the Commissioner of Social Security”, and by striking “Secretary shall furnish” and inserting “Commissioner of Social Security shall furnish”.

(6) Section 201(g)(4) (42 U.S.C. 401(g)(4)) is amended to read as follows:

“(4) The Commissioner of Social Security shall utilize the method prescribed pursuant to this paragraph, as in effect immediately before the date of the enactment of the Social Security Administration Independence Act of 1993 for determining the costs which should be borne by the general fund in the Treasury of carrying out the functions of the Social Security Administration, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1986 (other than those referred to in clause (i) of the first sentence of para-
graph (1)(A)). If at any time or times thereafter the
Boards of Trustees of such Trust Funds consider such
action advisable, such Boards may modify the method of
determining such costs.”.

(7) Section 201(i)(1) (42 U.S.C. 401(i)(1)) is amended to read as follows:

“(i)(1) The Managing Trustee may accept on behalf
of the United States money gifts and bequests made un-
conditionally to the Federal Old-Age and Survivors Insur-
ance Trust Fund, the Federal Disability Insurance Trust
Fund, the Federal Hospital Insurance Trust Fund, or the
Federal Supplementary Medical Insurance Trust Fund or
to the Social Security Administration, the Department of
Health and Human Services, or any part or officer there-
of, for the benefit of any of such Funds or any activity
financed through such Funds.”.

(8) Subsections (j) and (k) of section 201 (42 U.S.C.
401) are each amended by striking “Secretary” each place
it appears and inserting “Commissioner of Social Secu-

(9) Section 201(l)(3)(B)(iii)(II) (42 U.S.C.
401(l)(3)(B)(iii)(II)) is amended by striking “Secretary”
and inserting “Commissioner of Social Security”.

(10) Section 201(m)(3) (42 U.S.C. 401(m)(3)) is
amended by striking “Secretary of Health and Human
Services” and inserting “Commissioner of Social Security”.

(11) Section 201 (42 U.S.C. 401) is amended by striking “Internal Revenue Code of 1954” each place it appears and inserting “Internal Revenue Code of 1986”.

(c) AMENDMENTS TO SECTION 218.—Section 218(d) (42 U.S.C. 418(d)) is amended by striking “Secretary” each place it appears in paragraphs (3) and (7) and inserting “Commissioner of Social Security”.

(d) AMENDMENT TO SECTION 231.—Section 231(c) (42 U.S.C. 431(c)) is amended by striking “Secretary determines” and inserting “Commissioner of Social Security and the Secretary jointly determine”.

SEC. 202. OTHER AMENDMENTS.

(a) AMENDMENTS TO TITLE VII.—(1) Title VII (42 U.S.C. 901 et seq.) is amended by adding at the end the following new section:

“DUTIES AND AUTHORITY OF SECRETARY

“SEC. 712. The Secretary shall perform the duties imposed upon the Secretary by this Act. The Secretary is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures as may be necessary for carrying out the functions of the Secretary under this Act.”.

(2) Section 706 (42 U.S.C. 907) is amended—
(A) in subsection (a), by striking "Advisory Council on Social Security" and all that follows through "disability insurance program and" and inserting "Advisory Council on Hospital and Supplementary Medical Insurance for the purpose of reviewing the status of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund in relation to the long-term commitments of";

(B) in subsection (d), by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

(C) by striking the section heading and inserting the following:

"ADVISORY COUNCIL ON HOSPITAL AND SUPPLEMENTARY MEDICAL INSURANCE".

(3) Paragraph (2) of section 709(b) (42 U.S.C. 910(b)) is amended by striking "(as estimated by the Secretary)" and inserting "(for amounts which will be paid from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as estimated by the Commissioner, and for amounts which will be paid from the Federal Hospital Insurance Trust Fund, as estimated by the Secretary)".
(4) Sections 709 and 710 (42 U.S.C. 910 and 911) are amended by striking "Internal Revenue Code of 1954" each place it appears and inserting "Internal Revenue Code of 1986".

(b) AMENDMENTS TO TITLE XI.—(1) Section 1101(a) (42 U.S.C. 1301(a)) is amended by adding at the end the following new paragraph:

"(10) The term 'Administration' means the Social Security Administration, except where the context requires otherwise."

(2) Section 1106(a) (42 U.S.C. 1306(a)) is amended—

(A) by inserting "'(1)' after "'(a)'";

(B) by striking "Department of Health and Human Services" each place it appears and inserting "applicable agency";

(C) by striking "Secretary" each place it appears and inserting "head of the applicable agency";

and

(D) by adding at the end the following new paragraph:

"(2) For purposes of this subsection and subsection (b), the term 'applicable agency' means—

(A) the Social Security Administration, with respect to matter transmitted to or obtained by such
Administration or matter disclosed by such Administration, or

"(B) the Department of Health and Human Services, with respect to matter transmitted to or obtained by such Department or matter disclosed by such Department."

(3) Section 1106(b) (42 U.S.C. 1306(b)) is amended—

(A) by striking "Secretary" each place it appears and inserting "head of the applicable agency";

and

(B) by striking "Department of Health and Human Services" and inserting "applicable agency".

(4) Section 1106(c) (42 U.S.C. 1306(c)) is amended—

(A) by striking "the Secretary" the first place it appears and inserting "the Commissioner of Social Security or the Secretary"; and

(B) by striking "the Secretary" each subsequent place it appears and inserting "such Commissioner or Secretary".

(5) Section 1107(b) (42 U.S.C. 1307(b)) is amended by striking "the Secretary of Health and Human Services" and inserting "the Commissioner of Social Security or the Secretary".
(6) Section 1110 (42 U.S.C. 1310) is amended—

(A) in subsection (a)(2), by inserting "(or the Commissioner, with respect to any jointly financed cooperative agreement or grant concerning titles II or XVI)" after "Secretary";

(B) in subsection (b)—

(i) by striking "Secretary" each place it appears and inserting "Commissioner", and

(ii) by striking "the Secretary's" each place it appears and inserting "the Commissioner's"; and

(C) by striking "he", "his", "him", and "himself" each place they appear (except in subsection (b)(2)(A)) and inserting "the Commissioner", "the Commissioner's", "the Commissioner", and "himself or herself", respectively.

(7) Subsections (b) and (c) of section 1127 (42 U.S.C. 1320a–6) are each amended by striking "Secretary" and inserting "Commissioner of Social Security".

(8) Section 1128(f) (42 U.S.C. 1320a–7(f)) is amended by inserting after "section 205(g)" the following: "", except that, in so applying such sections and section 205(l), any reference therein to the Commissioner of Social Security or the Social Security Administration shall
be considered a reference to the Secretary or the Department of Health and Human Services, respectively”.

(9) Section 1131 (42 U.S.C. 1320b–1) is amended—

(A) by striking “Secretary” each place it appears and inserting “Commissioner of Social Security”;

(B) in subsection (a)(1)(A), by adding “or” at the end;

(C) in subsection (a)(1)(B), by striking “or” at the end;

(D) by striking subsection (a)(1)(C);

(E) by redesignating subsection (a)(2) as subsection (a)(3);

(F) by inserting after subsection (a)(1) the following new paragraph:

“(2) the Secretary makes a finding of fact and a decision as to the entitlement under section 226 of any individual to hospital insurance benefits under part A of title XVIII, or”;

(G) by striking “he” in the matter in subsection (a) following paragraph (3) (as so redesignated) and inserting “the Commissioner of Social Security”.

(10) Section 1155 (42 U.S.C. 1320c–4) is amended by striking “(to the same extent as is provided in section 205(b))” and all that follows and inserting “(to the same
extent as beneficiaries under title II are entitled to a hearing by the Commissioner of Social Security under section 205(b)). For purposes of the preceding sentence, subsection (l) of section 205 shall apply, except that any reference in such subsection to the Commissioner of Social Security or the Social Security Administration shall be deemed a reference to the Secretary or the Department of Health and Human Services, respectively. Where the amount in controversy is $2,000 or more, such beneficiary shall be entitled to judicial review of any final decision relating to a reconsideration described in this subsection.”.

(11) Sections 1101, 1106, 1107, and 1137 (42 U.S.C. 1301, 1306, 1307, and 1320b–7, respectively) are amended by striking “Internal Revenue Code of 1954” each place it appears and inserting “Internal Revenue Code of 1986”.

(c) AMENDMENTS TO TITLE XVIII.—(1) Subsections (a) and (f) of section 1817 (42 U.S.C. 1395i) are amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.

(2) Section 1840(a) (42 U.S.C. 1395s(a)) is amended—

(A) in paragraph (1), by striking “Secretary” and inserting “Commissioner of Social Security”,

...
and by adding at the end the following new sentence:

"Such regulations shall be prescribed after consultation with the Secretary."; and

(B) in paragraph (2), by striking "Secretary of Health and Human Services" and inserting "Commissioner of Social Security".

(3) Section 1872 (42 U.S.C. 1395ii) is amended by inserting after "title II" the following: "; except that, in applying such provisions with respect to this title, any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively".

(4) Section 1869(b)(1) (42 U.S.C. 1395ff(b)(1)) and the last sentence of section 1876(c)(5)(B) (42 U.S.C. 1395mm(c)(5)(B)) are amended by inserting after "section 205(g)" the following: "; except that, in so applying such sections and section 205(l), any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively".

(5) Sections 1817, 1862, and 1886 (42 U.S.C. 1395i, 1395y, and 1395ww, respectively) are amended by striking
“Internal Revenue Code of 1954” each place it appears and inserting “Internal Revenue Code of 1986”.

(d) AMENDMENTS TO TITLE XIX.—(1) Section 1905(q)(2) (42 U.S.C. 1396d(q)(2)) is amended by striking “Secretary” and inserting “Commissioner of Social Security”.

(2) Section 1910(b)(2) (42 U.S.C. 1396i(b)(2)) is amended, in the first sentence, by inserting after “section 205(g)” the following: “, except that, in so applying such sections and section 205(l), any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively”.


(f) AMENDMENTS TO TITLE 5, UNITED STATES CODE.—Title 5, United States Code, is amended—

(1) by adding at the end of section 5311 the following new item:

“Commissioner, Social Security Administration.”;
(2) by adding at the end of section 5313 the following new item:

“Deputy Commissioner, Social Security Administration.”; and

(3) by striking “Secretary of Health Education, and Welfare” each place it appears in section 8141 and inserting “Commissioner of Social Security”.

(g) AMENDMENTS TO FOOD STAMP ACT OF 1977.—

(1) Sections 6(c)(3) and 8(e)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(3) and 2017(e)(6)) are each amended by inserting “the Commissioner of Social Security and” before “the Secretary of Health and Human Services”.

(2) Sections 6(g), 11(j), and 16(e) of such Act (7 U.S.C. 2015(g), 2020(j), and 2025(e)) are each amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.

(3) Section 11(i) of such Act (7 U.S.C. 2020(i)) is amended by adding “, the Commissioner of Social Security” after “the Secretary”.

(h) AMENDMENT TO TITLE 14, UNITED STATES CODE.—Section 707(e)(3) of title 14, United States Code, is amended by striking “Secretary of Health and Human
Services” each place it appears and inserting “Commissioner of Social Security”.

(i) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—(1) Subsections (c)(1), (c)(2)(E), (g)(1),
(g)(2)(A), and (g)(2)(B) of section 1402 of the Internal Revenue Code of 1986 (26 U.S.C. 1402) are amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.

(2) Section 3121(b)(10)(B) of such Code (26 U.S.C. 3121(b)(10)(B)) is amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.

(3) Section 3127 of such Code (26 U.S.C. 3127) is amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.

(4) Section 6050F(c)(1)(A) of such Code (26 U.S.C. 6050F(c)(1)(A)) is amended by striking “Secretary of Health and Human Services” and inserting “Commissioner of Social Security”.

(5) Subsections (d) and (f) of section 6057 of such Code (26 U.S.C. 6057) are amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.
(6) Section 6103(l)(5) of such Code (26 U.S.C. 6103(l)(5)) is amended—

(A) by striking “Department of Health and Human Services” and inserting “Social Security Administration”; and

(B) by striking “Secretary of Health and Human Services” and inserting “Commissioner of Social Security”.

(7) Subsections (d)(3)(C) and (e) of section 6402 of such Code (26 U.S.C. 6402) are amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.

(8) Section 6511(d)(5) of such Code (26 U.S.C. 6511(d)(5)) is amended by striking “Secretary of Health and Human Services” and inserting “Commissioner of Social Security”.

(j) AMENDMENTS TO TITLE 31, UNITED STATES CODE.—Section 3720A(f) of title 31, United States Code, is amended by striking “Secretary of Health and Human Services” each place it appears in and inserting “Commissioner of Social Security”.

(k) AMENDMENTS TO TITLE 38, UNITED STATES CODE.—Section 5105 of title 38, United States Code, is amended—
(1) by striking "Secretary of Health and Human Services" each place it appears and inserting "Commissioner of Social Security"; and

(2) by striking the second sentence of subsection (b) and inserting the following new sentence:

"A copy of each such application filed with either the Secretary or the Commissioner, together with any additional information and supporting documents (or certifications thereof) which may have been received by the Secretary or the Commissioner with such application, and which may be needed by the other official in connection therewith, shall be transmitted by the Secretary or the Commissioner receiving the application to the other official.”.

(I) AMENDMENTS TO INSPECTOR GENERAL ACT OF 1978.—The Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in section 9(a)(1), by striking “and” at the end of subparagraph (U), and by adding at the end the following new subparagraph:

“(V) of the Social Security Administration, the functions of the Inspector General of the Department of Health and Human Services relating to the administration of the old-age, survivors, and disability insurance program under..."
title II of the Social Security Act and of the supplemental security income program under title XVI of such Act; and’;

(2) in section 11(1), by striking “or” after “Commission” and inserting a semicolon, and by inserting after “Board;” the following: “or the Commissioner of Social Security;”; and

(3) in section 11(2), by striking “or” after “Information Agency,”, and by inserting after “Veterans’ Administration” the following: “, or the Social Security Administration;”.

SEC. 203. RULES OF CONSTRUCTION.

(a) REFERENCES TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, or document to the Department of Health and Human Services with respect to such Department’s functions under the old-age, survivors, and disability insurance program under title II of the Social Security Act or the supplemental security income program under title XVI of such Act, such reference shall be considered a reference to the Social Security Administration.

(b) REFERENCES TO THE SECRETARY OF HEALTH AND HUMAN SERVICES.—Whenever any reference is made
in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, or document to the Secretary of Health and Human Services with respect to such Secretary’s functions under the old-age, survivors, and disability insurance program under title II of the Social Security Act or the supplemental security income program under title XVI of such Act, such reference shall be considered a reference to the Commissioner of Social Security.

(c) REFERENCES TO OTHER OFFICERS AND EMPLOYEES.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, or document to any other officer or employee of the Department of Health and Human Services with respect to such officer or employee’s functions under the old-age, survivors, and disability insurance program under title II of the Social Security Act or the supplemental security income program under title XVI of such Act, such reference shall be considered a reference to the appropriate officer or employee of the Social Security Administration.

SEC. 204. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the provisions of this title shall take effect on the date established pursuant to section 107(a).
1 (b) EXCEPTIONS.—Subsections (f)(1), (f)(2), and (l)
2 of section 202 shall take effect on the date of the enact-
3 ment of this title.
By Mr. MOYNIHAN (for himself, Mr. PACKWOOD, Mr. MITCHELL, Mr. PRYOR, Mr. GRASSLEY, Mr. BRADLEY, Mr. RIEGEL, Mr. ROCKEFELLER, Mr. HATFIELD, Mr. JEFFORDS, and Ms. MIKULSKI):

S. 1560. A bill to establish the Social Security Administration as an independent agency, and for other purposes; to the Committee on Finance.

SOCIAL SECURITY ADMINISTRATION INDEPENDENCE ACT OF 1993

Mr. MOYNIHAN. Mr. President, I rise today to introduce legislation to remove the Social Security Administration from the Department of Health and Human Services and reestablish it as an independent agency of the executive branch of the Government. I do so with my distinguished colleagues and cosponsors, Senators PACKWOOD, MITCHELL, PRYOR, GRASSLEY, BRADLEY, RIEGEL, ROCKEFELLER, HATFIELD, JEFFORDS, and MIKULSKI. With this proposal, we hope to increase public confidence in Social Security by giving the agency more visibility and accountability, by improving administrative efficiency, and by insulating the agency from partisan politics.

Making Social Security an independent agency is not a new notion. The Social Security program was originally administered by an independent agency in the 1930's. By the late 1970's, there
were proposals to return the agency to that status. In 1980, the National Commission on Social Security recommended it. In 1993, the National Commission on Social Security Reform, the so-called Blue-Gold Commission, on which I served with the distinguished Republican leader, Senator Dole, repeated the call to make SSA an independent agency. In the Social Security Amendments of 1983, Congress enacted a one-year go-go to SSA, the best way to implement the proposal. This study panel, headed by the distinguished former Commissioner General of the United States, Elmer Staats, reported its findings and recommendations today. The bill is based on those recommendations.

Under this legislation, the Social Security Administration will be led by a Commissioner, appointed by the President, with the advice and consent of the Senate, to serve a 4-year term that coincides with that of the President. In addition, the bill establishes a seven-member, bipartisan, part-time advisory board, to make recommendations to the Commissioner on policy issues concerning Social Security.

Proposals to make SSA an independent agency have the support of nearly every organization with an interest in the administration of the Social Security program, including the American Association of Retired Persons, the National Council of Senior Citizens, and the AFL-CIO. The proposal enjoys broad-based support for a number of reasons. First, the sheer size of the agency argues for independence. SSA employs 64,000 workers in a national network of 1,300 offices. This is more than twice the number of employees at the State Department and three times the number of workers employed by the Department of Defense. Another budget of more than $300 billion, SSA will spend more this year than the Department of Defense and nearly 10 times as much as the Department of Education. In fact, SSA's outlays this year will be larger than the combined outlays of 11 Federal Departments. It simply defies common sense for an agency this large to be included under an umbrella bureaucracy.

Next is the matter of public confidence in Social Security. While the Social Security program to our most successful domestic program, public opinion surveys consistently show that a majority of nonretired adults are not confident that the program will be there for them when they need it. I believe one of the things that you send in your FICA contributions every week, but you never hear back from SSA. A few years ago I got a provision enacted into law that will require SSA to start sending out annual statements to all enrollees so that they understand their situation. This should help. But it cannot help for SSA to be buried in the Department of Health and Human Services. An agency that directly serves virtually every American that administers a program as important as Social Security, that maintains earnings records for 132 million workers and sends benefits to 42 million recipients—that agency should be visible and accountable to inspire the public confidence that the program needs and deserves.

Good administration is at the heart of the public trust in any program, and unfortunately, the administration of Social Security has not been up to the highest standards. Quality has been learned in times past to toil from this great public institution. During the past decade, the staff has been reduced by more than 20 percent, with little regard for how this reduction affects public service. SSA has been an umbrella bureaucracy. It cannot help for them when they need it. I believe one of the things that you send in your FICA contributions every week, but you never hear back from SSA. A few years ago I got a provision enacted into law that will require SSA to start sending out annual statements to all enrollees so that they understand their situation. This should help. But it cannot help for SSA to be buried in the Department of Health and Human Services. An agency that directly serves virtually every American that administers a program as important as Social Security, that maintains earnings records for 132 million workers and sends benefits to 42 million recipients—that agency should be visible and accountable to inspire the public confidence that the program needs and deserves.

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S13638

CONGRESSIONAL RECORD—SENATE

October 18, 1993

Sec. 105. Transfers to the new Social Security Administration.

Sec. 106. Transitional rules.

Sec. 107. Administrative provisions.

TITLE II—CONFORMING AMENDMENTS

Sec. 201. Amendments to titles II and XVI of the Social Security Act.

Sec. 202. Other amendments.

Sec. 203. Effective date.

Titie I—Establishment of New Independent Agency

Sec. 101. Establishment of Social Security Administration as a separate, independent agency.

Section 701 (42 U.S.C. 901) is amended to read as follows:

"SOCIAL SECURITY ADMINISTRATION"

"SEC. 701. There is hereby established, as an independent agency in the executive branch of the Government, a Social Security Administration (hereafter in this title referred to as the 'Administration'). It shall be the duty of the Administration to administer the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI.

"(A) The Commissioner of Social Security (hereafter in this title referred to as the 'Commissioner') shall be appointed by the President, with the advice and consent of the Senate.

"(B) The Commissioner shall be appointed for a term of 4 years coincident with the term of the President, or until the appointment of a qualified successor.

"(C) The Commissioner shall be compensated at the rate provided for level II of the Executive Schedule.

"(D) The Deputy Commissioner shall perform such duties and exercise such powers as the Commissioner shall from time to time assign or delegate. The Deputy Commissioner shall be appointed by the Commissioner of the Administration during the absence or disability of the Commissioner, and, unless the President designates another officer of the Government to serve as acting Commissioner, in the event of a vacancy in the office of the Commissioner.

"(E) The Commissioner and Deputy Commissioner shall have authority and control over all personnel and activities thereof.

"(F) The Commissioner may prescribe such rules as are necessary to carry out the functions of the Administration. The regulations prescribed by the Commissioner shall be subject to the rulemaking procedures established under section 553 of title 5, United States Code.

"(G) The Commissioner may establish, alter, consolidate, or discontinue such organizational units or components within the Administration as the Commissioner considers necessary or appropriate, except that this paragraph shall not apply with respect to any unit, component, or provision provided for by this Act.

"(H) The Commissioner may assign duties, and delegate or authorize subordinate delegations of authority to act and to render decisions, to such officers and employees of the Administration as the Commissioner may find necessary. Within the limitations of such delegations, delegations, or assignments, all official acts taken by such officers and employees shall have the same force and effect as though performed or rendered by the Commissioner.

"(I) The Commissioner and the Secretary of Health and Human Services (hereafter in this title referred to as the 'Secretary') shall consult, on an ongoing basis, to ensure—

"(A) the coordination of the programs administered by the Commissioner, as described in section 701, with the programs administered by the Secretary under titles XVIII and XIX of this Act; and

"(B) that adequate information concerning benefits under titles XVIII and XIX shall be available to the public.

"(J) The Commissioner of Social Security shall—

"(1) be in the Administration a Deputy Commissioner of Social Security (hereafter in this title referred to as the 'Deputy Commissioner') who shall be appointed by the President, with the advice and consent of the Senate.

"(2) The Deputy Commissioner shall be appointed for a term of 4 years coincident with the term of the Commissioner, or until the appointment of a qualified successor.

"(3) The Deputy Commissioner shall be compensated at the rate provided for level II of the Executive Schedule.

"(4) The Deputy Commissioner shall perform such duties and exercise such powers as the Commissioner shall from time to time assign or delegate. The Deputy Commissioner shall be appointed by the Commissioner of the Administration during the absence or disability of the Commissioner, and, unless the President designates another officer of the Government to serve as acting Commissioner, in the event of a vacancy in the office of the Commissioner.

"(5) The Commissioner and Deputy Commissioner shall have authority and control over all personnel and activities thereof.

"(6) The Commissioner may prescribe such rules as are necessary to carry out the functions of the Administration. The regulations prescribed by the Commissioner shall be subject to the rulemaking procedures established under section 553 of title 5, United States Code.

"(7) The Commissioner may establish, alter, consolidate, or discontinue such organizational units or components within the Administration as the Commissioner considers necessary or appropriate, except that this paragraph shall not apply with respect to any unit, component, or provision provided for by this Act.

"(8) The Commissioner may assign duties, and delegate or authorize subordinate delegations of authority to act and to render decisions, to such officers and employees of the Administration as the Commissioner may find necessary. Within the limitations of such delegations, delegations, or assignments, all official acts taken by such officers and employees shall have the same force and effect as though performed or rendered by the Commissioner.

"(9) The Commissioner and the Secretary of Health and Human Services (hereafter in this title referred to as the 'Secretary') shall consult, on an ongoing basis, to ensure—

"(A) the coordination of the programs administered by the Secretary under titles XVIII and XIX of this Act; and

"(B) that adequate information concerning benefits under titles XVIII and XIX shall be available to the public.

"(10) conducting such other reviews and assessments as the Board determines to be appropriate.

"Structure and Membership of the Board

"(a) The Board shall be composed of 7 members who shall be appointed as follows:

"(1) The members shall be appointed by the President, with the advice and consent of the Senate. Not more than 2 of such members shall be from the same political party.

"(2) Members (each member from a different political party) shall be appointed by the President pro tempore of the Senate with the advice of the Chairman and the Ranking Minority Member of the Senate Committee on Finance.

"(3) 2 members (each member from a different political party) shall be appointed by the Speaker of the House of Representatives, with the advice of the Chairman and the Ranking Minority Member of the House Committee on Ways and Means.

"Terms of Appointment

"(d) Each member of the Board shall serve for a term of 4 years, except:

"(1) a member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed, shall serve for the remainder of such term;

"(2) the terms of service of the members initially appointed under this section shall expire as follows:

"(A) The terms of service of the members initially appointed by the President shall expire as designated by the President at the time of nomination, 1 each at the end of—

"(i) 2 years;

"(ii) 4 years; and

"(iii) 6 years.

"(B) the terms of service of members initially appointed by the President pro tempore of the Senate shall expire as designated by the President pro tempore of the Senate at the time of nomination, 1 each at the end of—

"(i) 2 years; and

"(ii) 8 years.

"(c) The terms of service of members initially appointed by the Speaker of the House shall expire as designated by the Speaker of the House at the time of nomination, 1 each at the end of—

"(i) 2 years; and

"(ii) 5 years.

"Chairman

"(e) A member of the Board shall be designated by the President to serve as Chairman for a term of 4 years, coincident with the term of the President, or until the designation of a successor.

"Compensation

"(f) Members of the Board shall be compensated as follows:

"(1) Members shall be paid at a rate equal to 25 percent of the rate for level III of the Executive Schedule.

"(2) For days when the Board or any authorized subcommittees of the Board meets, members who attend meetings on such days (including travel time) shall receive additional compensation in an amount equal to the applicable overtime rate for level III of the Executive Schedule.

"(3) While serving on committees of the Board or serving on committees of their leaders under such rules as may be or may not be in effect, including per diem in lieu of subsistence, as authorized by section 301 of title 5, United States Code, for persons in the Government employed intermittently.

"(g) Service on the Board shall not be treated as Federal service or employment for purposes of receiving any benefits under
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chapters 83, 84, and 87 of title 5, United States Code.

"(c) A member of the Board may elect coverage of a health benefits plan under chapter 89 of title 5, United States Code. Such a member electing coverage shall have the applicable contributions under section 8006 of such title withheld from pay for service as a member of the Board. The Administrator shall pay the applicable Government contributions under such section 8006 for such member. The Office of Personnel Management shall promulgate regulations to apply the provisions of chapters 29 and 30 of title 5 to Board members electing coverage as provided under this paragraph:

Meetings

"(e) The Board shall meet not less than 6 times each year to consider a specific agenda of issues, as determined by the Chairman in consultation with the other members of the Board.

Federal Advisory Committee Act

"(h) The Board shall be exempt from the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

Personnel

"(1) The Board shall, without regard to title 5, United States Code, appoint individuals as a member of the Board. Such Board shall be paid at a rate equivalent to a rate for a senior Executive Service.

(2) The Board is authorized, without regard to this title, United States Code, to appoint and fix the compensation of such additional personal as the Board determines to be necessary to carry out the functions of the Board.

(3) In fixing the compensation of additional personnel under paragraphs (1) and (2) of this section, the Board shall not be required to fix any individual's compensation under such paragraph so as to be at a rate that is greater than the rate of compensation of the Staff Director described in paragraph (1).

Authorisation of Appropriation

"(1) There are authorized to be made available for expenditure, out of the Federal Disability Insurance Trust Fund, the Federal Old Age and Survivors Insurance Trust Fund, and the general fund in the Treasury, such sums as the Congress may deem appropriate to carry out the purposes of section 201.

SEC. 105. ABOLITION OF OFFICE OF COMMISSIONER OF SOCIAL SECURITY.

Section 704 is amended to read as follows:

"ADMINISTRATIVE DUTIES OF THE COMMISSIONER

Personnel

"SEC. 704. (a) The Commissioner shall appoint such additional officers and employees as the Commissioner considers necessary to carry out the functions of the Administrator under this Act. Except as otherwise provided in any other provision of law, such officers and employees shall be appointed under such sections as the Commissioner shall fix, in accordance with title 5, United States Code.

(2) The Commissioner may procure the services of independent consultants in accordance with the provisions of section 3109 of title 5, United States Code.

(3) Notwithstanding any requirements of section 3105 of title 5, United States Code, the Director of the Office of Personnel Management shall authorize for the administration a total number of positions in the Executive Schedule which is substantially greater than the number of such positions authorized in the Social Security Administrator in the Department of Health and Human Services as of immediately before the date of the enactment of this title, solely in connection with functions transferred by this title to the Administration, and who was so employed on the day before the date on which such functions were transferred to the Department of Health and Human Services to the Social Security Administration.

Department of Health and Human Services.—Effective upon the appointment of a Commissioner of Social Security under section 707 of the Social Security Act (as amended by this title)—

(1) the position of Commissioner of Social Security in the Department of Health and Human Services is abolished; and

(2) section 3135 of title 5, United States Code, is amended by striking the following: "Commissioner of Social Security, Department of Health and Human Services."

SEC. 106. TRANSITIONAL RULES.

(a) TRANSITION DIRECTOR.—Within 30 days after the date of the enactment of this title, the President shall designate a transition director to be appointed by the President, who shall be selected on the basis of experience and knowledge of the operation of the Government.

(b) Functions to be performed by the transition director shall conduct activities necessary to ensure the transition of the Social Security Administration to the status of an independent branch of the Government. In conducting such activities before the appointment of the Commissioner of Social Security, the transition director shall act, under the direction of the Director of the Office of Management and Budget. Upon such appointment, the transition director shall conduct such activities at the direction of the Commissioner of Social Security.

(c) The transition director shall be compensated at the rate provided for level IV of the Executive Schedule.

(d) Expenditures to carry out the purposes of this subsection shall be made out of the Federal Old Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

(b) INTERIM AUTHORITY FOR APPOINTMENT AND COMPENSATION.—The Commissioner of Social Security, within 60 days of the date of the enactment of this title, the Commissioner of Social Security shall be appointed by the President. Such appointment shall be made pursuant to section 707 of the Social Security Act (as amended by this title). If the appointment is made pursuant to such section before the date established pursuant to section 107(a), such appointment may be nominated and appointed, as provided in such sections.

(b) COMPENSATION.—Funds available to any official or component of the Department of Health and Human Services, functions of which are transferred to the Commissioner of Social Security under section 707 of the Social Security Act (as amended by this title) may be nominated and appointed, as provided in such sections.

(c) PROVISIONS.—Funds available to any official or component of the Department of Health and Human Services, functions of which are transferred to the Commissioner of Social Security under section 707 of the Social Security Act (as amended by this title) may be nominated and appointed, as provided in such sections.

SUMMARY OF TITLE.

(a) This title transfers from the Department of Health and Human Services to the Social Security Administration the functions and personnel of the Administration In the Department of Health and Human Services, as the Commissioner considers necessary to carry out the purposes of this title.

(b) Funds appropriated for the Administration in the Department of Health and Human Services, as the Congress may deem appropriate, shall be transferred to the Administration to be available on a contingent basis. The number of positions in the Administration shall be apportioned upon the occurrence of the stipulated contingency, as determined by the Commissioner and reported to the Congress.

"Employment Restriction

"(c) The number of positions in the Administration which may be established for the competitive service as a member of the Board. The Administration shall pay the applicable Government contributions under such section 8006 for such member. The Office of Personnel Management shall promulgate regulations to apply the provisions of chapters 29 and 30 of title 5 to Board members electing coverage as provided under this paragraph.

Budgetary Matters

"(d) Appropriations required for staffing and operations of the Administration shall be based upon a comprehensive work force plan, which shall be established and revised from time to time to reflect the equivalent of 10 full-time positions.

"(e) Appropriations for administrative expenses of the Administration are authorized to be provided on a biennial basis.
such collective bargaining agreements), recognitions of labor organizations, certificates, licenses, and permits—

(1) which have been issued, made, promulgated, granted, or allowed to become effective, in the exercise of functions (A) which were exercised by the Secretary of Health and Human Services (or the Secretary's delegate), and (B) which relate to functions which, by reason of this title, the amendments made thereby, and regulations prescribed thereunder, are vested in the Commissioner of Social Security; and

(2) which are in effect immediately before the date established pursuant to section 107(a), shall (to the extent that they relate to functions which, by reason of this title, the amendments made thereby, and regulations prescribed thereunder, are vested in the Commissioner of Social Security) remain in effect until the date of termination specified in such agreement.

(6) CONTINUATION OF PROCEEDINGS.—The provisions of this title (and the amendments made thereby) shall not affect any proceeding pending before the Secretary of Health and Human Services immediately before the date established pursuant to section 107(a), with respect to functions vested (by reason of this title, the amendments made thereby, and regulations prescribed thereunder, are vested in the Commissioner of Social Security, except that such proceedings, to the extent that such proceedings relate to such functions, shall continue before such Commissioner. Orders shall be issued under any such proceeding, appeals taken therefrom, and judgments rendered, in the same manner and effect as if this title had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, suspended, or repealed by such Commissioner, except that such Commissioner shall not have the effect of releasing or extinguishing, where appropriate, an order for substitution of parties.

(c) CONFORMATION OF AMENDMENTS.—The amendments to titles II and XVI of the Social Security Act, this title, and the amendments made by this title shall take effect on the earlier of:

(1) the date which is 180 days after the date of enactment of this Act, or

(2) a date designated by the President.

(b) TRANSITIONAL REGULATIONS.—Section 106 shall take effect on the date of the enactment of this title.

TITLE II—CONFORMING AMENDMENTS

SEC. 201. AMENDMENTS TO TITLES II AND XVI OF THE SOCIAL SECURITY ACT.

(a) IN GENERAL.—Except as provided in subsection (b), this title, and the amendments made by this title shall take effect on the earlier of:

(1) the date which is 180 days after the date of enactment of this Act, or

(2) a date designated by the President.

(b) AMENDMENTS TO SECTION 201.—(1) The amendments to sections 201(a)(3), 201(a)(4), 201(b)(1), and 201(b)(2), sections 401(a)(9), 401(a)(10), 401(a)(11), and 401(b)(10), and sections 401(b)(11) and 401(b)(12), are each amended by striking "Secretary of Health and Human Services" each place it appears in such section while inserting "Commissioner of Social Security".

(b) AMENDMENTS TO SECTION 201.—(2) The amendments to sections 201(a)(3), 201(a)(4), 201(b)(1), and 201(b)(2), sections 401(a)(9), 401(a)(10), 401(a)(11), and 401(b)(10), and sections 401(b)(11) and 401(b)(12), are each amended by striking "Secretary of Health and Human Services" each place it appears in such section while inserting "Commissioner of Social Security".

(c) CONFORMING AMENDMENTS.—The amendments to sections 201(a)(3), 201(a)(4), 201(b)(1), and 201(b)(2), sections 401(a)(9), 401(a)(10), 401(a)(11), and 401(b)(10), and sections 401(b)(11) and 401(b)(12), are each amended by striking "Secretary of Health and Human Services" each place it appears in such section while inserting "Commissioner of Social Security".

(d) LACK OF CONGRUENCE.—This title, and the amendments made by this title, shall have the same force and effect as if this title had been applicable to the provisions of the Internal Revenue Code of 1986 which should have been borne by the Federal Old-Age and Survivors Insurance Fund, and the portions of such costs which should have been borne by the Federal Old-Age and Survivors Insurance Fund while inserting "Commissioner of Social Security" each place it appears in such section while inserting "Commissioner of Social Security".
Federal Disability Insurance Trust Fund, and

(ii) the Secretary of Health and Human Services, for amounts which will be paid from the Federal Hospital Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund, as estimated by the Commissioner, after subtracting other Trust Funds and amounts from the Federal Disability Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as estimated by the Commissioner, for amounts which will be paid from the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and all that follows through "disability insurance program and" and inserting "Advisory Council on Hospital and " and "Social Security Administration, as amended by striking "Secretary"
between the words "and" and "considered a reference to the Commissioner of Social Security, except that, in so applying 

national Security Administration, the Department of Health and Human Services, or any part or officer thereof, for the benefit of such social security activity financed through such funds.

Subsections (i) and (k) of section 301 (42 U.S.C. 401) are amended by striking "Secretary" each place it appears and inserting "Commissioner of Social Security".

Section 301(IX)(IXVIII) (42 U.S.C. 401(IXVIII)) is amended by striking "Secretary" and inserting "Commissioner of Social Security." 

Section 301(IX)(IXVIII) (42 U.S.C. 401(IXVIII)) is amended by striking "Secretary" and inserting "Commissioner of Social Security." 

Section 301(IX)(IXVIII) (42 U.S.C. 401(IXVIII)) is amended by striking "Secretary" and inserting "Commissioner of Social Security." 

Section 301 (42 U.S.C. 401) is amended by striking "Internal Revenue Code of 1936" each place it appears and inserting "Internal Revenue Code of 1986." 

AMENDMENTS TO SECTION 218—Section 218(d)(42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears and inserting "Commissioner of Social Security." 

Section 218(d) (42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears and inserting "Commissioner of Social Security." 

Section 218(d) (42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears and inserting "Commissioner of Social Security." 

Section 218(d) (42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears and inserting "Commissioner of Social Security." 

Section 218(d) (42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears and inserting "Commissioner of Social Security." 

Section 218(d) (42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears and inserting "Commissioner of Social Security." 

Section 218(d) (42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears and inserting "Commissioner of Social Security." 

Amendments to Title VII.—(1) Title VII (42 U.S.C. 401 et seq.) is amended by adding at the end the following new section:

"DUTIES AND AUTHORITY OF SECRETARY

"The Secretary shall perform the duties imposed upon the Secretary by this Act. The Secretary is authorized to appoint and fix the compensation of such officers and employees as may be necessary for carrying out the functions of the Secretary under this Act."

(2) Section 706 (42 U.S.C. 907) is amended—

(A) in subsection (a), by striking ""Authority Council on Social Security"" and all that follows through "disability insurance program and" and inserting ""Advisory Council on Hospital and Social Security Administration, for the purpose of reviewing the status of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund and the long-term commitments of";

(B) in subsection (b), by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

Because the image contains mostly the page number and part of the page cut off, it's challenging to provide a full transcription without the entire context. It seems to deal with legislative amendments to Social Security-related laws, but the specific context or laws being amended is not fully visible due to the cropping. Further reading is necessary to understand the full content.
(2) the Secretary makes a finding of fact and a decision as to the entitlement under the Social Security Act of any individual to hospital insurance benefits under part A of title XVIII, and—

(G) by striking “in the matter in sub-
section (a) of section 1101 of such title is pro-
vided in section 206(b)” and all that follows
and inserting “(to the same extent as before
this act, under title II are entitled to a
hearing by the Commissioner of Social Secu-
ritv under section 206(b)).” For purposes of
the preceding sentence, subsection (b) of sec-
tion 1101 shall apply, except that any refer-
cence in such subsection to the Commiss-
ioner of Social Security or the Social Secu-
rity Administration shall be deemed a refer-
cence to the Secretary or the Department of
Health and Human Services, respectively.
Where the amount in controversy is $3,000 or
more, such Secretary shall be entitled to
judicial review of any final decision reached
or ordered to be reconsidered described in this
subsection.

Sections 1101, 1104, 1107, and 1127 (42
U.S.C. 1301, 1304, 1307, and 1327-9, respec-
tively) are amended by striking “Internal
Revenue Code of 1964” each place it appears
and inserting “Internal Revenue Code of 1968.”

(c) AMENDMENTS TO TITLE XVIII—(1) Sub-
sections (a), (c), and (d) of section 1817 (42
U.S.C. 1311) are amended by amending “Secretary
of Health and Human Services” each place it
appears and inserting “Commissioner of Social
Security”.

(2) Section 1849(a) (42 U.S.C. 1366a(a)) is
amended—

(A) in paragraph (1), by striking “Sec-
retary of Health and Human Services” and
inserting “Commissioner of Social Secu-
rity”, and by adding at the end of the follow-
ing new sentence: “Such regulations shall be
prescribed after consultation with the
Secretary.”;

(B) in paragraph (2), by striking “Sec-
retary of Health and Human Services” and
inserting “Commissioner of Social Secu-
rity”.

(3) Section 1872 (42 U.S.C. 1341) is amended
by inserting after “title II” the follow-
ing “Secretary of Health and Human Services” each
place it appears and inserting “Commissioner of
Social Security”.

(4) Section 1868(b)(1) (42 U.S.C. 1356(b)(1)) and
the last sentence of section 1977(c)(5) (42
U.S.C. 1357m(c)(5)) are amended by inserting after “section 190(e)” the follow-
ing “Secretary of Health and Human Services” each
place it appears and inserting “Commissioner of
Social Security”.

(5) Section 1869 (42 U.S.C. 1359) is amended
by inserting after “Secretary of Health and Human
Services” each place it appears and inserting “Secretary of Health and Human Services” each
place it appears and inserting “Commissioner of Social Security”.

(d) AMENDMENTS TO TITLE XIX—(1) Section
1067c (42 U.S.C. 1396m(c)(2)) is amended by striking “Secretary of Health and Human Services” and inserting “Commissioner of Social Security”.

(2) Section 1010(b)(2) (42 U.S.C. 1396b(b)(2)) is amended, in the first sentence, by inserting after “section 206(g)” the following “Commissioner of Social Security” and, in the following sentence, by inserting “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.
Act or a provision of law amended by this Act, regulation, rule, record, or document to any other officer or employee of the Department of Health and Human Services with respect to such officer or employee's functions under the old-age, survivors, and disability insurance program under title II of the Social Security Act or the supplemental security income program under title XVI of such Act, such reference shall be considered a reference to the appropriate officer or employee of the Social Security Administration.

SEC. 304. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the provisions of this title shall take effect on the date established pursuant to section 107(a).

(b) EXCEPTIONS.—Subsections (f)(1), (f)(2), and (l) of section 202 shall take effect on the date of the enactment of this title.
To establish the Social Security Administration as an independent agency, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 18 (legislative day, OCTOBER 13), 1993

Mr. MOYNIHAN (for himself, Mr. PACKWOOD, Mr. MITCHELL, Mr. PRYOR, Mr. GRASSLEY, Mr. BRADLEY, Mr. RIEGLE, Mr. ROCKEFELLER, Mr. HATFIELD, Mr. JEFFORDS, Ms. MIKULSKI, and Mr. DECONCINI) introduced the following bill; which was read twice and referred to the Committee on Finance

NOVEMBER 19, (legislative day, NOVEMBER 2), 1993

Reported by Mr. MOYNIHAN, without amendment

A BILL

To establish the Social Security Administration as an independent agency, and for other purposes.

Be it enacted by the Senate and House of Representa-

atives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE; AMENDMENT OF SOCIAL SECURITY ACT; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the "Social Security Administration Independence Act of 1993".

(b) Amendment of Social Security Act.—Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to or repeal of, a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

(c) Table of Contents.—The table of contents of this Act is as follows:

Sec. 1. Short title; amendment of Social Security Act; table of contents.

TITLE I—ESTABLISHMENT OF NEW INDEPENDENT AGENCY

Sec. 101. Establishment of Social Security Administration as a separate, independent agency.
Sec. 102. Commissioner and Deputy Commissioner of Social Security.
Sec. 103. Social Security Advisory Board.
Sec. 104. Personnel; budgetary matters; seal of office.
Sec. 105. Transfers to the new Social Security Administration.
Sec. 106. Transitional rules.
Sec. 107. Effective dates.

TITLE II—CONFORMING AMENDMENTS

Sec. 201. Amendments to titles II and XVI of the Social Security Act.
Sec. 202. Other amendments.
Sec. 203. Rules of construction.
Sec. 204. Effective dates.
TITLE I—ESTABLISHMENT OF NEW INDEPENDENT AGENCY

SEC. 101. ESTABLISHMENT OF SOCIAL SECURITY ADMINISTRATION AS A SEPARATE, INDEPENDENT AGENCY.

Section 701 (42 U.S.C. 901) is amended to read as follows:

"SOCIAL SECURITY ADMINISTRATION

"Sec. 701. There is hereby established, as an independent agency in the executive branch of the Government, a Social Security Administration (hereafter in this title referred to as the 'Administration'). It shall be the duty of the Administration to administer the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI.".

SEC. 102. COMMISSIONER AND DEPUTY COMMISSIONER OF SOCIAL SECURITY.

Section 702 (42 U.S.C. 902) is amended to read as follows:

"COMMISSIONER AND DEPUTY COMMISSIONER

"Commissioner of Social Security

"Sec. 702. (a)(1) There shall be in the Administration a Commissioner of Social Security (hereafter in this title referred to as the 'Commissioner') who shall be ap-
pointed by the President, with the advice and consent of
the Senate.

"(2) The Commissioner shall be compensated at the
rate provided for level I of the Executive Schedule.

"(3) The Commissioner shall be appointed for a term
of 4 years coincident with the term of the President, or
until the appointment of a qualified successor.

"(4) The Commissioner shall be responsible for the
exercise of all powers and the discharge of all duties of
the Administration, and shall have authority and control
over all personnel and activities thereof.

"(5) The Commissioner may prescribe such rules and
regulations as the Commissioner determines necessary or
appropriate to carry out the functions of the Administra-
tion. The regulations prescribed by the Commissioner shall
be subject to the rulemaking procedures established under
section 553 of title 5, United States Code.

"(6) The Commissioner may establish, alter, consoli-
date, or discontinue such organizational units or compo-
nents within the Administration as the Commissioner con-
siders necessary or appropriate, except that this para-
graph shall not apply with respect to any unit, component,
or provision provided for by this Act.

"(7) The Commissioner may assign duties, and dele-
gate, or authorize successive redelegations of, authority to
act and to render decisions, to such officers and employees of the Administration as the Commissioner may find necessary. Within the limitations of such delegations, redelegations, or assignments, all official acts and decisions of such officers and employees shall have the same force and effect as though performed or rendered by the Commissioner.

"(8) The Commissioner and the Secretary of Health and Human Services (hereafter in this title referred to as the 'Secretary') shall consult, on an ongoing basis, to ensure—

"(A) the coordination of the programs administered by the Commissioner, as described in section 701, with the programs administered by the Secretary under titles XVIII and XIX of this Act; and

"(B) that adequate information concerning benefits under such titles XVIII and XIX shall be available to the public.

"Deputy Commissioner of Social Security

"(b)(1) There shall be in the Administration a Deputy Commissioner of Social Security (hereafter in this title referred to as the 'Deputy Commissioner') who shall be appointed by the President, with the advice and consent of the Senate.
“(2) The Deputy Commissioner shall be appointed for a term of 4 years coincident with the term of the Commissioner, or until the appointment of a qualified successor.

“(3) The Deputy Commissioner shall be compensated at the rate provided for level II of the Executive Schedule.

“(4) The Deputy Commissioner shall perform such duties and exercise such powers as the Commissioner shall from time to time assign or delegate. The Deputy Commissioner shall be Acting Commissioner of the Administration during the absence or disability of the Commissioner and, unless the President designates another officer of the Government as Acting Commissioner, in the event of a vacancy in the office of the Commissioner.”.

SEC. 103. SOCIAL SECURITY ADVISORY BOARD.

Section 703 (42 U.S.C. 903) is amended to read as follows:

“SOCIAL SECURITY ADVISORY BOARD

“Establishment of Board

“SEC. 703. (a) There shall be established a Social Security Advisory Board (hereinafter referred to as the ‘Board’).

“Functions of the Board

“(b) The Board shall advise the Commissioner on policies related to the old-age, survivors, and disability insurance program under title II and the supplemental secu-
rity income program under title XVI. Specific functions of the Board shall include—

“(1) analyzing the Nation’s retirement and disability systems and making recommendations with respect to how the old-age, survivors, and disability insurance program and the supplemental security income program, supported by other public and private systems, can most effectively assure economic security;

“(2) studying and making recommendations relating to the coordination of programs that provide health security with programs described in paragraph (1);

“(3) making recommendations to the President and to the Congress with respect to policies that will ensure the solvency of the old-age, survivors, and disability insurance program, both in the short-term and the long-term;

“(4) making recommendations to the President of candidates to consider in selecting nominees for the position of Commissioner and Deputy Commissioner;

“(5) reviewing and assessing the quality of service that the Administration provides to the public;
“(6) reviewing and making recommendations with respect to policies and regulations regarding the old-age, survivors, and disability insurance program and the supplemental security income program;

“(7) increasing public understanding of the social security system;

“(8) in consultation with the Commissioner, reviewing the development and implementation of a long-range research and program evaluation plan for the Administration;

“(9) reviewing and assessing any major studies of social security as may come to the attention of the Board; and

“(10) conducting such other reviews and assessments that the Board determines to be appropriate.

"Structure and Membership of the Board

“(c) The Board shall be composed of 7 members who shall be appointed as follows:

“(1) 3 members shall be appointed by the President, with the advice and consent of the Senate. Not more than 2 of such members shall be from the same political party.

“(2) 2 members (each member from a different political party) shall be appointed by the President
pro tempore of the Senate with the advice of the
Chairman and the Ranking Minority Member of the
Senate Committee on Finance.

"(3) 2 members (each member from a different
political party) shall be appointed by the Speaker of
the House of Representatives, with the advice of the
Chairman and the Ranking Minority Member of the
House Committee on Ways and Means.

"Terms of Appointment

"(d) Each member of the Board shall serve for a term
of 6 years, except that—

"(1) a member appointed to fill a vacancy oc-
curring prior to the expiration of the term for which
a predecessor was appointed, shall be appointed for
the remainder of such term; and

"(2) the terms of service of the members ini-
tially appointed under this section shall expire as
follows:

"(A) The terms of service of the members
initially appointed by the President shall expire
as designated by the President at the time of
nomination, 1 each at the end of—

"(i) 2 years;

"(ii) 4 years; and

"(iii) 6 years.
“(B) The terms of service of members initially appointed by the President pro tempore of the Senate shall expire as designated by the President pro tempore of the Senate at the time of nomination, 1 each at the end of—

“(i) 4 years; and
“(ii) 6 years.

“(C) The terms of service of members initially appointed by the Speaker of the House of Representatives shall expire as designated by the Speaker of the House of Representatives at the time of nomination, 1 each at the end of—

“(i) 3 years; and
“(ii) 5 years.

“Chairman

“(e) A member of the Board shall be designated by the President to serve as Chairman for a term of 4 years, coincident with the term of the President, or until the designation of a successor.

“Compensation

“(f) Members of the Board shall be compensated as follows:

“(1) Members shall be paid at a rate equal to 25 percent of the rate for level III of the Executive Schedule.
“(2) For days when the Board or any authorized subcommittee of the Board meets, members who attend meetings on such days (including travel time) shall receive additional compensation in an amount equal to the daily equivalent of the rate for level III of the Executive Schedule.

“(3) While serving on business of the Board away from their homes or regular places of business, members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.

“(4) Service on the Board shall not be treated as Federal service or employment for purposes of receiving any benefits under chapters 83, 84, and 87 of title 5, United States Code.

“(5) A member of the Board may elect coverage of a health benefits plan under chapter 89 of title 5, United States Code. Such a member electing coverage shall have the applicable employee contributions under section 8906 of such title withheld from pay for service as a member of the Board. The Administration shall pay the applicable Government contributions under such section 8906 for such member. The Office of Personnel Management shall
promulgate regulations to apply the provisions of chapter 89 of such title to Board members electing coverage as provided under this paragraph.

"Meetings"

"(g) The Board shall meet not less than 6 times each year to consider a specific agenda of issues, as determined by the Chairman in consultation with the other members of the Board.

"Federal Advisory Committee Act"

"(h) The Board shall be exempt from the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

"Personnel"

"(i)(1) The Board shall, without regard to title 5, United States Code, appoint a Staff Director who shall be paid at a rate equivalent to a rate for the Senior Executive Service.

"(2) The Board is authorized, without regard to title 5, United States Code, to appoint and fix the compensation of such additional personnel as the Board determines to be necessary to carry out the functions of the Board.

"(3) In fixing the compensation of additional personnel under paragraph (2), the Board shall not authorize that any individual appointed under such paragraph be compensated at a rate that is greater than the rate of compensation of the Staff Director described in paragraph (1).
“Authorization of Appropriation

“(j) There are authorized to be made available for expenditure, out of the Federal Disability Insurance Trust Fund, the Federal Old Age and Survivors Insurance Trust Fund, and the general fund in the Treasury, such sums as the Congress may deem appropriate to carry out the purposes of this section.”.

SEC. 104. PERSONNEL; BUDGETARY MATTERS; SEAL OF OFFICE.

Section 704 is amended to read as follows:

“ADMINISTRATIVE DUTIES OF THE COMMISSIONER

“Personnel

“Sec. 704. (a)(1) The Commissioner shall appoint such additional officers and employees as the Commissioner considers necessary to carry out the functions of the Administration under this Act. Except as otherwise provided in any other provision of law, such officers and employees shall be appointed, and their compensation shall be fixed, in accordance with title 5, United States Code.

“(2) The Commissioner may procure the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code.

“(3) Notwithstanding any requirements of section 3133 of title 5, United States Code, the Director of the Office of Personnel Management shall authorize for the Administration a total number of Senior Executive Service
positions which is substantially greater than the number
of such positions authorized in the Social Security Admin-
istration in the Department of Health and Human Serv-
ices as of immediately before the date of the enactment
of the Social Security Administration Independence Act
of 1993 to the extent that the greater number of such
authorized positions is specified in the comprehensive
work force plan as established and revised by the Commiss-
ioner under subsection (b)(1). The total number of such
positions authorized for the Administration shall not at
any time be less than the number of such authorized posi-
tions as of immediately before such date.

"Budgetary Matters

"(b)(1) Appropriations requests for staffing and per-
sonnel of the Administration shall be based upon a com-
prehensive work force plan, which shall be established and
revised from time to time by the Commissioner.

"(2) Appropriations for administrative expenses of
the Administration are authorized to be provided on a bi-
ennial basis.

"(3) Funds appropriated for the Administration to
be available on a contingency basis shall be apportioned
upon the occurrence of the stipulated contingency, as de-
termined by the Commissioner and reported to the
Congress.
"Employment Restriction

"(c) The number of positions in the Administration which may be excepted from the competitive service, on a temporary or permanent basis, because of the confidential or policy-determining character of such positions, may not exceed at any time the equivalent of 10 full-time positions.

"Seal of Office

"(d) The Commissioner shall cause a seal of office to be made for the Administration of such design as the Commissioner shall approve. Judicial notice shall be taken of such seal."

SEC. 105. TRANSFERS TO THE NEW SOCIAL SECURITY ADMINISTRATION.

(a) FUNCTIONS.—There are transferred to the Social Security Administration all functions carried out by the Secretary of Health and Human Services with respect to the programs and activities the administration of which is vested in the Social Security Administration by reason of this title and the amendments made thereby. The Commissioner of Social Security shall allocate such functions in accordance with sections 701, 702, 703, and 704 of the Social Security Act (as amended by this title).

(b) PERSONNEL, ASSETS, ETC.—(1) There are transferred from the Department of Health and Human Serv-
ices to the Social Security Administration, for appropriate allocation by the Commissioner of Social Security in the Social Security Administration—

(A) the personnel employed in connection with the functions transferred by this title and the amendments made thereby; and

(B) the assets, liabilities, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, or used in connection with such functions, arising from such functions, or available, or to be made available, in connection with such functions.

(2) Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

(3) Any individual who is an employee of the Department and who was not employed on the date of the enactment of this title, in connection with functions transferred by this title to the Administration, but who was so employed on the day before the date established pursuant to section 107(a), may be transferred from the Department of Health and Human Services to the Social Security Administration by the Commissioner under subparagraph (A) of paragraph (1), after consultation with the Secretary
of Health and Human Services, if the Commissioner determines such transfer to be appropriate.

(4) Any individual who is an employee of the Department and who was employed on the date of the enactment of this title, solely in connection with functions transferred by this title to the Administration, and who was so employed on the day before the date established pursuant to section 107(a), shall be transferred from the Department of Health and Human Services to the Social Security Administration.

(c) ABOLISHMENT OF OFFICE OF COMMISIONER IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Effective upon the appointment of a Commissioner of Social Security pursuant to section 702 of the Social Security Act (as amended by this title)—

(1) the position of Commissioner of Social Security in the Department of Health and Human Services is abolished; and

(2) section 5315 of title 5, United States Code, is amended by striking the following:

"Commissioner of Social Security, Department of Health and Human Services."

SEC. 106. TRANSITIONAL RULES.

(a) TRANSITION DIRECTOR.—(1) Within 30 days after the date of the enactment of this Act, a transition
director shall be appointed by the President, who shall be selected on the basis of experience and knowledge of the operation of the Government.

(2) The transition director shall conduct activities necessary to ensure the transition of the Social Security Administration to the status of an independent agency in the executive branch of the Government. In conducting such activities before the appointment of the Commissioner of Social Security, the transition director shall consult regularly with the Director of the Office of Management and Budget. Upon such appointment, the transition director shall conduct such activities at the direction of the Commissioner of Social Security.

(3) The transition director shall be compensated at the rate provided for level IV of the Executive Schedule.

(4) Expenditures to carry out the purposes of this subsection shall be made out of the Federal Old Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

(b) INTERIM AUTHORITY FOR APPOINTMENT AND COMPENSATION.—

(1) APPOINTMENT OF COMMISSIONER.—Within 60 days of the date of the enactment of this title, the Commissioner of Social Security shall be appointed by the President pursuant to section 702 of
the Social Security Act (as amended by this title).

If the appointment is made pursuant to such section before the date established pursuant to section 107(a), the Commissioner of Social Security shall also perform the duties assigned to the Commissioner of Social Security in the Department of Health and Human Services.

(2) OTHER APPOINTMENTS.—At any time on or after the date of the enactment of this title any of the other officers provided for in sections 702 and 703 of the Social Security Act (as amended by this title) may be nominated and appointed, as provided in such sections.

(3) COMPENSATION.—Funds available to any official or component of the Department of Health and Human Services, functions of which are transferred to the Commissioner of Social Security or the Social Security Administration by this title, may with the approval of the Director of the Office of Management and Budget, be used to pay the compensation and expenses of any officer appointed pursuant to this subsection until such time as funds for that purpose are otherwise available.

c) CONTINUATION OF ORDERS, DETERMINATIONS, RULES, REGULATIONS, ETC.—All orders, determinations,
rules, regulations, permits, contracts, collective bargaining agreements (and ongoing negotiations relating to such collective bargaining agreements), recognitions of labor organizations, certificates, licenses, and privileges—

(1) which have been issued, made, promulgated, granted, or allowed to become effective, in the exercise of functions (A) which were exercised by the Secretary of Health and Human Services (or the Secretary's delegate), and (B) which relate to functions which, by reason of this title, the amendments made thereby, and regulations prescribed thereunder, are vested in the Commissioner of Social Security; and

(2) which are in effect immediately before the date established pursuant to section 107(a), shall (to the extent that they relate to functions described in paragraph (1)(B)) continue in effect according to their terms until modified, terminated, suspended, set aside, or repealed by such Commissioner, except that any collective bargaining agreement shall remain in effect until the date of termination specified in such agreement.

(d) Continuation of Proceedings.—The provisions of this title (including the amendments made thereby) shall not affect any proceeding pending before the Secretary of Health and Human Services immediately before
the date established pursuant to section 107(a), with respect to functions vested (by reason of this title, the amendments made thereby, and regulations prescribed thereunder) in the Commissioner of Social Security, except that such proceedings, to the extent that such proceedings relate to such functions, shall continue before such Commissioner. Orders shall be issued under any such proceeding, appeals taken therefrom, and payments shall be made pursuant to such orders, in like manner as if this title had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or repealed by such Commissioner, by a court of competent jurisdiction, or by operation of law.

(e) CONTINUATION OF SUITS.—Except as provided in this subsection—

(1) the provisions of this title shall not affect suits commenced before the date established pursuant to section 107(a); and

(2) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this title had not been enacted.

No cause of action, and no suit, action, or other proceeding commenced by or against any officer in such officer's official capacity as an officer of the Department of Health

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and Human Services, shall abate by reason of the enactment of this title. Causes of action, suits, actions, or other proceedings may be asserted by or against the United States and the Social Security Administration, or such official of such Administration as may be appropriate, and, in any litigation pending immediately before the date established pursuant to section 107(a), the court may at any time, on the court's own motion or that of a party, enter an order which will give effect to the provisions of this subsection (including, where appropriate, an order for substitution of parties).

(f) CONTINUATION OF PENALTIES.—This title shall not have the effect of releasing or extinguishing any criminal prosecution, penalty, forfeiture, or liability incurred as a result of any function which (by reason of this title, the amendments made thereby, and regulations prescribed thereunder) is vested in the Commissioner of Social Security.

(g) JUDICIAL REVIEW.—Orders and actions of the Commissioner of Social Security in the exercise of functions vested in such Commissioner under this title (and the amendments made thereby) shall be subject to judicial review to the same extent and in the same manner as if such orders had been made and such actions had been taken by the Secretary of Health and Human Services in
the exercise of such functions immediately before the date established pursuant to section 107(a). Any statutory requirements relating to notice, hearings, action upon the record, or administrative review that apply to any function so vested in such Commissioner shall continue to apply to the exercise of such function by such Commissioner.

(h) EXERCISE OF FUNCTIONS.—In the exercise of the functions vested in the Commissioner of Social Security under this title, the amendments made thereby, and regulations prescribed thereunder, such Commissioner shall have the same authority as that vested in the Secretary of Health and Human Services with respect to the exercise of such functions immediately preceding the vesting of such functions in such Commissioner, and actions of such Commissioner shall have the same force and effect as when exercised by such Secretary.

(i) REPORT.—Within 120 days of the date of the enactment of this title, the transition director and the Commissioner of Social Security shall report to the Congress on the status of the transition to an independent Social Security Administration, and on any significant internal restructuring or management improvements that are proposed to be undertaken.
SEC. 107. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), this title, and the amendments made by such title shall take effect on the earlier of—

(1) the date which is 180 days after the date of the enactment of this Act, or

(2) a date designated by the President.

(b) TRANSITIONAL RULES.—Section 106 shall take effect on the date of the enactment of this title.

TITLE II—CONFORMING AMENDMENTS

SEC. 201. AMENDMENTS TO TITLES II AND XVI OF THE SOCIAL SECURITY ACT.

(a) IN GENERAL.—Title II (42 U.S.C. 401 et seq.) (other than section 201, section 218(d), section 231(c), section 226, and section 226A) and title XVI (42 U.S.C. 1382 et seq.) (other than sections 1614(f)(2)(B) and 1616(e)(3)) are each amended—

(1) by striking, wherever it appears therein, “Secretary of Health and Human Services” and inserting “Commissioner of Social Security”;

(2) by striking, wherever it appears therein, “Department of Health and Human Services” and inserting “Social Security Administration”;

(3) by striking, wherever it appears therein, “Department” (but only if it is not immediately suc-
ceded by the words "of Health and Human Services", and only if it is used in reference to the Department of Health and Human Services) and inserting "Administration";

(4) by striking, wherever it appears therein, each of the following words (but, in the case of any such word only if such word refers to the Secretary of Health and Human Services): "Secretary", "Secretary's", "his", "him", "he", "her", and "she", and inserting (in the case of the word "Secretary") "Commissioner of Social Security", (in the case of the word "Secretary's") "Commissioner's", (in the case of the word "his") "the Commissioner's", (in the case of the word "him") "the Commissioner", (in the case of the word "her") "the Commissioner" or "the Commissioner's", as may be appropriate, and (in the case of the words "she" or "he") "the Commissioner"; and

(5) by striking, wherever it appears therein, "Internal Revenue Code of 1954" and inserting "Internal Revenue Code of 1986".

(b) AMENDMENTS TO SECTION 201.—(1)(A) Sections 201(a)(3), 201(a)(4), 201(b)(1), and 201(b)(2) (42 U.S.C. 401(a)(3), 401(a)(4), 401(b)(1), and 401(b)(2), respectively) are each amended by striking "Secretary of
Health and Human Services” each place it appears and inserting “Commissioner of Social Security”; and

(B) Sections 201(a)(3) and 201(b)(1) (42 U.S.C. 401(a)(3) and 401(b)(1), respectively) are each amended by striking “such Secretary” and inserting “such Commissioner”.

(2) Section 201(c) (42 U.S.C. 401(c)) is amended—

(A) in the first sentence, by striking “shall be composed of” and all that follows down through “ex officio” and inserting the following: “shall be composed of the Commissioner of Social Security, the Secretary of the Treasury, and the Secretary of Health and Human Services, all ex officio”; and

(B) in the fifth sentence, by striking “The Commissioner of Social Security” and inserting “The Deputy Commissioner of Social Security”.

(3) Section 201(g)(1)(A) (42 U.S.C. 401(g)(1)(A)) is amended—

(A) in clause (i), by striking “by him and the Secretary of Health and Human Services” and inserting “by him, the Commissioner of Social Security, and the Secretary of Health and Human Services”, and by striking “by the Department of Health and Human Services and the Treasury Department” and inserting “by the Social Security Administra-
tion, the Department of Health and Human Services, and the Department of the Treasury";

(B) in clause (ii), by striking "method prescribed by the Board of Trustees under paragraph (4)" and inserting "applicable method prescribed under paragraph (4)", by striking "the Secretary of Health and Human Services" and inserting "the Commissioner of Social Security and the Secretary of Health and Human Services", and by striking "the Department of Health and Human Services" and inserting "the Social Security Administration and the Department of Health and Human Services"; and

(C) by striking the last sentence and inserting the following: "There are hereby authorized to be made available for expenditure, out of any or all of the Trust Funds, such amounts as the Congress may deem appropriate to pay the costs of the part of the administration of this title and title XVI for which the Commissioner of Social Security is responsible, the costs of title XVIII for which the Secretary of Health and Human Services is responsible, and the costs of carrying out the functions of the Social Security Administration, specified in section 232, which relate to the administration of provisions of

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the Internal Revenue Code of 1986 other than those referred to in clause (i) of the first sentence of this subparagraph.”.

(4) Section 201(g)(1) (42 U.S.C. 401(g)(1)) is further amended by striking subparagraph (B) and inserting the following new subparagraphs:

“(B) After the close of each fiscal year—

“(i) the Commissioner of Social Security shall determine (I) the portion of the costs, incurred during such fiscal year, of administration of this title and title XVI and of carrying out the functions of the Social Security Administration, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1986 (other than those referred to in clause (i) of the first sentence of subparagraph (A)), which should have been borne by the general fund in the Treasury, (II) the portion of such costs which should have been borne by the Federal Old-Age and Survivors Insurance Trust Fund, and (III) the portion of such costs which should have been borne by the Federal Disability Insurance Trust Fund, and

“(ii) the Secretary of Health and Human Services shall determine (I) the portion of the costs, incurred during such fiscal year, of administration of
 great fund in the Treasury, (II) the portion of such costs which should have been borne by the Federal Hospital Insurance Trust Fund, and (III) the portion of such costs which should have been borne by the Federal Supplementary Medical Insurance Trust Fund,

except that the determination of the amounts to be borne by the general fund in the Treasury with respect to expenditures incurred in carrying out such functions specified in section 232 shall be made pursuant to the applicable method prescribed under paragraph (4) of this subsection.

"(C) After the determinations under subparagraph (B) have been made for any fiscal year, the Commissioner of Social Security and the Secretary of Health and Human Services shall jointly certify to the Managing Trustee the amounts, if any, which should be transferred from one to any of the other of such Trust Funds and the amounts, if any, which should be transferred between the Trust Funds (or one of the Trust Funds) and the general fund in the Treasury, in order to ensure that each of the Trust Funds and the general fund in the Treasury have borne their proper share of the costs, incurred during such fiscal year, for (i) the part of the administration of this title..."
and title XVI for which the Commissioner of Social Security is responsible, (ii) the part of the administration of this title and title XVIII for which the Secretary of Health and Human Services is responsible, and (iii) carrying out the functions of the Social Security Administration, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1986 (other than those referred to in clause (i) of the first sentence of subparagraph (A)). The Managing Trustee shall transfer any such amounts in accordance with any certification so made.”.

(5) Section 201(g)(2) (42 U.S.C. 401(g)(2)) is amended, in the second sentence, by striking “established and maintained by the Secretary of Health and Human Services” and inserting “maintained by the Commissioner of Social Security”, and by striking “Secretary shall furnish” and inserting “Commissioner of Social Security shall furnish”.

(6) Section 201(g)(4) (42 U.S.C. 401(g)(4)) is amended to read as follows:

“(4) The Commissioner of Social Security shall utilize the method prescribed pursuant to this paragraph, as in effect immediately before the date of the enactment of the Social Security Administration Independence Act of 1993 for determining the costs which should be borne by
the general fund in the Treasury of carrying out the func-
tions of the Social Security Administration, specified in
section 232, which relate to the administration of provi-
sions of the Internal Revenue Code of 1986 (other than
those referred to in clause (i) of the first sentence of para-
graph (1)(A)). If at any time or times thereafter the
Boards of Trustees of such Trust Funds consider such
action advisable, such Boards may modify the method of
determining such costs.”.

(7) Section 201(i)(1) (42 U.S.C. 401(i)(1)) is amend-
ed to read as follows:
“(i)(1) The Managing Trustee may accept on behalf
of the United States money gifts and bequests made un-
conditionally to the Federal Old-Age and Survivors Insur-
ance Trust Fund, the Federal Disability Insurance Trust
Fund, the Federal Hospital Insurance Trust Fund, or the
Federal Supplementary Medical Insurance Trust Fund or
to the Social Security Administration, the Department of
Health and Human Services, or any part or officer there-
of, for the benefit of any of such Funds or any activity
financed through such Funds.”.

(8) Subsections (j) and (k) of section 201 (42 U.S.C.
401) are each amended by striking “Secretary” each place
it appears and inserting “Commissioner of Social
Security”.

(10) Section 201(m)(3) (42 U.S.C. 401(m)(3)) is amended by striking "Secretary of Health and Human Services" and inserting "Commissioner of Social Security".

(11) Section 201 (42 U.S.C. 401) is amended by striking "Internal Revenue Code of 1954" each place it appears and inserting "Internal Revenue Code of 1986".

(c) AMENDMENTS TO SECTION 218.—Section 218(d) (42 U.S.C. 418(d)) is amended by striking "Secretary" each place it appears in paragraphs (3) and (7) and inserting "Commissioner of Social Security".

(d) AMENDMENT TO SECTION 231.—Section 231(c) (42 U.S.C. 431(c)) is amended by striking "Secretary determines" and inserting "Commissioner of Social Security and the Secretary jointly determine".

SEC. 202. OTHER AMENDMENTS.

(a) AMENDMENTS TO TITLE VII.—(1) Title VII (42 U.S.C. 901 et seq.) is amended by adding at the end the following new section:

"DUTIES AND AUTHORITY OF SECRETARY

"Sec. 712. The Secretary shall perform the duties imposed upon the Secretary by this Act. The Secretary is authorized to appoint and fix the compensation of such
officers and employees, and to make such expenditures as
may be necessary for carrying out the functions of the Sec-
etary under this Act.”.

(2) Section 706 (42 U.S.C. 907) is amended—

(A) in subsection (a), by striking “Advisory
council on Social Security” and all that follows
through “disability insurance program and” and in-
serting “Advisory Council on Hospital and Supple-
mental Medical Insurance for the purpose of re-
viewing the status of the Federal Hospital Insurance
Trust Fund and the Federal Supplementary Medical
Insurance Trust Fund in relation to the long-term
commitments of”;

(B) in subsection (d), by striking paragraph (1)
and by redesignating paragraphs (2) and (3) as
paragraphs (1) and (2), respectively, and

(C) by striking the section heading and insert-
ing the following:

“ADVISORY COUNCIL ON HOSPITAL AND SUPPLEMENTARY
MEDICAL INSURANCE”.

(3) Paragraph (2) of section 709(b) (42 U.S.C.
910(b)) is amended by striking “(as estimated by the Sec-
retary)” and inserting “(for amounts which will be paid
from the Federal Old-Age and Survivors Insurance Trust
Fund and the Federal Disability Insurance Trust Fund,
as estimated by the Commissioner, and for amounts which
will be paid from the Federal Hospital Insurance Trust
and the Federal Supplementary Medical Insurance Trust
Fund, as estimated by the Secretary)’’.

(4) Sections 709 and 710 (42 U.S.C. 910 and 911)
are amended by striking “Internal Revenue Code of 1954”
each place it appears and inserting “Internal Revenue
Code of 1986”.

(b) AMENDMENTS TO TITLE XI.—(1) Section
1101(a) (42 U.S.C. 1301(a)) is amended by adding at the
end the following new paragraph:

“(10) The term ‘Administration’ means the So-
cial Security Administration, except where the con-
text requires otherwise.”.

(2) Section 1106(a) (42 U.S.C. 1306(a)) is
amended—

(A) by inserting “(1)” after “(a)”; 

(B) by striking “Department of Health and
Human Services” each place it appears and insert-
ing “applicable agency”; 

(C) by striking “Secretary” each place it ap-
ppears and inserting “head of the applicable agency”; and

(D) by adding at the end the following new
paragraph:
“(2) For purposes of this subsection and subsection (b), the term ‘applicable agency’ means—

“(A) the Social Security Administration, with respect to matter transmitted to or obtained by such Administration or matter disclosed by such Administration, or

“(B) the Department of Health and Human Services, with respect to matter transmitted to or obtained by such Department or matter disclosed by such Department.”.

(3) Section 1106(b) (42 U.S.C. 1306(b)) is amended—

(A) by striking “Secretary” each place it appears and inserting “head of the applicable agency”; and

(B) by striking “Department of Health and Human Services” and inserting “applicable agency”.

(4) Section 1106(c) (42 U.S.C. 1306(c)) is amended—

(A) by striking “the Secretary” the first place it appears and inserting “the Commissioner of Social Security or the Secretary”; and

(B) by striking “the Secretary” each subsequent place it appears and inserting “such Commissioner or Secretary”. 
(5) Section 1107(b) (42 U.S.C. 1307(b)) is amended by striking “the Secretary of Health and Human Services” and inserting “the Commissioner of Social Security or the Secretary”.

(6) Section 1110 (42 U.S.C. 1310) is amended—

(A) in subsection (a)(2), by inserting “(or the Commissioner, with respect to any jointly financed cooperative agreement or grant concerning titles II or XVI)” after “Secretary”;  

(B) in subsection (b)—

(i) by striking “Secretary” each place it appears and inserting “Commissioner”, and  

(ii) by striking “the Secretary’s” each place it appears and inserting “the Commissioner’s”; and  

(C) by striking “he”, “his”, “him”, and “himself” each place they appear (except in subsection (b)(2)(A)) and inserting “the Commissioner”, “the Commissioner’s”, “the Commissioner”, and “himself or herself”, respectively.

(7) Subsections (b) and (c) of section 1127 (42 U.S.C. 1320a–6) are each amended by striking “Secretary” and inserting “Commissioner of Social Security”.

(8) Section 1128(f) (42 U.S.C. 1320a–7(f)) is amended by inserting after “section 205(g)” the following:
"., except that, in so applying such sections and section 205(l), any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively”.

(9) Section 1131 (42 U.S.C. 1320b–1) is amended—

(A) by striking “Secretary” each place it appears and inserting “Commissioner of Social Security”;

(B) in subsection (a)(1)(A), by adding “or” at the end;

(C) in subsection (a)(1)(B), by striking “or” at the end;

(D) by striking subsection (a)(1)(C);

(E) by redesignating subsection (a)(2) as subsection (a)(3);

(F) by inserting after subsection (a)(1) the following new paragraph:

“(2) the Secretary makes a finding of fact and a decision as to the entitlement under section 226 of any individual to hospital insurance benefits under part A of title XVIII, or”; and

(G) by striking “he” in the matter in subsection (a) following paragraph (3) (as so redesignated) and inserting “the Commissioner of Social Security”.

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(10) Section 1155 (42 U.S.C. 1320c–4) is amended by striking "(to the same extent as is provided in section 205(b))" and all that follows and inserting "(to the same extent as beneficiaries under title II are entitled to a hearing by the Commissioner of Social Security under section 205(b)). For purposes of the preceding sentence, subsection (l) of section 205 shall apply, except that any reference in such subsection to the Commissioner of Social Security or the Social Security Administration shall be deemed a reference to the Secretary or the Department of Health and Human Services, respectively. Where the amount in controversy is $2,000 or more, such beneficiary shall be entitled to judicial review of any final decision relating to a reconsideration described in this subsection.".

(11) Sections 1101, 1106, 1107, and 1137 (42 U.S.C. 1301, 1306, 1307, and 1320b–7, respectively) are amended by striking "Internal Revenue Code of 1954" each place it appears and inserting "Internal Revenue Code of 1986".

(c) AMENDMENTS TO TITLE XVIII.—(1) Subsections (a) and (f) of section 1817 (42 U.S.C. 1395i) are amended by striking "Secretary of Health and Human Services" each place it appears and inserting "Commissioner of Social Security".
(2) Section 1840(a) (42 U.S.C. 1395s(a)) is amended—

(A) in paragraph (1), by striking "Secretary" and inserting "Commissioner of Social Security", and by adding at the end the following new sentence: "Such regulations shall be prescribed after consultation with the Secretary."; and

(B) in paragraph (2), by striking "Secretary of Health and Human Services" and inserting "Commissioner of Social Security".

(3) Section 1872 (42 U.S.C. 1395ii) is amended by inserting after "title II" the following: "; except that, in applying such provisions with respect to this title, any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively".

(4) Section 1869(b)(1) (42 U.S.C. 1395ff(b)(1)) and the last sentence of section 1876(c)(5)(B) (42 U.S.C. 1395mm(c)(5)(B)) are amended by inserting after "section 205(g)" the following: "; except that, in so applying such sections and section 205(l), any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Sec-
(5) Sections 1817, 1862, and 1886 (42 U.S.C. 1395i, 1395y, and 1395ww, respectively) are amended by striking “Internal Revenue Code of 1954” each place it appears and inserting “Internal Revenue Code of 1986”.

(d) AMENDMENTS TO TITLE XIX.—(1) Section 1905(q)(2) (42 U.S.C. 1396d(q)(2)) is amended by striking “Secretary” and inserting “Commissioner of Social Security”.

(2) Section 1910(b)(2) (42 U.S.C. 1396i(b)(2)) is amended, in the first sentence, by inserting after “section 205(g)” the following: “, except that, in so applying such sections and section 205(l), any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively”.


(f) AMENDMENTS TO TITLE 5, UNITED STATES CODE.—Title 5, United States Code, is amended—
(1) by adding at the end of section 5311 the following new item:

"Commissioner, Social Security Administration.";

(2) by adding at the end of section 5313 the following new item:

"Deputy Commissioner, Social Security Administration."; and

(3) by striking "Secretary of Health Education, and Welfare" each place it appears in section 8141 and inserting "Commissioner of Social Security".

(g) AMENDMENTS TO FOOD STAMP ACT OF 1977.—

(1) Sections 6(c)(3) and 8(e)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(3) and 2017(e)(6)) are each amended by inserting "the Commissioner of Social Security and" before "the Secretary of Health and Human Services".

(2) Sections 6(g), 11(j), and 16(e) of such Act (7 U.S.C. 2015(g), 2020(j), and 2025(e)) are each amended by striking "Secretary of Health and Human Services" each place it appears and inserting "Commissioner of Social Security".

(3) Section 11(i) of such Act (7 U.S.C. 2020(i)) is amended by adding ", the Commissioner of Social Security" after "the Secretary".

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(h) AMENDMENT TO TITLE 14, UNITED STATES CODE.—Section 707(e)(3) of title 14, United States Code, is amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.

(i) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—(1) Subsections (c)(1), (c)(2)(E), (g)(1), (g)(2)(A), and (g)(2)(B) of section 1402 of the Internal Revenue Code of 1986 (26 U.S.C. 1402) are amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.

(2) Section 3121(b)(10)(B) of such Code (26 U.S.C. 3121(b)(10)(B)) is amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.

(3) Section 3127 of such Code (26 U.S.C. 3127) is amended by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”.

(4) Section 6050F(c)(1)(A) of such Code (26 U.S.C. 6050F(c)(1)(A)) is amended by striking “Secretary of Health and Human Services” and inserting “Commissioner of Social Security”.

...
(5) Subsections (d) and (f) of section 6057 of such Code (26 U.S.C. 6057) are amended by striking "Secretary of Health and Human Services" each place it appears and inserting "Commissioner of Social Security".

(6) Section 6103(l)(5) of such Code (26 U.S.C. 6103(l)(5)) is amended—

(A) by striking "Department of Health and Human Services" and inserting "Social Security Administration"; and

(B) by striking "Secretary of Health and Human Services" and inserting "Commissioner of Social Security".

(7) Subsections (d)(3)(C) and (e) of section 6402 of such Code (26 U.S.C. 6402) are amended by striking "Secretary of Health and Human Services" each place it appears and inserting "Commissioner of Social Security".

(8) Section 6511(d)(5) of such Code (26 U.S.C. 6511(d)(5)) is amended by striking "Secretary of Health and Human Services" and inserting "Commissioner of Social Security".

(j) AMENDMENTS TO TITLE 31, UNITED STATES CODE.—Section 3720A(f) of title 31, United States Code, is amended by striking "Secretary of Health and Human Services" each place it appears in and inserting "Commissioner of Social Security".
(k) **AMENDMENTS TO TITLE 38, UNITED STATES CODE.**—Section 5105 of title 38, United States Code, is amended—

(1) by striking “Secretary of Health and Human Services” each place it appears and inserting “Commissioner of Social Security”; and

(2) by striking the second sentence of subsection (b) and inserting the following new sentence: “A copy of each such application filed with either the Secretary or the Commissioner, together with any additional information and supporting documents (or certifications thereof) which may have been received by the Secretary or the Commissioner with such application, and which may be needed by the other official in connection therewith, shall be transmitted by the Secretary or the Commissioner receiving the application to the other official.”.

(l) **AMENDMENTS TO INSPECTOR GENERAL ACT OF 1978.**—The Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in section 9(a)(1), by striking “and” at the end of subparagraph (U), and by adding at the end the following new subparagraph:

“(V) of the Social Security Administration, the functions of the Inspector General of the
Department of Health and Human Services relating to the administration of the old-age, survivors, and disability insurance program under title II of the Social Security Act and of the supplemental security income program under title XVI of such Act; and"

(2) in section 11(1), by striking "or" after "Commission" and inserting a semicolon, and by inserting after "Board;" the following: "or the Commissioner of Social Security;"; and

(3) in section 11(2), by striking "or" after "Information Agency;", and by inserting after "Veterans' Administration" the following: ", or the Social Security Administration;".

SEC. 203. RULES OF CONSTRUCTION.

(a) REFERENCES TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, or document to the Department of Health and Human Services with respect to such Department's functions under the old-age, survivors, and disability insurance program under title II of the Social Security Act or the supplemental security income program under title XVI of such
Act, such reference shall be considered a reference to the
Social Security Administration.

(b) REFERENCES TO THE SECRETARY OF HEALTH
AND HUMAN SERVICES.—Whenever any reference is made
in any provision of law (other than this Act or a provision
of law amended by this Act), regulation, rule, record, or
document to the Secretary of Health and Human Services
with respect to such Secretary's functions under the old-
age, survivors, and disability insurance program under
title II of the Social Security Act or the supplemental se-
curity income program under title XVI of such Act, such
reference shall be considered a reference to the Commis-
sioner of Social Security.

(c) REFERENCES TO OTHER OFFICERS AND EM-
PLOYEES.—Whenever any reference is made in any provi-
sion of law (other than this Act or a provision of law
amended by this Act), regulation, rule, record, or docu-
ment to any other officer or employee of the Department
of Health and Human Services with respect to such officer
or employee's functions under the old-age, survivors, and
disability insurance program under title II of the Social
Security Act or the supplemental security income program
under title XVI of such Act, such reference shall be con-
sidered a reference to the appropriate officer or employee
of the Social Security Administration.
SEC. 204. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the provisions of this title shall take effect on the date established pursuant to section 107(a).

(b) EXCEPTIONS.—Subsections (f)(1), (f)(2), and (l) of section 202 shall take effect on the date of the enactment of this title.
Calendar No. 317

103d CONGRESS
1st Session

S. 1560

A BILL

To establish the Social Security Administration as an independent agency, and for other purposes.

November 19, (legislative day, November 2), 1993

Reported without amendment
I4HE SOCIAL SECURITY ADMINISTRATION INDEPENDENCE ACT OF 1993

Mr. MOYNIHAN. Mr. President, this morning the Committee on Finance voted to report S. 1560, a bill to remove the Social Security Administration from the Department of Health and Human Services and reestablish it as an independent agency in the executive branch of the Government. S. 1560 has as cosponsors my distinguished colleagues Senators PACKWOOD, MITCHELL, PRYOR, GRASSLEY, BRADLEY, RIEGLE, ROCKEFELLER, HATFIELD, JEFFORDS, MIKULSKI, and DECONCINI.

Making the Social Security Administration an independent agency is not a new notion. Social Security was originally independent, but lost that status when it was folded into the Federal Security Agency in 1939. Beginning in the 1970's, there were proposals to return the agency to independent status. In 1980, the National Commission on Social Security recommended it. Wilbur Cohen, who was closely associated with social security for nearly three decades, and served as Secretary of Health, Education, and Welfare under President Johnson, was a member of this panel. In 1983, the National Commission on Social Security Reform, the so-called Greenspan Commission, on which I served with the distinguished Republican leader, Senator Dole, repeated the call to make SSA an independent agency.

In 1984 a study panel commissioned by the Congress and headed by the highly regarded former Comptroller General of the United States, Elmer Staats, issued its report on the best way to implement the proposal. The bill reported by the committee is based on those recommendations.

Under this legislation, the Social Security Administration will be led by a Commissioner, appointed by the President, with the advice and consent of the Senate. The Commissioner will serve a 4-year term that coincides with that of the President. In addition, the bill establishes a seven-member, bi-partisan, part-time advisory board, to make recommendations to the Commissioner on policy issues concerning Social Security.

Proposals to make SSA an independent agency have the support of nearly every organization with an interest in the administration of the Social Security program, including the American Association of Retired Persons, the National Council of Senior Citizens, and the AFL-CIO. At a September 14 hearing on this subject by the Committee on Finance, Arthur Flemming, Secretary of the Department of Health, Education, and Welfare under President Eisenhower, and now chairman of the Save Our Security Coalition [SOS], also testified in support of this measure.

The proposal enjoys broad-based support for a number of reasons. First, the sheer size of the agency argues for independence. SSA employs 64,000 workers in a national network of 1,300 offices. This is more than twice the number of employees at the State Department and three times the number of workers employed by the Department of Labor. And with a budget of more than $300 billion, SSA will spend more this year than the Department of Defense and nearly 10 times as much as the Department of Education. In fact, SSA's outlays this year will be larger than the combined outlays of 11 Federal departments. It simply defies common sense for an agency this large to be included under an umbrella bureaucracy.

Next is the matter of public confidence. While Social Security is our most successful domestic program, public opinion surveys consistently show that a majority of nonretired adults are not confident that the program will be there for them when they retire. I believe one reason for this is that you send in your FICA contributions every week, but you never hear...
back from SSA. A few years ago I got a provision enacted into law that will require SSA to start sending out annual statements to all workers by the end of the decade. This should help. But before it can be implemented, we need a strong Commissioner in the Department of Health and Human Services. An agency that directly serves virtually every American, that administers a program as important as Social Security, that maintains a 9 million workforce and sends benefits to 42 million recipients—that agency should be visible and accountable to the public confidence that the program needs and deserves.

Compounding these problems is instability of leadership. In my 17 years on the Finance Committee, there have been 13 Commissioners, of whom five have been acting Commissioners. The position of Commissioner was vacant for nearly a year, and the principal focus of the Department has been on health, to the near exclusion of matters related to Social Security. And as we focus on how to restructure the health care system—which comprises some 15 percent of our domestic economy—it is essential that the leadership of the Department of HHS has the time and energy this undertaking requires. Removing SSA from the Department will facilitate the Secretary’s participation in this important task.

This is an opportunity to make a significant improvement in government without raising the cost of government. The Congressional Budget Office has estimated that the cost of SSA is at $1 million a year. This increase is to cover the costs of the bipartisan advisory board, and the increased salary of the Commissioner and Deputy Commissioner, who under this bill will hold a position commensurate with their important responsibilities.

I ask unanimous consent that the text of the bill, along with a detailed description, be included in the Record at this point.

[The text of S. 1560 is printed in the Record of October 18, 1993 beginning on page S13337.]

The description follows:

**The Social Security Administration (SSA) as an Independent Agency**

Present Law—SSA is a component of the Department of Health and Human Services (HHS). While the Secretary of HHS has overall responsibility for administration of the Old-Age, Survivors and Disability Insurance (OASI) and Supplemental Security Income (SSII) programs, their administration has been delegated to the Commissioner of Social Security. The Commissioner reports only to the Secretary. The Commissioner is appointed by the President, and with the advice and consent of the Senate, and is compensated at the rate for level IV of the Executive Schedule.

Under current practice, there is one Principal Deputy Commissioner and six Deputy Commissioners (for management, operations, systems, policy and external affairs), who serve at the pleasure of the Commissioner. None of these are statutory positions. The Principal Deputy Commissioner is designated to serve as Acting Commissioner in the absence of the Commissioner.

By law, an advisory council is appointed by the Secretary of HHS every four years for the purpose of reviewing the status of the Social Security and Medicare programs, and a Board of Trustees is established to manage the OASDI and SSII Trust Funds.

Proposed Change—The Social Security Administration will be established as an independent agency in the executive branch, with a 7-member board appointed by the President, and the Commissioner will be designated to serve as Acting Commissioner in the absence of the OASDI and SSII Trust Funds.

A. Commissioners and Deputy Commissioner of Social Security

The independent SSA will be directed by a Commission appointed by the President, by and with the advice and consent of the Senate, for a 4-year term, coinciding with the term of office for the President. The Board will be required to meet at least 6 times each year and generate (and submit to the President) advice to the Commissioner on policy issues.

Compensation of the members is set at a rate equal to 25 percent of level III of the Executive Schedule (except for meeting days when it would be equivalent to that of the daily rate of level III of the executive schedule). Other benefits (e.g., retirement) will not be provided. The Board will have authority to appoint an SSA staff director and hire its own staff.

The bill under this bill is to provide advice to the Commissioner of Social Security on policy matters relating to Social Security and SSII. Duties specified in the bill include analyzing the Nation’s retirement and disability systems, making recommendations on policies to assure the solvency of the Social Security program, and engaging in activities that will increase public understanding of the Social Security system.

Because the Advisory Board essentially will take on the function of the quadrennial advisory council, this bill abolishes the advisory council for Social Security.

C. Personnel, Budgetary Matters

Under the bill, the President will appoint officers and employees to carry out the functions of SSA (with compensation fixed in accordance with title 5 of the U.S. Code, except as otherwise provided), and procure the services of experts and consultants.

The Office of Personnel Management (OPM) is directed to give SSA a promotional schedule of pay comparable to the Executive Schedule. However, if the Senate adopts an amendment to extend a larger number is specified in a comprehensive work plan developed by the Commissioner, and the total number of such positions cannot be reduced below the number SSA holds immediately before enactment of this Act.

Appropriations requests for personnel and equipment of the Administration will be based upon a comprehensive work force plan, as determined by the Commissioner. Appropriations for administrative expenses are authorized to be provided on a biennial basis. Appropriate contingency funds will be apportioned upon the occurrence of the stipulated contingency, as determined by the Commissioner, and reported to each House of Congress.

The number of positions in the Independent SSA which may be excepted from the Presidential political appointee or confidential or policy-determining character of such positions cannot exceed the equivalent of ten full-time positions.

D. Transfers to the New Social Security Administration

The bill provides that assets and personnel related to the administration of Social Security and SSII programs transferred from HHS to the independent SSA.

HHS employees who are not employed on the date of the enactment of this bill in connection with functions transferred to SSA, but who are so employed on the day before SSA is established as an independent agency,
may be transferred from HHS to SSA by the Commissioner, after consulting with the Secretary of HHS, if the Commissioner determines such transfers to be appropriate.

HHS employees who are employed on the date of enactment of this bill, solely in connection with functions transferred by this title to SSA, and who are so employed on the day before the date SSA is established as an independent agency, shall be transferred from HHS to SSA.

The office of Commissioner of Social Security in the Department of Health and Human Services is abolished effective upon the appointment of a Commissioner of Social Security pursuant to this Act.

E. Transitional Rules

The bill provides that the transition of SSA to its new status as an independent agency in the executive branch of the government will occur within 120 days after the enactment of this bill, unless the President establishes an earlier date. The transition will take place under the direction of a Transition Director, selected on the basis of experience and knowledge of the operation of the Federal government. Within 30 days after enactment, the President will appoint the Transition Director, who will be compensated at the rate provided for level IV of the executive schedule.

In conducting transition activities prior to the appointment of the Commissioner of Social Security, the Transition Director will consult regularly with the Director of the Office of Management and Budget. After such appointment, the Transition Director will conduct such activities at the direction of the Commissioner. Expenditures for necessary transition activities may be made out of the OASI and DI trust funds.

The President is required to appoint a Commissioner within 60 days after enactment of this bill. Upon such appointment and confirmation by the Senate, the Commissioner appointed under this title will assume the duties of the HHS Commissioner of Social Security until SSA is established as an independent agency. Nominations and appointments provided for under the provisions of the Act may be made at any time on or after enactment.

The bill requires that within 120 days of enactment, the Transition Director and the Commissioner of Social Security report to the Congress on the status of the transition, and on any significant internal restructuring or management improvements that are proposed to be undertaken.

All orders, determinations, rules, regulations, permits, contracts, collective bargaining agreements, recognitions of labor organizations, certificates, licenses, and privileges which have been issued or have been allowed to become effective that relate to the functions that are vested in the Commissioner of Social Security shall continue in effect until modified, terminated or repealed by the Commissioner. Collective bargaining agreements shall remain in effect until the date of termination specified in such agreement.

The bill provides for the continuation of the existing advisory council for Medicare. The bill also repeals the requirement that SSA submit an annual report to the Congress on the administration of the Social Security program.
SOCIAL SECURITY ADMINISTRATION INDEPENDENCE ACT
OF 1993

JANUARY 25, 1994.—Ordered to be printed

Mr. MOYNIHAN, from the Committee on Finance, submitted the following

REPORT

[To accompany S. 1560]

The Committee on Finance, to which was referred the bill (S. 1560) a bill to establish the Social Security Administration as an independent agency, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

I. PURPOSE AND SCOPE

The Committee bill would alter the organizational status of the Social Security Administration, removing it from its current status as a component within the Department of Health and Human Services and establishing it as an independent agency within the executive branch. The agency would be responsible for administering the Social Security Old-Age, Survivors, and Disability Insurance programs and the Supplemental Security Income program. The bill provides for the governance and the necessary functions and authorities of the agency.

II. EXPLANATION OF PROVISIONS

Present Law

Responsibility for administration of the Old-Age, Survivors, and Disability Insurance (OASDI) programs and the Supplemental Security Income (SSI) program is vested in the Secretary of Health and Human Services. The programs are administered by the Social Security Administration, a component of the Department of Health
and Human Services. SSA is headed by a Commissioner appointed by the President and directly responsible to the Secretary.

Reasons for change

The January 1983 Report of the National Commission on Social Security stated that a majority of the members believed, as a broad general principle, that "it would be logical to have the Social Security Administration be a separate independent agency." The Commission recommended that a study be conducted of the feasibility of converting SSA to an independent agency within the executive branch.

Following the National Commission Report, in the Social Security Amendments of 1983 the Congress commissioned a study of how to make SSA independent. The study was conducted by a three-member panel headed by Elmer Staats, former Comptroller General of the General Accounting Office. The panel concluded that an independent Social Security Administration should be headed by a single administrator appointed by the President with the advice and consent of the Senate, and that a permanent, bipartisan Social Security Advisory Board should be established to permit independent review and encourage broadly based policy analysis. The panel recommended that the independent agency be responsible for administering the Social Security Old Age, Survivors, and Disability Insurance programs and the Supplemental Security Income program.

In 1989, the General Accounting Office was asked to help the Congress in its determination of the appropriate management structure for an independent Social Security agency. At issue was whether the agency should be governed by a board or a single administrator. In its September, 1989 report, the GAO concluded that "a single administrator would be the best management structure for SSA." In arriving at this conclusion, the GAO reviewed the management experience of different agencies and studies undertaken by other organizations.

The reasons the GAO report gave for arriving at this conclusion were stated as follows:

Though a single administrator would not be a panacea, the evidence we found suggests that such an administrator would be more effective in managing SSA than a board * * * Our work—and the work of others that we have reviewed—suggests * * * that, in practice, the board form of organization has not proven effective in providing stable leadership, in insulating decisions from political pressures, and in assuring that diverse viewpoints are considered in the decision-making process * * * We recognize that a board could give the Congress and the executive branch a valuable source of informed opinion about major Social Security policy issues. We believe that this can be achieved without sacrificing management effectiveness if the board is created as a Social Security policy advisory board * * * The board, however, should have no role in the management of SSA.
Similarly, in a 1984 report to the Congressional Panel on Social Security (the Staats Panel), the National Academy of Public Administration concluded that:

1. In management terms, the most important point is that it is almost universally agreed that single administrators are far more effective and accountable than multi-person boards or commissions, bipartisan or otherwise.

2. Again in management terms, a board is not a necessity and is not desirable. Even if a board's role is carefully defined and its membership carefully selected, history strongly suggests that it is almost impossible to keep such a board from interjecting itself into the management of the organization which it stewards. While such interjections are occasionally useful, the likelihood is that they would end up confusing and debilitating the authority of the agency head, creating conflict for the staff, and becoming another layer of management which adds little and detracts much. Furthermore, the composition of such boards becomes an issue in itself, and all too often breeds preoccupation with diversionary issues of balance, representativeness, or political fairness, rather than the ability of such boards to contribute to the success of the program.

As a result of these studies, as well as testimony on the subject of an independent agency before the Committee, the Committee strongly believes that creating an independent Social Security agency, on the model recommended by the Staats Panel and the GAO, would improve administration of the Social Security program and increase public confidence in the Social Security system.

Independence based on this model would help to assure strong, effective leadership for the Social Security program. It would provide strong incentives for development of the program and operational policies of the agency in a bipartisan manner, and would better enable SSA to be guided by its traditional objective of providing the highest quality service to the public. Independence as recommended by the Committee would increase the ability to obtain and retain the most experienced and capable leadership for the agency, and to enhance the agency's stature within the executive branch.

Summary of principal provisions

The Committee bill establishes the Social Security Administration as an independent agency by amending the Social Security Act and related statutes in the following manner:

Section 101.—Establishment of Social Security Administration as a separate, independent agency

Section 101 would establish the Social Security Administration as an independent agency in the executive branch of the Government, with responsibility for the administration of the Old-Age, Survivors, and Disability Insurance (OASDI) programs, and for the SSI program.

Under current law, the Social Security Administration is a subordinate component of the Department of Health and Human Serv-
ices, and is responsible for administering OASDI programs, SSI, and part B of the Black Lung program.

During recent years there has developed the widespread perception that the quality of the service provided by the Social Security Administration has declined, and that its commitment to high-quality public service has diminished. At the same time, SSA has undergone great change, which in part accounts for the difficulties the agency has experienced in achieving its mission. This change has included several major reorganizations and a substantial reduction in its workforce.

In earlier times, SSA was frequently cited as a model for providing the public with accurate, prompt and courteous service. Because so many people depend on Social Security for their essential needs, it is vital that SSA again achieve the level of excellence that was once its standard. To achieve this goal, the Committee bill establishes SSA as an independent agency.

Section 102.—Commissioner of Social Security and other officers

Section 102 establishes the office of Commissioner of Social Security, appointed by the President with the advice and consent of the Senate. The Commissioner would be appointed for a 4-year term coinciding with the term of the President (or until the appointment of a successor), and would be compensated at the rate for level I of the Executive Schedule (equivalent to Cabinet officer pay).

The Commissioner would be responsible for the exercise of all powers and the discharge of all duties of SSA, have authority and control over all personnel and activities of the Agency, and serve as a member of the 5-member Board of Trustees (the Secretary of Labor would no longer be a member of the Board of Trustees).

The duties of the Commissioner would include prescribing rules and regulations; establishing, altering, consolidating, or discontinuing organizational units and components of the agency (except those prescribed by law); and assigning duties and delegating, or authorizing successive re-delegations of, authority to act and to render decisions, to such officers and employees as the Commissioner may find necessary. The Commissioner and the Secretary of Health and Human Services would be directed to consult with one another on an on-going basis to assure: (1) the coordination of the Social Security, SSI, Medicare and Medicaid programs and (2) that adequate information concerning Medicare and Medicaid benefits will be available to the public.

Under the bill, the Commissioner would be responsible for the day-to-day administration of the Agency and would also be the chief policy maker of the Agency. This form of governance would provide SSA with a favorable organizational environment in which to develop goals and objectives and to address and resolve major problems and issues promptly. It is also the form recommended by the Staats Panel, the GAO, and National Academy of Public Administration. Equally important, however, is the selection and retention of an experienced and capable administrator.

Over the past twenty years, SSA has been plagued by a lack of stability and continuity in its executive leadership. During this time, seven individuals have held the position of Commissioner of
Social Security on a permanent basis, and five more have been acting. By establishing a fixed term of office for the Commissioner, and by providing that the Commissioner will be compensated at a level equivalent to a cabinet officer, the Committee bill enhances the likelihood that SSA will attract and retain first-rate leadership. The Committee expects that increased continuity of leadership will in turn lead to the development of far sighted policies and administrative practices and the establishment of coherent long-term administrative plans and initiatives.

A Deputy Commissioner would be appointed by the President, with the advice and consent of the Senate, for a 4-year term coinciding with the term of the Commissioner or until appointment of a qualified successor. The Deputy Commissioner would perform such duties and exercise such powers as are assigned by the Commissioner, and serve as acting Commissioner during the absence or disability of the Commissioner (or vacancy of office) unless the President designates some other official to serve as acting Commissioner. In addition, the Deputy Commissioner would serve as the Secretary of the Board of Trustees of the Old Age, Survivors, and Disability Insurance Trust Funds. The Deputy Commissioner would be compensated at the rate provided for in level II of the Executive Schedule.

In its testimony before the Finance Committee on September 14, 1993, the General Accounting Office offered a “cautionary note about filling SSA’s top management positions with political appointees,” and the Committee shares that concern. As the GAO has advised in the past, it is vitally important that the agency’s top management include career civil service employees who can provide operational continuity and an institutional memory. It is the view of the committee that career employees and others who are qualified by virtue of their experience in Government and knowledge of social insurance programs, should be considered in filling SSA’s top management positions.

The bill does not require the establishment of any other positions in the Administration. The Committee believes that it is preferable to give the Commissioner the authority to determine the most efficient administrative organization for an independent SSA. However, it is the Committee’s view that an essential element in any administrative organization for SSA is the position of Chief Actuary. While such a position is not mandated legislatively, it is expected that SSA will continue to have a Chief Actuary, and that the Chief Actuary would remain available to consult with the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee.

The Committee wishes to emphasize the very important role of the Office of the Actuary in assessing the financial condition of the Social Security trust funds and in developing estimates of the financial effects of potential legislative and administrative changes in the Social Security program. The Office of the Actuary has a unique role within the agency in that it serves both the Administration and the Congress. While the Committee expects that the Chief Actuary will report to the Commissioner, this office often must work with the committees of jurisdiction in the development of legislation.
Beginning with the appointment of the first chief actuary in 1936, the tradition was for a close and confidential working relationship between the individual who held that office and the committees of jurisdiction in the Congress, a relationship which the Committee values highly. It is important to emphasize that the Committee relies on its ability to seek estimates on a confidential basis from the Chief Actuary, especially when developing new legislation. Thus, the independence of the Office of the Actuary with respect to providing assistance to the Congress is vital in maintaining a trusting and useful relationship.

The Committee believes that it is important for the Office of the Actuary to receive adequate staffing and support from the agency. In this regard, the Committee is concerned that fewer actuarial studies and notes have been published in recent years and that various informal reports and actuarial memoranda that were available in the past are no longer circulated. The Committee considers independent analyses by the Office of the Actuary to be consistent with the general role and responsibilities of the actuarial profession, and in the past has found these analyses to be very helpful in understanding the factors underlying estimates and trends in the Social Security program.

Although the Committee has not legislatively established a position of Chief Actuary in the independent agency, the Committee recognizes the important role of the Office of the Actuary, and expects that in the independent SSA the office will be permitted to function with a high degree of independence and professionalism.

Section 103.—Social Security Advisory Board

Section 103 establishes a bipartisan, seven member part-time Advisory Board appointed for six year terms as follows: three appointed by the President (no more than 2 from the same political party); two each (no more than one from the same political party) by the Speaker of the House, (in consultation with the Chairman and Ranking Minority Member of the Committee on Ways and Means), and the President pro tempore of the Senate (in consultation with the Chairman and Ranking Minority Member of the Committee on Finance). Presidential appointees would be subject to Senate confirmation. Members of the Board would serve staggered terms.

The President would appoint a Chairman (from the membership of the Board) to a four year term that would coincide with the term of the President. The Board would meet at least six times each year to consider a specific agenda, as determined by the Chairman in consultation with the Board, and generally would be responsible for giving advice on policies related to the OASDI and SSI programs. Compensation of the members would be set at a rate equal to 25 percent of level III of the Executive Schedule (in addition, on meeting days compensation would be equivalent to that of the daily rate of level III of the Executive Schedule). Other benefits (except for health insurance) would not accrue. The Board would have authority to appoint an SES staff director and hire its own staff. The Board would be exempted from the provisions of the Federal Advisory Committee Act.
Specific functions of the Board would include: analyzing the Nation's retirement and disability systems and making recommendations with respect to how the Old-Age, Survivors, and Disability Insurance (OASDI) program and the SSI program, supported by other public and private systems, can most effectively assure economic security; studying and making recommendations relating to the coordination of programs that provide health security with the OASDI and SSI programs and with other public and private systems; making recommendations to the President and to the Congress with respect to policies that will ensure the solvency of the OASDI program, both in the short-term and the long-term; making recommendations to the President of candidates to consider in selecting nominees for the position of Commissioner and Deputy Commissioner; reviewing and making recommendations with respect to policies that the Administration provides to the public; reviewing and making recommendations with respect to policies and regulations regarding the OASDI and SSI programs; increasing public understanding of the Social Security system; in consultation with the Commissioner, reviewing the development and implementation of a long-range research and program evaluation plan for the Administration; reviewing and assessing any major studies of Social Security that may come to the attention of the Board; and conducting such other reviews and assessments that the Board determines to be appropriate.

The primary purpose of the Advisory Board would be to evaluate policy options under consideration by an independent SSA, to conduct research on social security policy-related issues, and to give advice to the Commissioner. In general, it is expected that the scope of the Advisory Board would be broadly focused to encompass the full range of programs and program policies administered by SSA. This would be in contrast to the focus of recent Advisory Councils, which have tended to focus on specific aspects of the program, as with the Disability Advisory Council, and the 1991 Advisory Council on Social Security, which focused on health care issues. While the Advisory Board is required to review and assess the quality of service to the public provided by the Administration, it is expected that such reviews would not lead to the Board's involvement in management of the agency.

The Advisory Board is required to meet, at a minimum, 6 times annually. The duration of these meetings should be such as to provide the Board with ample opportunity to perform its duties, while remaining consonant with the Board's status as a part-time body.

The Committee expects that the Advisory Board would, in large measure, rely on SSA to provide such staff as is required to carry out its mission. Moreover, the number of staff employed by the Board should be consistent with the part-time nature of the Advisory Board.

To carry out its duties, the Advisory Board must have access to the records of the Social Security Administration. Therefore, it is expected that SSA will furnish information requested by the Advisory Board, that, in the Board's judgment, is required for the performance of its duties.

The Committee believes that it is important to emphasize that the Board is advisory in nature, and that its members will meet
on a part-time basis rather than serve as a standing body. It is expected that the Commissioner will consider the advice of the board when formulating agency policy. By providing an independent, bipartisan Advisory Board, the Committee expects that policy errors, such as those that were made in administering the disability program in the early 1980s, will be avoided in the future.

Section 104.—Personnel; budgetary matters; facilities and procurement; seal of office.

The Commissioner would appoint officers and employees to carry out the functions of SSA (with compensation fixed in accordance with title 5 of the U.S. Code, except as otherwise provided), and procure the services of experts and consultants.

The Director of the Office of Personnel Management (OPM) would be required to provide SSA with a larger allotment of positions in the Senior Executive Service, to the extent that a larger number is specified in a comprehensive work plan developed by the Commissioner. The total number of such positions could not be reduced at any time below the number SSA held immediately before the enactment of this Act. Presently, the number of career SES positions in SSA is low in proportion to the scope of the agency's responsibilities and the size of the agency's staff. The Committee expects that SSA's allotment will increase as an independent agency, commensurate with the agency's increased responsibilities.

This section limits to the equivalent of not more than 10 full-time positions the number of positions which may be excepted from the competitive service because of the confidential or policy-determining character of such positions.

In limiting to no more than 10 the number of positions in SSA which may be excepted from the competitive civil service, it is the intent of the Committee to assure that career employees will generally be used to fill important leadership positions. The 10-position limit applies to all appointments made to fill any of the positions within the Social Security Administration.

The Committee also notes the increasing practice at SSA in recent years of converting non-competitively appointed employees to positions at SSA within the competitive civil service. The result of such conversions is to encumber important managerial positions with appointees whose experience often leaves them unprepared for the technical demands of these positions. Such conversions also deny advancement to career SSA employees who do possess the technical knowledge required to successfully perform the duties of mid-level managers. To enable qualified career employees to advance within SSA, the Committee urges that non-career employees not be assigned to positions in the career civil service.

Appropriations requests for staffing and personnel of the Administration would be based upon a comprehensive work force plan, as determined by the Commissioner. Appropriated contingency funds would be apportioned upon the occurrence of the stipulated contingency, as determined by the Commissioner and reported to each House of the Congress.
Section 105.—Transfers to the new Social Security Administration

Section 105 transfers all functions, assets and personnel related to the administration of Social Security programs from HHS to the independent SSA.

HHS employees who are not employed on the date of the enactment of this Act in connection with functions transferred to SSA, but who are so employed on the day before SSA is established as an independent agency, may be transferred from HHS to SSA by the Commissioner, after consulting with the Secretary of HHS, if the Commissioner determines such transfers to be appropriate.

HHS employees who are employed on the date of enactment of this Act, solely in connection with functions transferred by this title to SSA, and who are so employed on the day before the date SSA is established as an independent agency, shall be transferred from HHS to SSA.

This section abolishes the office of Commissioner of Social Security in the Department of Health and Human Services effective upon the appointment of a Commissioner of Social Security pursuant to this Act.

Section 106.—Transitional rules

Section 106 provides that the transition of SSA to its new status as an independent agency in the executive branch of the Government will be led by a Transition Director, selected on the basis of experience and knowledge of the operation of the Federal Government. Within 30 days after enactment, the President will appoint the Transition Director, who will be compensated at the rate provided for level IV of the Executive Schedule.

In conducting transition activities prior to the appointment of the Commissioner of Social Security, the Transition Director will consult regularly with the Director of the Office of Management and Budget. After such appointment, the Transition Director will conduct such activities at the direction of the Commissioner. Expenditures for necessary transition activities may be made out of the OASI and DI Trust Funds.

This section requires the President to appoint a Commissioner within 60 days of the enactment of this Act. Upon such appointment and confirmation by the Senate, the Commissioner appointed under this title will assume the duties of the HHS Commissioner of Social Security until SSA is established as an independent agency. Nominations and appointments provided under the provisions of the Act may be made at any time on or after enactment.

Within 120 days of enactment, the Transition Director and the Commissioner of Social Security are required to report to the Congress on the status of the transition and on any significant internal restructuring or management improvements that are proposed to be undertaken.

Section 106 provides interim authority for the appointment and compensation of officers whose positions are established under this bill. It also continues under the authority of the independent agency all orders, rules, regulations, determinations, collective bargaining agreements (including ongoing negotiations), recognitions of labor organizations, and licenses in effect under the authority of
HHS until modified or terminated in accordance with law. Collective bargaining agreements shall remain in effect until the date of termination specified in such agreement. Section 106 also provides for the continuation of proceedings and suits before the Secretary of HHS to the independent SSA for those that are pending before the Secretary immediately before SSA becomes an independent agency.

Section 107.—Effective dates

Section 107 provides that generally the amendments in this Act become effective 180 days after enactment, or if earlier, a date established by the President.

III. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the following evaluation is made concerning the regulatory impact of carrying out the changes proposed in the Committee bill:

Individuals and businesses affected
—The Committee bill would have no appreciable regulator impact on individuals and businesses.

Economic impact of regulations on individuals, consumers, and businesses
—Regulations resulting from the Committee bill would have no economic impact on individuals, consumers, and businesses.

Impact on personal privacy
—The Committee bill is not expected to have any effect on personal privacy.

Amount of additional paperwork
The Committee bill would create no additional paperwork affecting individuals and entities outside the Federal Government. Some additional paperwork will be required, on a one-time basis, to implement internal organizational and related changes within the Social Security Administration and to provide for necessary technical changes in agreements and relationships between an independent SSA and other Federal agencies.

IV. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with paragraph 7 of Rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the vote by the committee to report the bill:

The bill was ordered favorably reported by voice vote. Mr. Chafee wished to be reported in the negative.

V. BUDGETARY IMPACT OF THE BILL

In compliance with paragraph 11(a) of Rule XXVI of the Standing Rules of the Senate and with sections 308 and 403 of the Congressional budget Act, the following statement is made relative to the budgetary impact of the bill:
The only Federal agency which has transmitted to the Committee its estimate of the budgetary impact of the bill is the Congressional Budget Office (CBO). The CBO estimates that discretionary spending, in the form of requirements for administrative appropriations, may increase by $1 million in each of the five fiscal years 1994–1998.
The PRESIDING OFFICER. The Senate will now proceed to the consideration of S. 1560, which the clerk will report.

The bill clerk read as follows:

A bill (S. 1560) to establish the Social Security Administration as an independent agency, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, my distinguished friend and colleague, the
former chairman of the Committee on Finance, and I have the honor to bring to the Senate floor for the first time a bill which has on three occasions been reported from the Committee on Finance. I believe on one occasion when Senator Packwood was chairman, and on others, he has brought this bill reported on a voice vote with one Senator declaring his opposition but otherwise is effectively a unanimous measure.

It has three times passed the U.S. House of Representatives by that New York might legitimately call overwhelming majorities as, for example, in 1988 when the vote was 401 to 1.

The bill is very much in the manner of the moment, called reinventing Government, that our good friend and former colleague, now Vice President Gore, has been involved with. That notion of reinventing suggests going back to earlier good arrangements and that is what we propose here.

The Social Security Administration began as an independent agency in the executive branch. The 1933 legislation created it as such. It had three Commissioners, one managing Commissioners, they got to a very good start, almost too good.

This is perhaps a more complicated idea than I am able to handle, but I sometimes think it got off to too good a start. It became the model agency. The great civil servants of the New Deal era came to work in Social Security and they stayed forever, and they are still here. They are here to do this day, some of them. I think of the two Bob as they are called, Bob Ball, who early on became an employee of the Social Security, and who rose to be the Administrator under President Kennedy, President Johnson, and President Nixon and is still very active in the councils that deliberate issues like this.

And Robert J. Myers, who, as a young graduate student from the University of Wisconsin, came to Washington to work on the Committee on Economics, and who was then headed up by Francis Perkins. The head of the professional staff was Edwin J. Witte, a great professor of economics in the Wisconsin tradition. Both careers went on to be chief actuary.

When we found that the trust funds were in at least temporary difficulty in the early 1980's, President Reagan established a National Commission on Social Security Reform. The executive director of that Commission was none other than Robert J. Myers. Alan Greenspan, the now distinguished Chairman of the Federal Reserve Board, was chairman. I was a member. I was one of the Senators appointed, along with our late friend John Heinz, Lane Kirkland, and Bob Doyle, the Republican leader.

Not incidentally, I make the point that the report of that Commission, whose recommendations Senator Doyle and I brought to the floor here in the Senate in 1983, and which passed overwhelmingly, that report called for an independent agency. Now, what are we doing this? Two reasons. One is that the agency began to lose some of its distinctive energy and style in administration when it fell into a sequence of other agencies and departments, eventually Cabinet Department, other missions, and it began to get further and further out of focus.

It was not something the Secretary of Health, Education, and Welfare came to work in the morning thinking about. It is not something the Secretary of Health and Human Services comes to work in the morning thinking about. At least in the Department of Health, Education, and Welfare, under President Eisenhower, the word "welfare" was there in the idea of social welfare. That was removed in a change where education became a separate department under President Carter.

The Department of Education and Human Services basically has become a department of health. Typically doctors, medical doctors, have been the Cabinet officers, and a fine thing, too. A Department of Health is very much in order. But in the process, the largest component of the Department has gotten lost.

If you get the Congressional Directory for 1983—and I will point this out to my friend, Senator Packwood—where we get to the Secretary of Health and Human Services, on page 893, it says: Office of the Secretary, Office of Secretary of Health and Human Services, Donna E. Shalala. Then, 278 names later, you get to the Social Security Administration—"Administrator—vacant"—278 names between the Secretary, who is an incumbent, and Social Security Administrator—vacant. The job went more than a year vacant.

In my now more than 18 years in the Senate, there have been 12 administrators. From a period when you had long, stable administration and people who knew the business of Social Security, and who understood their work and understood their assignment, knew how they had begun, you have come to a time when you get one administrator, another administrator, another administrator, no administrator, no administrator, another administrator. Nobody is minding the store.

After the 1983 report, in 1984, Congress commissioned a study of the best form of governance for the Social Security Administration. Elmer Staats, the former Comptroller General, headed the study. He made a powerful case, a superb report, with respect to an independent agency.

The Social Security Administration has independent functions, Mr. President. It is the trustee of the Social Security trust funds. It is responsible for the integrity of the system. The head of that agency has to be able to look the President in the eye and say, "Mr. President, you will not do that. If you wish, sir, I will resign, if you wish, ma'am, I will resign, but I will not do that. And when I resign it will be no-nonsense." Mr. President, I might ask my friend the former chairman of the committee, if the incumbent administrator of the Social Security Administration resigns, who would know it? Mr. Packwood, you and I.

Mr. MOYNIHAN. We might get a notice somewhere in the mail.

Mr. PACKWOOD. We would see it in the Federal Register somewhere.

Mr. MOYNIHAN. Would the Senator care to estimate the last time an administrator of the Social Security Administration had a meeting with the President in the Oval Office on the business of the Social Security Administration? Twenty years? Mr. Packwood, 1967?

Mr. MOYNIHAN. 1939.

Exempting that Lyndon Johnson would have known who Bob Ball was because Wilbur Cohen would have let him know.

But a long time ago, too long.

One of the results is that a majority of nonretired adults in the United States today do not believe they will get their Social Security. Nothing tells them this.

But we still use that little pasteboard card that we began in the 1930's. I joined the Social Security system 51 years ago and I got that little card. We have enacted a statute saying, turn it in and get a good card. The good card—hologram, a piece of plastic. The statute specified a tamperproof card. But the agency gave us back the same little piece of cardboard as before, only with invisible hairs in the cardborad itself so that it is instantly detectable in an FBI lab.

There is the card, the same 1935 card. Where is our health card? I have a health card right here. It is a dandy. Mr. Lopez right there—here is your health card, Mr. Lopez—there is the card.

My golly, it has your name in gold plate, it is plastic, there is a Zip Code, it can put it through and know exactly who you are.

It is very important, incidentally, to American citizens of, say, Mexican descent, to have in their hand a piece of plastic which an employer can really use: Good morning, Mr. Lopez—there is Mr. Lopez right here—here is your card. We know who you are. And they know who you are in Washington. Not a bad thing.

Fifty—51 years now—a never day late or a dollar short; yet the majority of the American people—nonretired adults—do not think they are going to get their benefits.

When President Clinton came to the House to deliver his joint message to Congress, his State of the Union, he held up a health card. And it is a dandy.

My golly, it has your name in gold plate. It is plastic, there is a Zip Code, they can put it through and know exactly who you are.

It is a transition. But when 40-year-old Americans with families and college coming up think, I am never going to get Social Security, we...
have failed to persuade them of something very important to them.

We could give them an annual report. I have been 51 years in the system, save for my present task. I would never have an imagination that the Social Security Administration ever got my name right, spelled it right, recorded my address—entered any contributions I made—never.

In any case, he has to do. The stamp is the largest single cost. They can send out, once a year, a report. This is mine. It goes back to 1937. In the period 1937 to 1950, my taxable earnings were $1,615, and I paid $16 in tax. But the tax rate was very, very small then. They do not, as a matter of fact, have me credited with 3 years of Navy time. I could ask them to fix it up. They would be happy to learn about it.

This report tells you what you will get at retirement age, in round terms. It tells you what your survivor's benefit would be, what your child would receive if you died, what your spouse would receive if you died.

These are the papers that, as I say, you will put in, 20's or so, lose in your 30's. In your 40's you find a desk drawer to put them in, and you would take them out once in awhile and look at them. I find, for example, if I wait until 70 to receive benefits, my monthly benefit will be $1,470—not bad. It tells you exactly what your survivor will be. I,470—not bad.

Important to note: One of the reasons we want to have this information out is that rather suddenly we have reached a place where the Social Security retirement benefits just about give you back what you put in. It is a form of Federal savings. It is not the banana it was for that wonderful lady in Vermont—I da May Fuller—who contributed about $27 and retired in 1940. I can recall, ask my youth, the annual photograph of the gentlewoman from the Social Security Administration presenting I da May with her first check of the year. She did very well off her $27. Most of us will get back what we put in, and it is a good form of saving.

People need to know that. It is their money being held in trust. It is not general revenue. We have a surplus in place. We put it in place in the 1977 Social Security amendments, as Senator PACKWOOD will recall. The surplus accumulated from the year 1977 to the year 2015 would buy the stock exchange. But not a penny has been put aside and put aside as if it could be put aside is to have a balanced budget and reduce the privately held public debt, thereby increasing private savings. We have not done that.

There are going to be a lot of people around who are saying, "Why hasn't this been done," with greater vehemence. One of the ways in which we could restore a sense of confidence, imbue a sense of confidence—would be to send this earnings statement out to everybody. I authored a statute that would require the Social Security Administration to start doing it in 1995. But it had to be put in statute, and it applies only to people over 60. They are good people up in Baltimore, but with no direction.

I will give an example and then I will yield, with the patience of my friend from Oregon, if he can just give me another 5 minutes, at least 55 million and we would have them paid on the 1090. Easily done. We have never heard a word.

Now, Mr. President, why have we not heard from them? For one thing, the job of the Administrator was vacant all of last year. I thought this was kind of a serious thing; we better get that job filled. But it was not.

And so we are here. An independent agency will address these issues and address the issue of confidence. If the majority of nonretired American adults do not think they will get Social Security, why, Mr. President, do we think they will believe this health care will always be there? What are they telling us? I think they are saying something we ought to pay attention to and address.

I can say, in closing, what Senator PACKWOOD will, I am sure, say as well; there is no significant organization that we are aware of concerned with these matters in the Nation that does not support this measure: The American Association of Retired Persons, the largest membership organization in America, its members, including my wife; the AFL-CIO; the National Council of Senior Citizens all have supported this. The House has repeatedly passed the measure, and we hope to do so today.

Mr. President, my good friend has been patient with me, and I yield the floor.

Mr. PACKWOOD addressed the Chair. The PRESIDING OFFICER. The Senate of Oregon [Mr. PACKWOOD] is recognized.

Mr. PACKWOOD. Mr. President, I am delighted to join my good friend, the chairman of the Finance Committee, in supporting all of the measures for all of the beneficiaries. Mr. President, people, we want to fill these jobs. We had high rates of inflation. The Social Security benefits were tied to the cost of living, and they were going up with that high rate of inflation—10, 12, 13, 14 percent.

But the tax base, the revenues to provide these benefits, paid Social Security benefits, was not indexed to any kind of cost of living. So we finally got to the place, in the early eighties, where we had a surplus of barely, as I recall, 2 to 3 months. If the revenue ceased to come in, we could pay benefits for 2 or 3 months, and that is gone. In fact, even with a bad recession
and the revenues falling, we were very near to a touch-and-go situation.

So we changed the system to make it more like a private insurance actuarial system in which we said we will collect more money now and set it aside so that we can pay it when the baby boom starts to retire. You have this immense population group moving through the 30 to 40 to 50 age group, and they were the ones born from 1945 to 1965. Let us assume they retire at 65. They will start to retire in about the year 2015. The first of them will be 65 then.

Over the next 20 years, from 2010 to 2030, you have an immense group of retirees, and the extra money we are collecting now is designed to be held to pay them off when they retire. A prudent insurance company does the same thing. You buy an insurance policy from Metropolitan Life, Prudential, or any other insurance company, and they take a look at the demographics of all their policyholders and figure how many are age 20, 30, or 40, how much they are going to need in the year 2010, 2020, 2030 to pay off their beneficiaries. We decided to do the same thing.

It is important to understand, however, that there is not a separate pot of money for each Social Security recipient. All of the money comes in and it goes, in essence, to the U.S. Treasury. As the Social Security Administration once estimated that it is about $70 billion more we collect than we pay out. In comes $70 billion more from my wages, your wages, everybody’s wages—your employer pays half, you pay half, we collect it and we pay out the benefits, and we have $70 billion left over. We take that $70 billion—the Social Security Administration is entitled to it—in essence, Treasury takes it and it goes to the Social Security Administration a bond, an IOU. The U.S. Government owes you, the Social Security Administration, $70 billion.

This process continues for about the next 15 to 20 years—more money coming in than going out. Then, depending upon the estimates, which we call optimistic or intermediate or pessimistic estimates, more money starts to flow out of the fund than comes into it. Let us call that 2012 or 2013. We start to pay out more benefits than we take in.

At that stage, the Social Security Administration, depending upon the assumptions—I hate to be cavalier in talking about the best of times and worst of times. They figure Social Security Administration will hold anywhere from $3 trillion to $5 trillion to $7 trillion in bonds of the U.S. Government—IOU’s.

Mr. MOYNIHAN. It is $4.5 trillion.

Mr. PACKWOOD. The chairman says it is $4.5 trillion; $1.5 trillion in IOU’s. Insurance companies do the same thing except they do not invest solely in Government bonds. They have a lot of Government bonds, and they may invest in some real estate. They try to spread their portfolio in such a way that they cannot get hurt too much because they know they have benefits to pay out. Therefore, we prohibit the Social Security Administration from investing in anything but Government bonds.

On occasion, the suggestion has been raised that we should let Social Security cut loose and invest in things other than Government bonds where they might get a better return, because Government bonds are a very secure investment and, therefore, the percentage of return on them is lower than a riskier investment.

I have to think, however, what the situation would have been in about 1977 or 1978 had we said to the Social Security Administration, “Go ahead and invest in what you want,” and they had invested in Texas real estate. We would have been bailing out Social Security from about 1981 to 1983, and there would have been a tendency to say, “Why, if we can get a 10- or 12-percent return instead of the Government bond 8 percent return, let us invest in real estate.”

So we prohibit them from investing in anything but Government bonds. When we take in this extra $70 billion, we give the Social Security Administration a bond, an IOU. We take the $70 billion and when it is issued it is said: you spend it on welfare; we spend it on defense. We spend it on all the things Government spends money on.

The fear I think the people have is that 20 years hence, the Social Security Administrator takes his or her IOU to the Treasury and says, “Madam Treasurer, will you please give me some money so I can pay the benefits?” The Treasurer will say, “Give you money? We spent that money 20 years ago. We don’t have any money.”

That scenario is only true if the U.S. Government reneges on its promise to redeem the bonds. We have never failed to redeem bonds in the 200-plus-year history of this country. And if we were to fail to redeem the Social Security bonds, it is not just Social Security; it is Prudential, Metropolitan Life, and General Motors. It means the country has gone bankrupt if we fail to redeem the bonds.

But I think that is the fear of Social Security recipients. They think their money is being spent now and they have nothing in exchange for security. Indeed, what they do have is what the world regards as the single best security in the world—U.S. Government bonds. They sell at a better premium than any other Government bonds and are regarded as more secure, practically, than gold or anything else.

If the creation of this administration as an independent administration—and I think it should be—will help make the public aware of that, indeed, the Social Security Administration is not holding IOU’s you cannot fine and levy on, but is, indeed, holding a Government bond, they will feel a bit more secure.

I am frank to say, when the year 2015 or 2020 comes, if we are still running a $200 billion or running bigger deficits because we will have to pay off the Social Security bonds, I understand that.

But all I can say is this country has never reneged on redeeming a bond in its 300 years.

Mr. MOYNIHAN. Will my friend yield?

Mr. PACKWOOD. Yes.

Mr. MOYNIHAN. Just for a question to which I know he knows the answer but just so put it in the RECORD at this point. As my friend knows, the bonds that Treasury issues to the Social Security Administration have a special provision: they can never sell below par, they are regarded as more secure, they cannot be sold below what they were sold for. That is a good protection because there are bonds, a fair number of which have a coupon that is less than the value of the bond.

Mr. PACKWOOD. That is correct. They cannot sell below par. They cannot be sold below what they were sold for. That is a good protection because there are bonds, a fair number of which have a coupon that is less than the value of the bond.

Mr. MOYNIHAN. Mr. President, $7 trillion, we are running bigger deficits because we will have to pay off the Social Security bonds. So the Government has promised to redeem them at least at what they call par value.

So I support this, Mr. President. I think it is a good provision. I think it will heighten the awareness of the Social Security Administration and let people know that even though the money they are now paying in is spent for things they probably like—education, environment, Forest Service, Coast Guard—indeed, their money is safe so long as the Government is safe. And if the Government is not safe, it is not just Social Security that is in trouble; it is everybody that has any investment in any state in this country.

I thank the Chair and I hope we will pass the bill.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The absence of a quorum has been suggested. The Clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, Washington is a place that pays a lot of attention to polls. And not every poll is of great interest. But I might say that as I was speaking earlier, and as Senator Packwood was speaking, I noted that the very able young professional persons who are here in the Senate as Senate staff employees were listening in a manner that they do not al-
ways listen. Maybe because the hour is early enough for them to be attentive, but I have a problem with that. So I just took an unscientific, informal poll of five persons, each of whom has graduated from college. I do not doubt; most of whom have law degrees; they are parliamentarians; they are people we depend absolutely on for the working of this institution. If they did not get things right, we would not have any record about what we had done. I can report the results of my survey. Of the five samples, I asked, "Do you think you will get your Social Security?" Two said no, two said not all of it, and one trusting young citizen said yes. But that is not reassuring.

Mr. PACKWOOD. Can we have name, rank, and Social Security number of those four who are not trusting?

Mr. MOYNIHAN. If they will give it to me, I will get them a copy of their chart. So you will know at least that you will continue to get your retirement; you will know that you are covered for medical benefits. Not everybody knows that. You do not know that. None of those of you who are married, it is altogether likely that in the event you should die your spouse will receive benefits; your children will receive benefits.

Still you do not trust us. After 18 years in which I have been on this floor asking you to trust the Social Security Administration, it has not sunk it; not you. As a matter of fact, the two senior Members are both lawyers, people who absolutely believe they will not receive their Social Security.

I simply make the point that they are attentive. I think they respect the public confidence. And we ought to be attentive.

With that, Mr. President, I see the Senator from Maine has risen. If he wishes to proceed, to offer an amendment.

Mr. COHEN. Mr. President, I might inform my friends that I have a technical bill on the way over to the floor. I would like to begin speaking about the measure that I intend to offer, and perhaps that will save some time rather than going into an extended quorum call.

Mr. President, we have a program that is designed to deal with a serious problem in this country, namely, that of drug and alcohol addiction.

There are two programs under the Social Security Administration's jurisdiction. One is the Supplemental Security Income Program, which is designed to assist the very poorest poor who have in this country, and the second is the Social Security Disability Insurance Program. Under these programs, those individuals who are in fact disabled by virtue of an addiction to either drugs or alcohol are required to do two things. They are required to seek treatment. That is one of the conditions that we impose in order to assure the taxpayers that the money is going for the purpose of which it was intended. Second, in order to ensure the safeguarding of taxpayer dollars, the SSI Program requires that the benefits are paid to a responsible third party. Obviously, the person who is addicted is not a responsible individual, and we require payments to go to a representative payee.

A recent investigation conducted by my minority staff on the Senate Special Committee on Aging and the GAO found that the SSI and SSDI programs are out of control and are, in effect, subsidizing drug and alcohol abuse, with little enforcement of treatment requirements. Out of the estimated 250,000 addicts on the rolls through either heroin, alcohol, or other drugs, however, only 78,000 are required to seek treatment. So there are 72,000 only approximately 9 percent seek treatment. So the calculations are that out of the total of 230,000 that we know are addicted, only about 3 percent get any kind of treatment at all. Similarly, only a portion of the estimated 250,000 drug addicts and alcoholics now on the disability rolls have their checks go to a representative payee.

So we have a situation in which money is going directly to individuals who are addicted. They are, in fact, using the money to further their addiction. They are going out and buying drugs with the money supplied by the taxpayers. They are buying alcohol to achieve the same end. And the taxpayer throws his or her hands up in despair.

Mr. President, $1.1 billion basically is going directly to fuel the addiction. What this amounts to is revenue sharing for addicts. The persons who are addicted are justifiedly concerned. When they find, for example, that these third-party payees who are getting the money from the individuals can even be tavern owners, the public is outraged. For example, we know of a case in Denver where one of these persons acquired large amounts of drugs, and one trusting young citizen said yes. But that is not reassuring.

Mr. President, the nature of the problem is escalating. We have seen, for example, a 150 percent increase in those going onto the disability rolls on the basis of drug addiction and alcoholism from 1983-1992. We added 29,634 to the rolls in 1988; we added another roughly 29,000 in 1990; an additional 38,000 in 1991; and 58,000 in 1992. It is going up exponentially.

There is a reason I assume. Some of this may be because more and more people are becoming addicted but also more and more people are becoming aware of the program. For example, the word on the street among addicts and alcoholics is that the SSI and SSDI programs are easy sources of cash. In a recent example, one person called my office and said her brother was getting out of prison. He found out about the SSI program, and he is going immediately to apply on the basis of drug addiction. Coming out of prison he was addicted and he was "thrilled to learn" that SSI would pay him for his addiction, and he had no intention of going to treatment.

We have more people becoming aware of this. The word is out that this is an easy way to get some sort of sustenance during the course of a month. So more and more people are applying for it.

The purpose of this amendment is not to see treatment stopped. We want to see treatment really enhanced, increased, and force those individuals who have a problem to get the kind of treatment that is needed.

But right now, as I pointed out, they are getting the money without the treatment. They are getting it in lump sum payments, and I think the program's objectives are being completely ignored.

The situation gets even worse. I recently offered an amendment which was accepted unanimously when the emergency supplemental appropriation bill came to the floor. That had to do with a situation that came down as a result of a Ninth Circuit Court of Appeals' opinion. We had an individual who was on disability. He is an addict, addicted to heroin. He would, in the course of a day, help three other addicts acquire significant amounts of heroin. He, of course, would be compensated by getting several grams of heroin for himself, or about $150 a day. So while he is receiving disability payments, he is also engaged in a little bit of dealing to further his own habit of $150 a day. It went to court. The ninth circuit ruled that that individual was
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not engaged in substantial gainful activity; that he was not engaged in substantial gainful activity because his work really only took about 20 to 30 minutes a day. “No heavy lifting involved” is essentially what they are saying. It is just not lifting, not talking on the phone calls. The individuals were calling him saying, “Can you help us out so to speak. In this case, the court essentially ruled that SSA would continue his disability payments, while he nurtured his habit through this illegal activity.

The agreement, passed, which was dropped in conference, and which is also part of the amendment I am offering here today, specifies that any proceeds derived from criminal activity to support substance abuse will constitute substantial gainful activity. The amendment we are offering today addressed the issue of the monitoring of the treatment of substance abusers receiving SSI or SSDI benefits based on substance abuse must, as a condition of receiving those payments, seek treatment. The Social Security Administration must establish agencies and retroactive payments and monitor the treatment of substance abusers receiving SSI or SSDI benefits. As of the beginning of this year, only 18 States had this sort of monitoring agency within their State. We have almost half of our States without any sort of authorized monitoring center. So we do not know how the money is being spent or whether there is treatment being given.

So we would require the Social Security Administration in to fact do what we all want; namely, provide for the monitoring of the treatment of these individuals receiving the money. In addition, the amendment prohibits the retroactive payments and to be paid directly to those who are addicted. They must be paid to the representative payee, who under our amendment would be required to be an institution, agency, or treatment center.

In addition, our amendment provides a cutoff period of 3 years of benefits for individuals receiving SSI or SSDI on the basis of substance abuse. Senator Kashebaum and her staff determined that most professionals believe a substance abuser will be treated within that 3-year period. Those who are not should not be able to receive a lifetime of benefits from SSI or SSDI, unless there is another qualifying basis for disability.

I have one other chart to illustrate the negative effects of paying cash benefits directly to addicts. It shows the correlation between attending treatment and getting lump sum cash benefits. A study of those receiving methadone as a substitute for their heroin addiction showed that before they receive their disability check, the average time someone would miss their treatment would be roughly five times before they get their disability checks. As soon as they received their checks, absenteeism went up to 18 days. Obviously, they were taking the check and going out and buying heroin, since individuals who are receiving methadone treatment become violently ill if they miss their treatment. When the money is gone, they are forced to go back on the methadone treatment. So there is a direct connection between our system of paying out money and not insisting upon the treatment itself.

So these are the issues we are trying to address, and I want to make sure everybody understands we are not trying to discourage treatment or take away money from those who need treatment. We want to make sure the money is not going into a needle or into a bottle and that the people who need the treatment get it and that the taxpayer feels satisfied that this program is being monitored, and operates efficiently and responsibly. That is not the case today.

So I offer this amendment.

Mr. COHEN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maine (Mr. COHEN, for himself, Mr. DOLLE, Mrs. KASSEBAUM, Mr. DOMENICI, Mr. THURMOND, Mr. GRABSBLEY, Mr. NICKLES, Mr. LIBERMAN, Mr. DASWORTH, Mr. LUGO, Mr. KRAMER, Mr. WARNER, Mr. CHAFEE, Mr. BENNETT, Mr. STEVENS, Mr. MATTHEWS, Mr. HOLLINGS, Mr. COCHRAN, and Mrs. FEINSTEIN, proposes an amendment numbered 174.

Mr. COHEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection.

The amendment is as follows:

At the appropriate place insert:

SEC. 2. SHORT TITLE.

This Act may be cited as the “Social Security Disability and Rehabilitation Act of 1994”.

SEC. 2. REFORM OF MONTHLY INSURANCE BENEFITS BASED ON DISABILITY INVOLVING SUBSTANCE ABUSE.

(a) SOCIAL SECURITY DISABILITY INSURANCE—

(I) IN GENERAL.—Section 223 of the Social Security Act (42 U.S.C. 423) is amended by adding at the end the following new subsection:

“(l) Limitation on Payment of Benefits by Reason of Substance Abuse “(i) Notwithstanding any other provision of this title, no individual whose disability is based in whole or in part on a medical determination that the individual is a drug addict or alcoholic shall be entitled to benefits under this title based on such disability with respect to any month, unless such individual furnishes evidence in accordance with paragraph (d)(5) that the individual continues to be under a disability based in whole or in part on a medical determination that the individual is a drug addict or alcoholic, such individual shall continue to be entitled to benefits under this title based on such disability.

(ii) Subject to clause (iv), if such an individual continues to be entitled to benefits for an additional 24-month period following the determination described in clause (i), the individual furnishes evidence in accordance with paragraph (d)(5) that the individual continues to be under a disability based in whole or in part on a medical determination that the individual is a drug addict or alcoholic, such individual shall continue to be entitled to benefits under this title based on such disability.

(iii) Subject to clause (iv), if such an individual continues to be entitled to benefits for an additional 24-month period following the determination described in clause (i), the individual furnishes evidence in accordance with paragraph (d)(5) that the individual continues to be under a disability based in whole or in part on a medical determination that the individual is a drug addict or alcoholic, such individual shall continue to be entitled to benefits under this title based on such disability.

(iv) Subject to clause (iv), if such an individual continues to be entitled to benefits for an additional 24-month period following the determination described in clause (i), the individual furnishes evidence in accordance with paragraph (d)(5) that the individual continues to be under a disability based in whole or in part on a medical determination that the individual is a drug addict or alcoholic, such individual shall continue to be entitled to benefits under this title based on such disability.

(II) (A) Any benefits under this title payable to any individual referred to in paragraph (I), including any benefits payable in a lump sum amount, shall be payable only pursuant to a certification of such payment to a

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Mr. DOLE, Mr. KASSEBAUM, Mr. DOMENICI, Mr. THURMOND, Mr. GRABSBLEY, Mr. NICKLES, Mr. LIBERMAN, Mr. DASWORTH, Mr. LUGO, Mr. KRAMER, Mr. WARNER, Mr. CHAFEE, Mr. BENNETT, Mr. STEVENS, Mr. MATTHEWS, Mr. HOLLINGS, Mr. COCHRAN, and Mrs. FEINSTEIN, proposes an amendment numbered 174.

Mr. COHEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection.

The amendment is as follows:

At the appropriate place insert:

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(II) (A) Any benefits under this title payable to any individual referred to in paragraph (I), including any benefits payable in a lump sum amount, shall be payable only pursuant to a certification of such payment to a
The Secretary of Health and Human Services, through the Administrator of the Substance Abuse and Mental Health Services Administration, shall assure that every individual receiving disability benefits under title II or XVI of the Social Security Act based in whole or in part on a medical determination that the individual is a drug addict or alcoholic be given high priority for treatment through entities supported by the various States through any substance abuse treatment programs under law.

SEC. 4. ESTABLISHMENT OF REFERRAL MONITORING AGENCIES REQUIRED IN ALL STATES.

The Secretary of Health and Human Services shall, within 1 year of the date of the enactment of this Act, provide for the establishment of referral and monitoring agencies in each State for the purpose of carrying out the treatment requirements of sections 223(j) and 1611(e)(3)(A) of the Social Security Act (42 U.S.C. 1382(j) and 1382(e)(3)(A)).

SEC. 5. PROCEEDS FROM CERTAIN CRIMINAL ACTIVITIES CONSTITUTE SUBSTANTIAL GAINFUL ACTIVITY.

(a) SOCIAL SECURITY DISABILITY INSURANCE.—Section 223(d)(4) of the Social Security Act (42 U.S.C. 1382d(d)(4)) is amended by inserting the following after the first sentence: "If an individual engages in a criminal activity to support substance abuse, any proceeds derived from such activity shall be considered to constitute substantial gainful activity for the purpose of determining the 36-month period described in clause (i) for such individual.".

(b) SUPPLEMENTAL SECURITY INCOME.—Section 1614(a)(3)(D) of the Social Security Act (42 U.S.C. 1382(a)(3)(D)) is amended by inserting the following after the first sentence: "If an individual engages in a criminal activity to support substance abuse, any proceeds derived from such activity shall be considered to constitute substantial gainful activity for the purpose of determining the 36-month period described in clause (i) for such individual.".

ADMINISTRATION. The amendments made by this section shall apply to disability determinations conducted on or after the date of the enactment of this Act.

SEC. 6. CONSTRUCTIVE PENALTY PROVISIONS FOR SSI AND DI PROGRAMS.

(a) FELONY PENALTIES FOR FRAUD.—(1) In general.—Subsection (a) of section 1321 of the Social Security Act (42 U.S.C. 1382a(a)) is amended by striking "shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than two years, or both" and inserting "shall be guilty of a felony and upon conviction thereof shall be fined not more than $10,000, United States Code, or imprisoned for not more than five years, or both".

(2) REPRESENTATIVE PAYEES.—Subsection (b) of section 1321 of such Act (42 U.S.C. 1382a(b)) is amended to read as follows: "(b)(1) Any person or other entity who is convicted of a violation of any of the provisions of this section, if such violation is committed by such person or entity in his role as, or in applying to become, a certified payee under section 1381(d) on behalf of an-
other individual (other than such person's spouse or an entity described in section 1233 of such Act), and upon conviction thereof shall be fined under title 18, United States Code, or imprisoned for not more than five years, or both.

* * *

Mr. MOYNIHAN. Yes, but not only the GAO. As a result of the minority staff investigation on the Senate Aging Committee, we conducted a year-long investigation, and we asked for the assistance of the GAO as well.

Mr. MOYNIHAN. May I ask you this. I am not sure, but I know you are not supposed to ask a question to which you do not know the answer. Did the Social Security Administration come to you with this question?

Mr. COHEN. The administration did not do it.

Mr. MOYNIHAN. Did not. This is a problem. Hamilton said, "Energy in the executive." They have had trouble with the disability program since the fifties. Mr. Eisenhower, Martha Derthick, from the University of Virginia, has written about this very carefully. It is not that they do not cope with their problems; it is that they do not share them. It would be all right to come here and say, "Hey, we have a problem and we need to know what to do about it."

Mr. COHEN. The people responsible for bringing it to our attention initially were the administrative law judges, the ones hearing the cases, who were saying, "You should know we have people coming in who are addicted, who are continuing their addiction by engaging in illegal activity." Mr. MOYNIHAN. I am not surprised. The administrative law judges have been appalled by the long waits for disability, and then a $20,000 check finally comes out. In the southern district of New York, at one point, I tell my friend Senator PACKWOOD, who is a proud graduate of New York University, that Robert Guillon was the U.S. attorney for the southern district of New York, he ceased to defend the U.S. Government in disability payments. He would not do it. He thought it was indefensible. When a U.S. attorney for the southern district of New York, he ceased to defend the U.S. Government in the disability payments, he would not do it. He thought it was indefensible. When a U.S. attorney for the southern district of New York, he ceased to defend the U.S. Government in the disability payments, he would not do it. He thought it was indefensible.

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So I express my strong support for the amendment of the Senator from Maine. I think it is typical of his concern for many of our citizens who are less well off than we. I think this is a much-needed remedy that should be welcomed even by the recipients, who may be deprived of it in some way. Perhaps we can spend these dollars in the much-needed treatment area that these very unfortunate people need so badly. I yield the floor.

Mr. COHEN. I thank my friend for his kind comments. I point out also that there has been historically—and I know the Senator from New York is aware of this—a distinction between the SSI program and the disability insurance program. The reasoning or rationale behind it, as I understand it, is that those who are on SSI may not have contributed enough into the Social Security trust fund as such, or at all.

Mr. MOYNIHAN. Or at all.

Mr. COHEN. Yet they are entitled to receive those payments because they are very poor and cannot work.

So the law was set up to say that those individuals who have not contributed enough into the system are the ones who must get treatment for their addictions. The others do not have to do that. "Well, they are paying into Social Security and it is their money coming out."

Mr. MOYNIHAN. Or disabled.

Mr. COHEN. Exactly.

Mr. MOYNIHAN. From New York and the Senator from Oregon pointed out, you get much more out of the Social Security trust fund than you put in over the years, assuming you live long enough. During that period of time you generally do very well in terms of the amount of contribution versus the amount of receipt.
That is no longer the case, however, in the disability insurance fund. My understanding is that by next year that fund will be depleted and that it will require an infusion from the Social Security trust fund.

So now we no longer have the argument saying, "Well, I have contributed to it and there is no reason that the Government should insist, I receive treatment for my addiction."

The amendment I seek to do in this amendment is to make sure that anyone who receives disability payments or payments because of a disability for drugs or alcohol has to receive treatment as the condition of receiving SSI or SSDI benefits.

Mr. MOYNIHAN. Mr. President, I would confirm precisely what the Senator from Maine has said.

The disability benefit program was put in place under President Eisenhower with a payroll contribution and a trust fund. That trust fund will be exhausted next year, and we will have to move some of the surplus from the old age and survivors insurance over. These are decimal points we move back and forth from time to time.

There is no problem of the trust funds as a whole. They are in good shape. The disability payments grew at a faster rate in the sixties when it became known about, and obviously there has been more support. I can say the methadone example is a perfectly good one. Methadone is a treatment developed by Vincent Dole and Marie Nyswander at Rockefeller University. It uses a pain killer developed in Germany in World War II when opium was not available. While it ends a craving for opium, there is no perfect pain reliever. Obviously, when you have money, you slip off, and such like.

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TheSSI, supplemental security income, was the one in 1970. In 1969 President Nixon proposed the family assistance program that would take all of those aspects of Social Security which were not covered by the trust fund, aid to families with dependent children, aid to permanently and totally disabled, aid to the blind, and old age assistance—there are meant to be transitional programs until Social Security covered everybody—it took them and covered them. We included everybody but the children.

That is the American pattern we have to watch. You surely have to watch that.

But those moneys come from general revenue. There is no trust fund.

Again, this is an administrative issue, a health issue, and a fiscal issue that needs to be addressed.

I congratulate the Senator from Maine for his doing so and, as we have said, Senator Packwood and I are happy to accept the measure.

The PRESIDING OFFICER. The Chair recognizes the Senator from Maine.

Mr. COHEN. Mr. President, I would like very much to claim the entire credit for this particular legislation. It is not mine to claim, however.

I want to publicly acknowledge the enormous amount of work that Mary Gerwin, minority staff director of the Senate Special Committee on Aging, Stacey Hughes conducted, because these two members of my staff are the ones who really conducted the investigation for a period of a year and brought it to my attention.

I am just up here articulating the basic work they have done. I would also like to thank Priscilla Hancock, my immigration Aging Committee staff, as well as Marty Sieg-Ross and Sally Satel of Senator Kassebaum's staff, for their contributions to the investigation and this legislation.

Mr. MOYNIHAN. And the Senator got the charts on time.

Mr. COHEN. They got me the charts on time. I ask unanimous consent that a summary of my amendment be placed in the RECORD at this time.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

AMENDMENT

Discontinues cash disability and SSI benefits to substance abusers, and provides the benefits to institutions, agencies or other payees to manage the money for the addict/alcoholic.

Prohibits cash lump sum payments to substance abusers. These amounts would be paid to a representative payee (government agency, etc.).

Extends to the SSDI program the statutory requirements for SSI recipients that addicts and alcoholics have a representative payee and receive treatment as conditions for receiving benefits.

Requires evidence of good faith compliance with treatment requirements. If non-compliance, there would be tough enforcement of termination of benefits.

Prohibits Medicaid/SSI benefits to persons who use proceeds from criminal activity—such as drug dealing—to support their addictions.

Requires SSA to approve agencies in every state to refer and monitor addicts in treatment and requires better standards for monitoring treatment.

Toughens penalties for fraud against the SSI and SSDI programs by making willful false statements made to fraudulently receive benefits a crime, with fines for lesser offenses and gives authority to the Secretary of HHS to exclude repeat offenders (both recipients and those who help them get benefits) from disability and Medicaid/Medicare.

The PRESIDING OFFICER. Is there any further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 1474) was agreed to.

Mr. COHEN. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arizona [Mr. MOYNIHAN].

AMENDMENT NO. 1475

(Purpose: To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.)

Mr. McCAIN. Mr. President, I have an amendment at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Arizona [Mr. McCain] proposes an amendment numbered 1475.

Mr. McCAIN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, add the following:

TITLe—SOCIAl SeCUrITY EArnyINgS TEST

SEC. 203. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

Section 203 of the Social Security Act is amended—

(1) in paragraph (i) of subsection (c) and paragraphs (1)(A) and (1)(B) of subsection (d), by striking "the age of seventy" and inserting "the "retirement age" (as defined in section 216(1))";

(2) in subsection (f)(3), by striking "was age seventy or over" and inserting "retirement age (as defined in section 216(1))";

(3) in subsection (g)(3), by striking "33 1/3 percent" and inserting "50 percent of such individual's earnings for such year in excess of the product of the exempt amount as determined under paragraph (b)" and by striking "age 70" and inserting "age 65";

(4) in subsection (b)(1)(A), by striking "age 70" each place it appears and inserting "the "retirement age" (as defined in section 216(1))";

(5) in subsection (b)(1)(A), by striking "age 70" and inserting "the "retirement age" (as defined in section 216(1))";

(6) in subsection (b)(1)(B), by striking "after age 70 in the heading and inserting "after attainment of retirement age" (as defined in section 216(1))";

(7) in subsection (c), by striking "age 70" and inserting "the "retirement age" (as defined in section 216(1))";

(8) in subsection (c)(6), by striking "the "retirement age" (as defined in section 216(1))";

(9) in subsection (d)(1)(A), by striking "after age 70 in the heading and inserting "after attainment of the "retirement age" (as defined in section 216(1))";

(10) in subsection (d)(1)(B), by striking "after attainment of the "retirement age" and inserting "after attainment of retirement age (as defined in section 216(1))".

SEC. 204. CONFORMING AMENDMENTS ELIMINATING THE SPECIAL EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

(a) UNIFORM EXEMPT AMOUNT.—Section 2201(8)(A) of the Social Security Act is amended by striking the "new exempt amount (as described in subparagraph (d) and for other individuals which are to be applicable" and inserting "a new exempt amount which shall be applicable".

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unfair. It is nearly criminal, because what it does is deprive senior citizens who are forced to go back into the workforce in their retirement years, of needed money they have worked for. They are penalized in the most heavy, onerous, and unfair fashion, to the tune for every $3 earned by a retiree over an approximately $11,000 line, they lose $1 in Social Security benefits.

Mr. President, that puts them in the highest tax bracket in America.

The interesting thing about this situation which needs to be rectified is, if an individual happens to be wealthy, has investments, has a trust fund, has stocks, whatever kind of liquid assets, and is not out there in the labor force, they are not subject to this onerous Social Security earnings test.

Mr. PACKWOOD. Mr. President, could I interrupt my friend a moment to see if we can get a time agreement that he is agreeable to. Is 30 minutes on a side agreeable?

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that there be 30 minutes on each side of this amendment followed by——

Mr. MOYNIHAN. The Senate's staff has. Mr. MOYNIHAN. We will get to that in time.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. PACKWOOD. This was the first two amendments; right?

The PRESIDING OFFICER. That is correct.

Mr. MOYNIHAN. This would preclude second-degree amendments and only vote on the Senator's amendment?

Mr. PACKWOOD. I think so. I have not seen that amendment.

Mr. MCCAIN. On the two amendments, I take it that my friends are considering my third amendment. Would that be agreeable concerning the notification on Social Security?

Mr. PACKWOOD. I think so. I have not seen that amendment.

Mr. MCCAIN. The Senator's staff has. Mr. MOYNIHAN. We will get to that in time.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. PACKWOOD. Mr. President, I ask unanimous consent to amend the unanimous consent request that the second amendment be 15 minutes on each side.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. Just a moment.

Mr. MOYNIHAN. Just a second. We need to know the subject of the second amendment.

Mr. MCCAIN. The second amendment, I say to my colleagues, would be that the U.S. Congress would then be placed—if my first amendment goes down—the U.S. Congress would be placed under the exact same rules concerning the earnings test.

Mr. MOYNIHAN. We will have to see that amendment. We will not have a time agreement on that amendment now.

Mr. MCCAIN. That is fine with me.

The PRESIDING OFFICER. The Chair understands the unanimous consent request pending for the first amendment, a 1-hour time agreement, equally divided, 30 minutes for each side, and the amendment will not be subject to a second-degree amendment. Is there objection?

Without objection, it is so ordered.

Mr. MCCAIN. Thank you, Mr. President.

Mr. President, I say to my friend, I will be glad to argue all day and all night that the Congress of the United States should be placed under the same laws concerning their retirement as American citizens are. If anyone disagrees with that, I would be more than happy to spend considerable amounts of time explaining why there is such discontent and anger on the part of the American people with Congress because we seem to pass laws that apply to them and not to us. That is also the case of the Social Security earnings test.

If a Member of Congress is retired at age 65 and receives a retiree-vested congressional pension, there is no earnings test placed on any outside limit of his or her income, but there is one for Social Security recipients. And, of course, that is patently unfair. I may be introducing this amendment as a bill soon.

But back to the first amendment, Mr. President. This amendment repeals the Social Security earnings test. As I said, it is unfair to penalize American citizens who, in their retirement years, are either forced or choose to return to the work force. They are then placed in one of the highest tax brackets there is. These people are knowledgeable. They are talented. They are people who can contribute enormous amount to American society and our productivity.

The U.S. Labor Department has warned of shortages in the labor market. Employers are having difficulty in hiring experienced, dependable workers. By the end of the decade, 1.5 million fewer workers between the ages of 16 and 24 will have entered the work force. At the same time, 5 million older Americans will be retiring.
Depression in order to force older workers out of the labor force and create job opportunities for younger workers. Obviously, this situation no longer exists and it is time to sunset this Depression-era policy.

I would also like to say to the Senator from New York, who is the chairman of the committee that would oversee this issue, that he said the last time I brought this up that he would have hearings. I hope he will do so. I have a weekly schedule for such a hearing in the Finance Committee.

I hope the Senator also understands that I am willing to compromise and phase out this earnings test, if necessary, if that would be somehow beneficial. But the fact is, it is wrong. The distinguished chairman knows it is wrong. Every American knows it is wrong, and it has to be fixed.

Mr. President, I also comment that it is not just my idea that this is wrong. I would like to just give some very basic reasons why the leading newspapers around this country, all of which agree with my position.

The Chicago Tribune said:
The skill and expertise of the elderly could be used to train future workers, while bringing in more tax dollars and helping America stay competitive in the 21st century.

The Los Angeles Times says:
As the senior population expands and the younger population shrinks in the decades ahead, the need for increasing need to encourage older workers to stay on the job to maintain the Nation's productivity.

The Baltimore Sun says:
The Social Security landscape is littered with a great irony: while the program was being sold in the strength of the Social Security was the Social Security tax. In other words, Social Security paid under the table.

The San Diego Tribune says:
The punitive taxation of the earnings limit should be eliminated in the 1930's and the Government should use the tax revenues to train future workers, while bring in more tax dollars and helping America stay competitive in the 21st century.

The Wall Street Journal said:
The earnings test forces people to stop working, as long as he wants to and is physically able to do so without losing benefits.

The Indianapolis Star:
On the face of it, the game appears rigged in favor of those who stop working at 65 and against those who keep working, in favor of well-to-do retirees against middle- and low-income retirees who need a part time job to help with expenses.

From Forbes:
Moreover, people are living longer; the economy is hurt when artificial barriers block the full use of our most productive asset, people.

The Detroit News says:
Work is important to many of the elderly, who are living together. They shouldn't be faced with a confiscatory tax for remaining productive.

And it goes on and on and on.

Mr. President, I remember a few years ago when this body decided that we would be able to squeeze additional revenues by passing a tax on luxury boats. The same people who will tell you that repeal of the earnings test means a decrease in revenues are the same people who told the Congress and the Finance Committee that if we passed a tax on luxury boats, we would see an increase in revenues.

Mr. President, we all know what happened. What happened was we forgot to pass a law that said that rich people had to buy boats, and so rich people did not buy boats. In fact, they went overseas if they wanted to buy a boat, and the boat industry collapsed, and 19,000 Americans lost their jobs. There was a dramatic decrease in revenues and taxes to the coffers of the United States Treasury, despite the prediction by the same people who will tell you that repeal of the earnings tax will cause a decrease in revenues to the Federal coffers.

So after we saw what happened in the collapse of the boat industry in America, we repealed that tax. And I applaud my colleagues for doing so.

The same flawed logic that drove us to raise the luxury boat tax will be the same flawed logic that will be used today in an argument for the repeal of the earnings test. It will be that we will see a decrease in revenue, totally discounting the fact that there are tens of thousands, hundreds of thousands of seniors who want to work. But they do not want to work when the fruits of their labors will be confiscated by the Government.

How in the world can anybody be-lieve that this amendment will result in any decrease in Federal revenues, when all they have to do is to look into any senior's community in America today and discover that many seniors want to work.

Again, I want to point out, this earnings test does not affect rich retirees.
The American Farm Bureau, the American Federation of Small Business, the American Health Care Association, Citizens for a Sound Economy, the Dues Package America, National Association of Professional Services, National Council of Chain Restaurants, National Restaurant Association, National Small Business United, National Society of Public Accountants—by the way, the National Society of Public Accountants feel exactly the opposite. The National Tax Limitation Foundation, National Technical Services Association, Retired Police Association, Sears Roebuck, Walgreens, and the U.S. Chamber of Commerce all support the repeal of this unfair tax.

The National Association of Retired Federal Employees, National Committee to Preserve Social Security and Medicare which, by the way, both of those organizations have been enormously helpful to me, as well as the Senior Citizens, Senior Cooperative Work Network, United Members of the National Guard, Air Corps League, Retired Enlisted Association, Jewish War Veterans, Marine Corps League, Retired Members of the Army, Enlisted Association for Social Security, Association of Military Surgeons, Association of the Army, Retired Association of the National Guard, Fleet Reserve, Jewish War Veterans, Marine Corps League, United Retired Enlisted Association, and on and on goes the list and they all believe the earnings test is wrong.

Every organization that is composed—with the exception, I must say, Mr. President, of the American Association of Retired Persons who has refused to take a stand on this issue, as they did on the catastrophic health insurance issue—literally every major senior association strongly supports this legislation.

It is time. I have been fighting this tax for years now. I would be more than ready to accept some kind of compromise. I would be more than happy to accept commitments.

The fact is, nothing has been done by this Congress about a terrible social injustice. I intend to bring this issue up before the Senate of the United States until something is done about it because it is against my duties. It is against my oath not to try to correct an injustice when I see it.

If you do not believe it is an injustice, visit with some of those people, visit with the couple I did in Sun City who has experienced severe medical bills and must now go out and work; individuals who have been retired for 10 years.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who seeks recognition? The Chair recognizes the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I feel some ambivalence toward my friend from Arizona. As he knows, I have cosponsored this before. Logic is totally on his side. Money is not. I know there is a disagreement in estimates. There is no question the bill has to lose some money. Whether it loses $26.4 billion over 5 years as is estimated, or whether there will be a surplus, clean change of behavior so it loses less than that because people go to work and they pay taxes—I do not know. There is no question it loses some money.

But logic and fairness is on the side of the Senator from Arizona. We do not say you will have this private pension from an insurance company "You have worked all your life. You retire when you are 65." The insurance company says "We will pay you $1,000 a month. And, by the way, if you go to work after you have retired at Disney or McDonald's, we are going to reduce your insurance company pension a bit." We do not do that. And there is no reason why we should do it with Social Security.

So, as I say, I come with some ambivalence. I know there is a loss of money and we will have to make up the money. But equity is on the side of the Senator from Arizona.

I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, not for the first time do I rise on the Senate floor to agree with the distinguished Senator from Oregon on this subject. In October 1993, we had the same issue before us. He is right. The earnings test for a person 65 to 69 is an absolute arrangement that we associate with the Depression. It has never changed.

In fact, does not disservice, in actuarial terms, to the persons who are affected because at age 70, or whatever, if you retire, having had benefits reduced because of earnings, you get a higher retirement benefit. From the actuary's point of view, it is all a wash after a while.

As I say, I have here my benefits statement. If I were to retire, or more specifically, if the people of New York were to retire me in January 1994, at age 65, I would be $2,529. I now get no benefits because I have a salary that uses them all up. If at age 70, my retirement benefit would be $1,740 per month and no reduction whatever for whatever earnings there might be. Even so, the earnings test is not understood and it does not seem right.

When there is something about the social insurance system that is not understood and does not seem right, we ought to change it. We can change it at no cost to the system over time. You have to make changes slowly in a system of this kind.

The National Commission on Social Security Reform made its report in January 1983. We proposed that the retirement age be increased to 65 and then to 67 years. But we go to 62 in the year 2005, and 67 around the year 2015. So everybody is on notice; no surprise. I do also want to report, and this is something that I think deserves a lot of attention, a majority of persons in the Social Security system retire at age 62, and by age 65, two-thirds have, in fact, retired. But that leaves one-third still working, of which some part is affected by this test and it makes no sense to them.

Here on the floor of the Senate, in 1983, October 27, I said to my friend from Arizona I would be happy to have hearings on this, and we will. At that time we were just about finishing up the report. Since then we have been holding a series of hearings on health care.

But by May of this year, I want to say to the Senator from Arizona, there will be a full hearing on this. We start with benefits, with endurance, because the number of people who would want to have a hearing on this and agree with him is a very long list, and it would include the Senator from New York, and I think it would include my colleague, the former chairman, the Senator from Oregon.

I say also, which is to the point of the bill we are working on today. I would hope that we would see a revised Social Security Administration that would take on these subjects and give us views of its own. For instance, have a survey of 100,000 persons, the kind of thing the Bureau of Labor Statistics does well; find out who is working, is working because they are feeling the effects of that retirement test. The lawyer does not feel it, the doctor does not feel it, a university professor does not feel it. Someone who is working at Disneyland might feel it very strongly or might be working if it were not for it.

What about some numbers? I said of the Social Security Administration, "We get no thoughts. The agency has been brain dead, in a policy sense, for 15 years. In 17 years, we have had 12 Commissioners or acting Commissioners. The job has just been empty for 1 year."

The questions the Senator asks, Mr. President, deserve an answer and they deserve a Social Security Administration that will answer them.

Are there people out there who think this arrangement is unjust? Well, good, let us find out and see if we cannot fix it. We have not heard a word from the Social Security Administration that it is an issue of public policy: How do you make people who want to work feel the system is fair?

With respect to another problem, I can report with some pleasure. The notch is an issue which causes a lot of people trouble. We established in 1992, by statute, a commission to look into it in the usual manner—appointments...
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from the House side, Senate side and Presidential side. I have spent 1 year asking the administration, please appoint members so we can get on with this subject. There are 7 million people out there who think the Social Security Administration is cheating them. Well, they need an answer. We think not, but let an independent commission give a hearing on it.

By the most wonderful of happenstances, Mr. President, I have just received a message that the administration will make it appointments this very day. I cannot tell you what wonder coincidences will do, and very good appointments, too. Alan Campbell will be the Chair. He is professor of public policy at Wharton. He has been dean of the Maxwell School. Scottie Campbell is a fine student of both retirement administration; an old friend; Lindy Boggs, the incomparable Lindy Boggs who the Chair knows very well and we all love and admire; Gwendolyn King, who was a good commissioner while she was in that job and Robert Froshhake, who is president and CEO of IDS Mutual Funds, a very commendable financial firm in Minneapolis. Good. It took a year and this bill coming to the floor.

I want to say that I am obliged, when this time comes, to raise a point of order that is simply a budgetary point of order.

Mr. MCCAIN. Will the Senator yield to me for comment?

Mr. MOYNIHAN. Yes, of course. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arizona.

Mr. McCAll. Mr. President, I say to the Senator from New York, with his very generous commitment on the part of the Senate, I am against it. I am against it. I do not believe that a recorded vote will be necessary on this. I believe that a unanimous consent to withdraw my amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The amendment is withdrawn.

Mr. PACKWOOD. Mr. President, is the Senator going to withdraw the second amendment, also?

Mr. MCCAIN. Yes, I have not yet sent the second amendment to the desk.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I just thank the Senator, because we can solve this, and if he keeps at it we will. I just hope that when May comes we have the head of an independent Social Security Administration saying we are going to do this. We want people to feel good about this system, it is one of our real achievements, and we do not want people going around: "Why are they doing this? Why aren't they paying?" No, sir. The Senator shall have this hearing, and we will get this thing done so I trust the Senator very much for bringing it up.

Mr. MCCAIN. I thank the Senator from New York deeply for his concern and effort on this matter.

I thank the Chair. I thank the Senator.

The PRESIDING OFFICER. Who seeks recognition?

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MCCAIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MCCAIN. Mr. President, I would like to engage in a brief colloquy with the Senator from Oregon on the issue of the notification of all Americans who contribute to the Social Security trust fund and are eligible for Social Security upon retirement.

My concern was the cynicism of many Americans concerning the financial aspect of the Social Security trust fund and their ability to receive those benefits at retirement time, plus a great deal of confusion as to how much money they have contributed, how much they can expect to get back, etcetera, etcetera.

The thrust of the amendment I was going to propose basically required the Social Security Administration to provide that information. The Senator from Oregon has illuminated me on that issue and I think that what is planned more comprehensive— and, in fact, may prove to be very helpful—to all members of the work force.

I yield the floor.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. I might just read into the RECORD—it is right on point that the Senator from Arizona is suggesting—what is about to be started.

The Social Security Administration is going to send out an individual's work life—and I will explain that in a minute—in the States. The trial stage starts next month, April of 94, and in the trial stage, they will send out a work history statement to 600,000 randomly selected individuals aged 25 or older, and they are using the 600,000 mailing to gauge how many questions and responses they get, people that may come up when they implement this process fully.

Based upon that, by October 91, they will be able to compile a report for this Senate and House of Representatives before the Committee on Aging, and that starts very soon. The implementing stage will start next February.

During what we call the implementing stage, a one-time work history statement will be sent out to everybody who is 60 years or older, whether or not they have started Social Security or not. Everybody who in age 60 or over will get a statement, very similar to what the chairman and I have today, about how long have you worked; how much did you pay in; when you paid it in,

then, starting in the year 2000, they will mail out an annual work history statement to everyone age 25 or older. So I think we are going to accomplish what the Senator from Arizona wants, and they are on the verge of starting it now.

Mr. MCCAIN. Mr. President, I thank my friend from Oregon. I think that is entirely satisfactory, and I certainly hope that the Social Security Administration is able to fulfill that commitment.

I will just make one additional comment. The Senator from New York mentioned that finally members of the notch commission have been appointed. I think that is a very important step. I am sorry it took so long. But there is still an enormous amount of misinformation, dissatisfaction, and anger on the part of the so-called notch baby population, and I believe that the old adage about a little sunlight being a good disinfectant is certainly operative here. We need to implement this and find out exactly what the notch situation is all about, how it came into being, and what remedies there are for it, if any. There are millions of senior citizens, and other people today who are convinced that they have been deprived of their benefits.

Now, I am not saying they are right; I am not saying they are wrong; but there is a large number. The President of the Senate knows, from his constituency who visit my State quite often especially at this time of year, there is great discontent and dissatisfaction about the notch. And I believe this notch commission, particularly with the quality of individuals who have
been appointed, will perform a valuable service. I am hopeful their conclusions and recommendations will have great validity and will help us wind our way through an incredibly difficult issue which has plagued this body for many years now, and will for many more years to come, unless it is resolved.

I am not often a believer in commissions, but on this particular issue I think we needed a commission of qualified experts who will provide us with the information and guidance that we need.

Mr. President, I thank my friend from Oregon again and I yield the floor.

Mr. PACKWOOD addressed the Chair. The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. I am doing this for a couple of reasons. First, so if I state it wrong I can get contrary to the RECORD, do not hold me to it, but this is the best I recall about the notch. I understand the problem, and we all get it when we go home.

In 1972, we changed Social Security and went to a readjustment basis. So, if a matter of fact, very few people know this.

When we went to the cost-of-living adjustment, we did it in the hopes of holding Social Security costs down because we were getting amendments in the Chamber to increase Social Security above the cost of living, and we thought this would be a restraint on the growth. And it became a one-upmanship: "I offer an amendment to increase it five percent." "I must amend that and increase it to 10 percent." So we went to the cost-of-living adjustment as a restraint on Social Security.

But in 1972, we made a mistake in the adjustment, and we actually overcompensated, so that people who retired got more than the cost-of-living adjustment.

We realized that mistake in 1977, and those are the 5 notch years, and they basically apply to people who were born between 1917 and 1922. And, of course, the Government hates to take away from anybody anything we have given them. So when we passed a law in 1977 correcting the mistake we made in 1972, we did not attempt to undo the mistakes for that 5-year period. So, if you were born prior to 1917, you got this overcompensated amount. It was a mistake. But we did not take it away.

Then we said, for those born 1917 to 1922, we are going to pretend that they actually get less than people who were born prior to 1917. But then after that 5-year period, the people that come after the notch years actually get less than the people in the notch years. So we are categorizing.

Let us use an example. Before 1916, you get $500 a month. If you are born in 1917 to 1922, you get $450 a month. If you are born after 1922, you get $400 a month. Well, the people in the 5 years during the notch compare themselves to the people born prior to them who get $500, not to the people who were born after them who get $400.

But that is the mistake we made, and if we were to correct it, if we were to give everybody a correction for the mistake and say, we made a mistake, now instead of correcting it, we are going to apply the mistake to everybody, it is very, very expensive, and, indeed, it is—you hate to use the word "unfair," but it would compensate everybody for increases greater than the cost-of-living adjustment.

So I understand why the people in the notch think they are being treated unfairly. They are being treated differently. But they are being treated better than the people that come behind them.

I thank the Chair. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ROBB). Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, we have had a good debate, the first of its kind on the Senate floor concerning an independent agency for the Social Security Administration. We have not a word of opposition heard, just as in our Finance Committee, as my friend Senator PACKWOOD will agree, the vote was essentially unanimous with one Senator wishing to be recorded in opposition.

The Senator from Arizona came to the floor with some amendments, very germane amendments in the field of Social Security on a matter about which he feels very strongly, about which, I feel and Senator PACKWOOD feels should be looked into, but that should not really be carried by this particular bill to establish an independent Social Security Administration.

We have reached a very amicable agreement. He withdrew his amendments and we are going to follow up with him in a new independent agency, which we will want to do. And part of the debate that created that independent agency debate that said we are going to deal with this question of earnings limitations.

But now, I feel that we have about concluded. No one is on the floor. I am going to store my paper, it is agreeable to my colleague and friend, that there be no more amendments. But we are not binding anybody.

It would be my view that we should have no more amendments and should proceed to third reading very shortly.

Is that the view of the Senator from Oregon?

Mr. PACKWOOD. Are you asking unanimous consent for that?

Mr. MOYNIHAN. I understand there is a Senator coming, but I would like it to be on record.

Mr. PACKWOOD. I agree.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The assistant legislation clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. Mr. President, I rise today to once again offer my support for this legislation to make the Social Security Administration an independent agency.

The Social Security Program has the confidence and support of the American public. In a period of increasing doubts and cynicism about government, it is absolutely paramount that those of us here in Washington do everything we can to maintain the credibility of that social program.

A brief look at the work of the Social Security Administration points out how important this bill is. The Social Security Administration includes over half the staff and 60 percent of the expenditures of the Department of Health and Human Services. This program serves over 42 million people. When this administration is not unfairly targeted in budget cuts it does its job well under increasing work loads.

I support this bill because over the next several years Social Security could become an all to convenient target for those who want to balance the budget on the backs of senior citizens and disabled Americans. If anyone questions the chance of that happening, I would only have to point to the budget actions of the early 1980s. Despite an ever increasing number of retirees, increasing numbers of people on Social Security, increasing numbers of disabled children, the programs under the Social Security Administration experienced a reduction of staffing from approximately 80,000 to 63,000 people. As a result we see problems in some areas such as disability reviews, the treatment of those individuals with an addiction and last, but certainly not least, for our elderly in need of basic information.

This legislation will place the Social Security Administration above politics and above interference. Under the bill, a system is set up that allows bipartisan leadership. In turn, that leadership can run the program in the most effective and efficient manner possible. Recommendations will be made that will keep staffing at the necessary levels. We will not have to worry whether or not the telephones are getting answered. And perhaps most important—the citizens of this country will know that the program that was established under Franklin Roosevelt nearly 60 years ago will continue to serve them in good faith.

I want to thank the senior Senator from Oregon again and for his sponsorship of this legislation and for guiding it out.
of the Finance Committee and onto the floor. I am pleased to be a cosponsor and pleased that we can ask our fellow citizens of this country that Social Security is a trust established many decades ago and that we are serious about honoring that trust and commitment.

Ms. MIKULSKI. Mr. President, I rise today to give my enthusiastic support to this legislation which will establish the Social Security Administration as an independent agency. I have long been a supporter of this effort. And I am glad to see its time has finally come

As an independent agency, the Social Security Administration would have three advantages over the current structure: greater stature within the executive branch; greater control over program development and personnel practices; and as an independent agency, a stronger voice in its policy decisions.

An independent agency would also allow the agency head a more direct link to the President. Her or she would be better able to present its needs during policy deliberations within the administration.

Since 1935, the Social Security Administration has grown to be the largest domestic program of the Federal Government. It represents over 20 percent of Federal spending. And it is the ninth largest agency in the Federal Government with an annual budget of over $300 billion.

I take a very special interest in SSA. The Social Security Administration's employees make up more than 50 percent of the Department of Health and Human Services. It employs 64,000 people—13,400 are at the headquarters in Maryland alone. This means that one out of every five Social Security employees live in Maryland.

SSA has a special mission of caring for and helping people. It is the Jewel in the crown of our domestic programs. Americans who have worked hard and played by the rules, look to the Social Security Administration as the agency which will reward their years of productivity.

As the Senator from Maryland and the chair of the Aging Subcommittee of the Labor Committee, I have many reasons to support this bill. The agency is paying benefits to 42 million recipients and maintains earning records for 132 million workers. 73.4 percent of these are elderly. One out of every four Federal spending is directed to Social Security each month.

American workers and retirees have a compact with the Social Security Administration. When I speak to employed people, both young and old, they are concerned about the long-term security of their retirement benefits. They want to know that the system is sound and the benefits they earned will be available. They would have more confidence in a program which could separate the Social Security policy-making from the economic and budgetary decisions affecting the rest of Government.

As we move toward reinventing government, it is important that we streamline our organizations and remove unnecessary levels of additional administration between SSA and the President.

It is important to note that my support for an independent Social Security Administration is in no way a reflection on the current Secretary. I am a great admirer of hers.

But I supported Senator MOWYNIK's effort prior to her appointment and I support it now. We need a separate agency to meet the needs of our aging and disabled population in the 21st century.

A strong independent agency, autonomous agency, is the only way this can be done.

Mrs. FEINSTEIN. Mr. President, I rise today in support of S. 1560, the Social Security Administration Independence Act. In so doing, I would first like to acknowledge the distinguished Senator from New York, and chairman of the Senate Finance Committee. Senator MOYNIHAN has been the patient sponsor of this legislation which has been supported three times now, by the Finance Committee. His stewardship has brought this legislation to us today, and I am pleased to be able to provide my support.

In 1980, the National Commission on Social Security Reform made the same recommendation. In 1984, the Congressional Panel on Social Security Organization made recommendations for establishing an independent agency.

Now, 10 years later, thanks in no small part to the recommendation of the Senator from New York, those recommendations have reached fruition in the form of this legislation.

The Social Security Administration has the second largest budget in the Federal Government. It keeps records on the earnings of 120 million American workers, and provides benefits to 42 million beneficiaries.

I believe the time has come to elevate this agency, to a position which is comparable to other Cabinet-level Federal agencies, by restoring to it its original status as an independent agency accountable directly to the President of the United States.

There was an attempt to create Social Security Administration, which was created in the 1930's as part of the New Deal initiated by President Franklin Delano Roosevelt, was considered the model Federal agency.

It was a time when the American spirit had been challenged, first by a great war on distant continents, and then by the Great Depression. It was a time when the triumphs of the 20th century were dampened by the despair of dust-bowls and depression. And it was a time when the cities of our Nation saw breadlines and soup kitchens.

With the New Deal, a pledge was made to a government to a better life. And the creation of the Social Security Administration represented the foundation of that pledge. That pledge was, if you work hard all of your life, and if you pay your taxes, when the time comes for you to retire, this Government will see to it that you will be guaranteed a modicum of security in your golden years—even if times are hard.

Well—times are hard now. They're certainly hard in my State, and they're hard for our Nation. In California, the times are the worst since the Great Depression. Once again we see people, on our Nation's streets, who have no home.

As a society, we have become accustomed to observing, on a daily basis, suffering of untold proportions. In cities throughout the country we see people lying in urine-soaked doorways. At night, we see people huddled in loading docks, over subway grates, or under freeway overpasses. For them, hope has all but diminished.

Their daily lives consist of finding their next meal and locating shelter for the night, all the while guarding their sole remaining possessions which are stuffed into plastic bags carefully hung around the sides of the shopping carts which are their homes. Many of those people are our Nation's senior citizens, or veterans who are heroes of foreign wars.

These people have lost their spirit. They have lost confidence that the Government, of the greatest nation in the world, can fix the problem or provide them with the so-called safety net. Many people are fearful that they too could become homeless, and that the Social Security check which provides them with the barest essentials of life is somehow in jeopardy.

And the people who sometimes fear the most, are the very people from the generation with whom that pact was made back in the 1930's—our Nation's senior citizens. They did work hard. They did pay their taxes. They did live and serve through foreign wars. They saved their money, and now they fear that the promise made to them may not be kept.

That is why this bill is important. This Nation does keep its promises. It can and will meet its obligations. And our senior citizens can go to sleep at night knowing that the Government, they have supported all of their working lives, will not turn its back on them.

Clearly, the Social Security trust fund is solid, and that is the case for the next three decades. Restoration of the Social Security Administration to its original status as an independent agency, I believe, will ensure that it remains solid. I also believe this act will help in the restoration of the confidence of our Nation's senior citizens.
Each of us here answers that question with a "yes," but polls indicate people continue to believe their Social Security benefits are at risk. Our one-dimensional, easy-to-understand polls can't prove the polls right—their fear is real.

The elderly widow whose only income is her Social Security benefit faces a daily trial of making ends meet with limited means. She should not also face the fear that those benefits will continue to be there for her for the rest of her life.

People still working and planning for their retirement believe they cannot depend on Social Security. They see the Social Security deduction taken out of their pay checks, and yet they too worry. When their retirement date comes, they believe Social Security benefits are not going to be there for them.

As a cosponsor of the Social Security Administration Independence Act, I wanted to allay these fears, and hopefully put them to rest.

This legislation acknowledges first and foremost the importance of the Social Security system. This is the system that has grown from its initial payment of benefits in 1940 to a program today providing social insurance for over 41 million Americans when they retire, become disabled, or die.

Under this bill, Social Security is pulled out of the Department of Health and Human Services, and made an independent agency.

Creation of an independent Social Security agency will protect the integrity of the Social Security trust funds. It will improve the delivery of Social Security services. It will restore the public's confidence in the Social Security System. It will convince the old claim that our Government can serve its citizens. It will mean seniors can rest assured that Social Security will really be there for them.

This independent Social Security agency will be headed by the Commissioner appointed by the President and confirmed by the Senate. The Commissioner will be assisted by the five-member Board of Trustees of the Old Age, Survivors and Disability Insurance Trust Funds.

A part-time, seven-member bipartisan Social Security advisory board, serving staggered terms, will advise the Commissioner, and evaluate policy options. An independent agency seeks to implement. It will recommend how the Agency can best ensure the solvency of the Social Security system, and economic security for those dependent on the program and the compact it has with the Nation's workers to pay earned benefits, independence would insulate Social Security from everyday fiscal policy decisions.

Certainly, the Social Security Administration is responsible for paying benefits to over 42 million recipients and maintaining earnings records for 132 million workers. With approximately 86,000 hardworking employees and a network of 1,330 field offices, and an annual budget of over $30 billion, the Social Security Administration is the largest agency within the Department of Health and Human Services and the ninth largest agency within the entire Federal Government.

The sheer magnitude as well as the promise this agency must fulfill to our Nation's seniors compels us to give it the stature it has deserved for far too long.

Mr. President, I firmly believe that we, as Members of Congress, have no greater duty to American seniors and our working men and women that to protect and strengthen the Social Security program and the compact it has with the Nation's workers to pay earned benefits, independence would insulate Social Security from everyday fiscal policy decisions.

For example, in recent years, funding requests for administrative purposes to process disability applications at SSA were woefully inadequate. As the ranking member on the Appropriations Subcommittee, I sought to increase funds for disability claims processing to alleviate the backlog of disability claims and decrease the waiting time for individuals applying for benefits. I did this because the Administration's requests were inadequate to allow efficient processing of first time claims in a timely review of backlog cases. Although SSA had been and still is somewhat overwhelmed by the number of claims, the committee has provided funding to reduce the backlog.

Being independent will not only improve the actual administration of the program and increase public confidence in the system, it will also help assure strong and effective leadership for the program and agency. Furthermore, the bill will create a bipartisan, seven-member advisory board which will analyze the Nation's retirement and dis-
ability systems and make recommendations with respect to how the programs under SSA can most effectively assure economic security for all Americans. Its creation will assist the Administration in avoiding policy errors and, I believe, enable an independent SSA to be guided by its traditional objectives, which stress the highest quality service to the public.

The creation of an independent agency will not only increase its stature among other agencies and lead to more coherence among top management, it would add a new dimension to the problem-solving and creative process. Independence will increase the ability of the SSA to obtain and retain the most experienced and capable leadership for the agency, and more importantly, allow the administrator to seek the advice of the President directly. In my mind 42 million people deserve nothing less than the President’s ear.

Mr. President, over the years I have been a proud cosponsor of this important legislation and would like to congratulate and thank Senator Moynihan for moving this bill through the Senate.

Mr. GORTON. Mr. President, I am pleased to support S. 1500, the Social Security Administration Independence Act.

Very briefly, this bill will remove the Social Security Administration from under the Department of Health and Human Services and make it an independent agency. The new, independent Social Security Administration will continue to administer the OASDI and SSI Programs, and will be run by a Commissioner, who is appointed by the President and confirmed by the Senate. In addition, it creates a Social Security advisory board, made up of seven members, to evaluate policy alternatives, conduct research on issues and advise the Commissioner.

This effort is not a new one. Similar bills have been before Congress in the past. But the most recent one, Senate Bill 1500, which was introduced by Senator Moynihan, was not brought to the Senate floor after it was passed by the House during the 102d session, was not brought to the Senate floor after it was passed by the House.

Mr. President, beginning in April this year, the Social Security Administration is preparing to implement this program to inform future beneficiaries that retirement planning assistance is currently provided through local area agencies on aging, through the workplace, or through the Social Security Administration.

In addition, the Social Security Administration is clearly in a good position to evaluate existing retirement planning services, to observe any gaps, and to determine how the Federal Government can best help to facilitate this planning. Certainly no other agency should have a greater interest in encouraging Americans to engage in retirement planning.

Retirement can mean embarking on an exciting and vital phase of life when one is capable and healthy, and a time to enjoy the fruits of all one’s efforts. There are many gaps, however, in the transition to retirement. Some of the major problems that have plagued the Administration by creating strong and flatter. It serves. It sends a positive message that functions are considered extremely important and will increase public confidence in the Social Security system. Independence will help clear up some of the administrative and service quality problems. The President’s 1980 proposal, considered during the 102d session, was not brought to the Senate floor after it was passed by the House due to time constraints. I am pleased that now the Senate has taken up this matter.

Independence for the Social Security Administration is a productive move and gives the system the stature it deserves. It sends a positive message that SSA’s functions are considered extremely important and will increase public confidence in the Social Security system. Independence will help clear up some of the administrative and service quality problems. The President’s 1980 proposal, considered during the 102d session, was not brought to the Senate floor after it was passed by the House due to time constraints. I am pleased that now the Senate has taken up this matter.

For most retirees rely on Federal programs, such as Medicare and Social Security for health insurance and retirement income, lack of health and retirement planning has substantial long-term costs for the Federal Government. Furthermore, a lack of retirement planning can impact the quality of life. Persons who anticipate retirement-related changes can plan socially and financially, and avoid relocating without the loss of social, community and health services.

Retirees who do not evaluate retirement-related decisions could experience social dislocation and unanticipated financial and health needs, causing despair and dependence on Government health and social services programs. It is a sad commentary that one of the highest incidents of suicide in the United States is among people who have recently retired—those who are not prepared to deal with the new life into which retirement has ushered them. Economic issues, health issues, and the issue of relocation could be dealt with more effectively if retirement planning was more accessible. Organizations such as the American Association of Retired Persons (AARP) already conduct retirement seminars. Many employers, including the Federal Government, provide some retirement services.

The Social Security Administration is in the midst of fulfilling a congressional mandate to distribute annually, a personal earnings and benefits estimate statement, which includes estimated benefits and costs for the individual retiree at 62, 65, or 70 years of age. The agency begins its pilot program in April 1994, and will continue to phase in the program so that, by the year 2000, all working Americans will receive their estimate statement. I believe it would be appropriate for the Social Security Administration to expand this project to inform future beneficiaries that retirement planning assistance is currently provided through local area agencies on aging, through the workplace.
from New York has a shared interest in promoting retirement security, would he agree that the Social Security Administration should review and report to Congress on existing and available retirement services?

Mr. MOYNIHAN. Yes, I would agree with the Senator from Florida. The Social Security Administration is in a unique position to undertake such a study of retirement planning services. This study would certainly be consistent with the mission of the Social Security Program.

Mr. GRAHAM. In addition, the SSA personal earnings and benefits estimate statement should be expanded to include recommendations that workers adequately consider their retirement needs and to provide future retirees personal earnings and benefits projections. And, in the spirit of the Senate resolution of the Social Security Program.

Mr. MOYNIHAN. Certainly. The Senator from Florida has made a valuable suggestion.

Mr. McCAIN. Mr. President, I strongly support S. 1560 and feel it is an important measure that will help protect the Social Security Administration’s fiscal integrity and program effectiveness. I would like to offer a few brief comments regarding what I hope will not be a result of this legislation to make the Social Security Administration an independent government agency. I am concerned that the newly independent agency may lead to a request for massive new construction or leasing projects for the Social Security Administration.

As many Members of this body are well aware, the creation of a new government agency or elevation of an existing one can lead to requests for new headquarters or expanded agency offices. Already overburdened taxpayers are then further saddled with the cost of paying for tens of millions of dollars’ worth of bricks, mortar, equipment, and furnishings to satisfy the newly empowered agency’s desire for more and more new office space.

Let me clearly state that Federal agencies are often not to blame for such spending—its the Congress’s fault. Year in and year out, many Members of the Senate and House of Representatives make a profession out of directing the Federal Government to build new buildings that aren’t really necessary, or require agencies to change locations for the sheer sake of bringing home some more pork for their State or congressional district.

This dubious practice is often obscured with stentorian speeches about the need to endlessly accelerate public investment in our economy, and the purported merits of a new home-state project. What it really is an inexorable, multibillion-dollar waste of taxpayer dollars. I have introduced numerous bills, amendments, and come to the floor of the Senate literally dozens of times in an effort to defeat wasteful and unnecessary construction projects, as well as their closely related cousins—unauthorized, unrequested, but much-beloved demonstration projects.

In his highly touted and comprehensive National Performance Review of the operation of the Federal Government, Vice President Gore criticized the Administration’s recommendation for a moratorium on Federal funding for new building construction. The Vice President also noted that 1993 was a record year for line-item requests in congressional appropriation bills, a distinction that I’m sorry to say probably won’t change this year. I strongly support this recommendation and have cosponsored legislation in the Senate to do just that. It is estimated that temporarily halting new Federal construction programs could save taxpayers in excess of $1 billion this fiscal year, without causing difficulties to vital programs of the Federal Government. With many large and medium-sized cities across the country experiencing commercial office space vacancy rates of over 25 percent, using scarce taxpayer dollars for low-priority Federal construction projects is an especially unjustifiable abuse.

I have strenuously worked to stem the seemingly inexhaustible appetite of the Congress to misuse taxpayer dollars in this manner, and this includes unnecessary or excessively costly projects that directly affect my State of Arizona. An overwhelming majority of the American people support an end to the egregious practice of pork barrel spending, and I will continue to fight this good fight whenever such projects are brought into the light of open congressional consideration.

Mr. President, as the ranking minority member on the Senate’s subcommittee with oversight responsibilities for the General Services Administration (GSA), I am dedicated to ensuring that the GSA is extremely cost-conscious when it comes to evaluating agency requests for new construction or leases. To responsibly provide the record core for evaluating Federal agencies to serve the public, and to protect taxpayer dollars from being misused, it is vital for the Congress and the administration to abide by this law. And to ensure that the GSA follows to evaluate requests for new office space. This procedure is thorough if it is followed and respected by the relevant authorizing and appropriating committees in the Congress.

The problem is that this process is too often ignored by Members in their zeal to secure line-item appropriations for undeserving constituencies that may bring pressure to bear on them. The GSA is required to conduct an economic analysis of all agency requests for new office space, and then submit their findings to the Office of Management and Budget. The recommendations of GSA and OMB are then submitted to the Congress and the administration to abide by this law. And to ensure that the GSA follows to evaluate requests for new office space. This procedure is thorough if it is followed and respected by the relevant authorizing and appropriating committees in the Congress.

The determination of the authorizing committees is then given final consideration by the Appropriations Committees.

I call on my colleagues to abide by this process as a means of cutting down on wasteful Federal spending, and to guarantee that any major new construction projects or leases that are ultimately funded by the taxpayers are forced to survive a rigorous evaluation process. Our obligation to taxpayers in times of a $4 trillion debt demands nothing less.

I hope my concerns regarding the passage of this legislation pertaining to future requests of the Social Security Administration are unfounded. The Social Security Administration has benefited from expanded building space acquisition in the recent past, and I hope that the eventual enactment of this legislation does not serve as an impetus for the Social Security Administration or Members of Congress to seek funding for unnecessary building space that results in added costs to the taxpayer dollars.

Mr. MOYNIHAN. Mr. President, I ask for a third reading of the bill.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is: Shall it pass?

So the bill (S. 1560), as amended, was passed, as follows:

S. 1560

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

SECTION 1. SHORT TITLE; AMENDMENT OF SOCIAL SECURITY ACT; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Social Security Administration Independence Act of 1994”.

(b) Amendment of Social Security Act.—Except as otherwise provided, whenever in this Act an amendment is expressed in terms of an amendment to or repeal of, a section or other provision, the reference shall be made to that section or other provision of the Social Security Act.

(c) Table of Contents.—The table of contents of this Act is as follows:

Sec. 1. Short title; amendment of Social Security Act; table of contents.

TITLE I—ESTABLISHMENT OF NEW INDEPENDENT AGENCY

Sec. 101. Establishment of Social Security Administration as a separate, independent agency.

Sec. 102. Commissioner and Deputy Commissioner.

Sec. 103. Social Security Advisory Board.

Sec. 104. Personnel; budgetary matters; seal.

Sec. 105. Transfers to the new Social Security Administration.

Sec. 106. Transitional rules.

(title)

TITLE II—CONFORMING AMENDMENTS

Sec. 201. Amendments to titles II and XVI of the Social Security Act.

Sec. 202. Other amendments.

Sec. 203. Rules of construction.

Sec. 204. Effective dates.
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TITLE III—SOCIAL SECURITY DISABILITY AND REHABILITATION

Sec. 301. Short title.

Sec. 302. Reform of monthly insurance benefits based on disability involving substance abuse.


Sec. 304. Establishment of referral monitoring agencies required in all States.

Sec. 305. Proceeds from certain criminal activities constitute substantial gainful employment.

Sec. 306. Consistent penalty provisions for Social Security Administration as a separate, independent agency.

TITLE I—ESTABLISHMENT OF NEW INDEPENDENT AGENCY

Sec. 101. Establishment of Social Security Administration as a separate, independent agency.

Section 701 (42 U.S.C. 901) is amended to read as follows:

"SOCIAL SECURITY ADMINISTRATION

"Sec. 701. (a) There is hereby established, as an independent agency in the executive branch of the Government, a Social Security Administration (hereafter in this title referred to as the 'Administration') who shall be responsible for the exercise of all powers and the discharge of all duties of the Administration to administer the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI.

"(b) The Commissioner shall be appointed by the President, with the advice and consent of the Senate.

"(c) The Commissioner shall be appointed for a term of 4 years coincident with the term of the Commissioner, or until the appointment of a qualified successor.

"(D) The Commissioner shall be compensated at the rate provided for level I of the Executive Schedule.

"(E) The Commissioner shall perform such other duties as the President assigns to the Commissioner, and the duty of the Administration to administer the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI.

"SEC. 102. COMMISSIONER AND DEPUTY COMMISSIONER OF SOCIAL SECURITY.

Section 702 (42 U.S.C. 902) is amended to read as follows:

"COMMISSIONER AND DEPUTY COMMISSIONER OF SOCIAL SECURITY

"Sec. 702. (a) There shall be the Commissioner of Social Security (hereafter in this title referred to as the 'Commissioner') who shall be appointed by the President, with the advice and consent of the Senate.

"(2) The Commissioner shall be compensated at the rate provided for level I of the Executive Schedule.

"(3) The Commissioner shall be appointed for a term of 4 years coincident with the term of the President, or until the appointment of a successor.

"(4) The Commissioner shall be responsible for the exercise of all powers and the discharge of all duties of the Administration, subject to the policy and control over all personnel and activities thereof.

"(5) The Commissioner may prescribe such rules and regulations as the Commissioner determines necessary or appropriate to carry out the functions of the Administration. The regulations prescribed by the Commissioner shall be subject to the rulemaking procedures established under section 553 of title 5, United States Code.

"The Commissioner may establish, alter, continue, or discontinue such organizational units or components within the Administration as the Commissioner considers necessary for the Administration, and the Commissioner may find necessary. Within the limitations of such delegations, redesignations, or assignments, all official acts of the Commissioner and of any officer and employee shall have the same force and effect as though performed or rendered by the Commissioner.

"(b) The Commissioner and the Secretary of Health and Human Services (hereafter in this title referred to as the 'Secretary') shall consult, on an ongoing basis, to ensure—

"(A) the coordination of the programs administered by the Commissioner, as described in section 701, with the programs administered by the Secretary under titles XVIII and XIX of this Act; and

"(B) that materials, information concerning benefits under such titles XVIII and XIX shall be available to the public.

"(C) The Commissioner shall be compensated at the rate provided for level I of the Executive Schedule.

"(D) The Commissioner shall perform such other duties as the President assigns to the Commissioner, and the duty of the Administration to administer the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI.

"(E) The Commissioner shall be responsible for the exercise of all powers and the discharge of all duties of the Administration, subject to the policy and control over all personnel and activities thereof.

"(F) The Commissioner may prescribe such rules and regulations as the Commissioner determines necessary or appropriate to carry out the functions of the Administration. The regulations prescribed by the Commissioner shall be subject to the rulemaking procedures established under section 553 of title 5, United States Code.

"The Commissioner may establish, alter, continue, or discontinue such organizational units or components within the Administration as the Commissioner considers necessary for the Administration, and the Commissioner may find necessary. Within the limitations of such delegations, redesignations, or assignments, all official acts of the Commissioner and of any officer and employee shall have the same force and effect as though performed or rendered by the Commissioner.

"(G) The Commissioner and the Secretary of Health and Human Services (hereafter in this title referred to as the 'Secretary') shall consult, on an ongoing basis, to ensure—

"(A) the coordination of the programs administered by the Commissioner, as described in section 701, with the programs administered by the Secretary under titles XVIII and XIX of this Act; and

"(B) that materials, information concerning benefits under such titles XVIII and XIX shall be available to the public.

"(C) The Commissioner shall be compensated at the rate provided for level I of the Executive Schedule.

"(D) The Commissioner shall perform such other duties as the President assigns to the Commissioner, and the duty of the Administration to administer the old-age, survivors, and disability insurance program under title II and the supplemental security income program under title XVI.

"(E) The Commissioner shall be responsible for the exercise of all powers and the discharge of all duties of the Administration, subject to the policy and control over all personnel and activities thereof.

"(F) The Commissioner may prescribe such rules and regulations as the Commissioner determines necessary or appropriate to carry out the functions of the Administration. The regulations prescribed by the Commissioner shall be subject to the rulemaking procedures established under section 553 of title 5, United States Code.

"The Commissioner may establish, alter, continue, or discontinue such organizational units or components within the Administration as the Commissioner considers necessary for the Administration, and the Commissioner may find necessary. Within the limitations of such delegations, redesignations, or assignments, all official acts of the Commissioner and of any officer and employee shall have the same force and effect as though performed or rendered by the Commissioner.

"(G) The Commissioner and the Secretary of Health and Human Services (hereafter in
Section 704 is amended to read as follows:

"ADMINISTRATIVE DUTIES OF THE COMMISSIONER—(a) Functions.—There are transferred to the Social Security Administration all functions carried out by the Secretary of Health and Human Services with respect to the programs and activities the administration of which is vested in the Social Security Administration under this title and the amendments made thereby. The Commissioner of Social Security shall allocate such functions in accordance with sections 703, 702, 930, and 931 of the Social Security Act (as amended by this title).

(b) Personnel, Assets, etc.—(1) There are transferred from the Department of Health and Human Services to the Social Security Administration, for appropriate allocation by the Commissioner of Social Security in the Social Security Administration—

(A) the personnel employed in connection with the functions transferred by this title and the amendments made thereby; and

(B) the assets, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, or used in connection with such functions, arising from such functions, or available, in connection with such functions.

(2) Under such laws or subject to such laws that, in connection with such functions, the purposes of such funds are authorized and appropriated.

(3) The Commissioner shall, in connection with the functions transferred by this title and the amendments made thereby, authorize and appropriate such funds for the purposes of such transferred functions.

(c) Employment Restrictions.—The transition director shall consult regularly with the Commissioner of Social Security, the Director of the Office of Management and Budget, and, in the case of the functions transferred by this title to the Social Security Administration, shall consult also with the Administrator of Human Services, to ensure that such functions are carried out in accordance with the principles and standards established for the purposes for which the funds were originally authorized and appropriated.
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(c) CONTINUATION OF ORDERS, DETERMINATIONS, RULES, REGULATIONS, ETC.—All orders, determinations, rules, regulations, per-
mits, licenses, special allowances, and special privileges or exceptions thereto granted or made by or under the regulations prescribed thereunder, are vested in the Commissioner of Social Security; and

(g) JUDICIAL REVIEW.—Orders and actions of the Commissioner of Social Security in the exercise of functions vested in such Commission-
er under this title, and the amendments made therein, are subject to judicial review in the same manner as if such orders had been made and such actions had been taken by the Secretary of Health and Human Services in the exercise of such functions immediately before the date established pursuant to section 107(a). Any statutory requirements relating to notices, hearings, action upon the record, or administrative review that apply to any function so vested in such Commissioner shall continue to apply to the exercise of such function by such Commissioner.

(h) EXERCISE OF FUNCTIONS.—In the exer-
cise of the functions vested in the Commissioner of Social Security under this title, the amendments made thereby, and regulations prescribed thereunder, such Commissioner shall have the same authority as that vested in the Secretary of Health and Human Services with respect to functions exercised of such functions immediately preceding the vesting of such functions in such Commissioner, and actions of such Commissioner shall have the same force and effect as when exercised by such Secretary.

(i) REPORT.—Within 123 days of the date of the enactment of this title, the transition director and the Commissioner of Social Secu-
ritv shall report to the Congress on any significant Internal restructuring that are proposei to be undertaken.

SEC. 107. EFFECTIVE DATES.

(1) (A) in subsection (a), by striking “and the Secretary of Health and Human Ser-

vices” and inserting “by the Secretary of Health and Human Services”; and

(B) in the first sentence of this subparagraph, “(I) the Commissioner of Social Security” shall be struck, and “the Treasury” and “Commissioner” shall be inserted.

(2) in section 201(b)(2) (42 U.S.C. 401(b)(2))—

(A) in clause (i), by striking “by the Commissioner of Social Security” and inserting “by the Secretary of Health and Human Services” and “the deputy commissioner”;

(B) in clause (ii), by striking “the Department of Health and Human Services” and inserting “the Secretary of Health and Human Services”;

(C) by striking the last sentence and inserting the following: “There are hereby au-
norized to be appropriated for spendi-
ture, out of any or all of the Trust Funds, such amounts as the Congress may deem ap-
propriate to pay the costs of the part of the administration of this title and title XV of the Internal Revenue Code of 1986 other than those referred to in clause (i) of the first sentence of this subparagraph.

(D) in section 201(b)(3) (42 U.S.C. 401(b)(3)), is further amended by striking subparagraph (B) and inserting the following new subpara-
graph:

“(B) By the close of each fiscal year—

“(1) the Commissioner of Social Security shall make public the estimated cost of operating such program during such fiscal year, of adminis-
istration of this title and title XV of the Internal Revenue Code of 1986 other than those referred to in clause (i) of the first sentence of subparagraph (A),
which should have been borne by the general fund in the Treasury, (II) the portion of such costs which should have been borne by the Federal Hospital Insurance Trust Fund, and (III) the portion of such costs which should have been borne by the Federal Disability Insurance Trust Fund, and (ii) the Secretary of Health and Human Services shall determine (I) the portion of the costs, incurred during such fiscal year, of administration of title XVIII which should have been borne by the general fund in the Treasury, (II) the portion of such costs which should have been borne by the Federal Hospital Insurance Trust Fund, and (III) the portion of such costs which should have been borne by the Federal Supplementary Medical Insurance Trust Fund, except that the determination of the amounts to be borne by the general fund in the Treasury with respect to expenditures incurred in carrying out such functions specified in paragraph (2) shall be made pursuant to the applicable method prescribed under paragraph (4) of this subsection.

(4) The Commissioner of Social Security and the Secretary of Health and Human Services shall jointly certify to the Managing Trustee of each Trust Fund which should be transferred from one to any of the other of such Trust Funds and the amounts, if any, to be transferred from one Trust Fund to any of the other Trust Funds.

(5) The Secretary of Health and Human Services shall have proper share of the costs, incurred during such fiscal year, for (i) the part of the administration of this title and title XVIII for which the Commissioner of Social Security is responsible, (ii) the part of the administration of this title and title XVI for which the Secretary of Health and Human Services is responsible, and (iii) carrying out the functions of the Social Security Administration, specified in section 223, which relates to the administration of provisions of the Internal Revenue Code of 1986 (other than those referred to in clause (I) of the first sentence of subparagraph (A)). The Managing Trustee may transfer such amounts in accordance with any certification so made.

(6) Section 201(g)(2) (42 U.S.C. 401(g)(2)) is amended, in the second sentence, by striking "established and maintained by the Secretary of Health and Human Services" and inserting "established and maintained by the Commissioner of Social Security".

(7) Section 201(g)(4) (42 U.S.C. 401(g)(4)) is amended to read as follows:

"(4) The Commissioner of Social Security shall be subject to the provisions prescribed pursuant to this paragraph, as in effect immediately before the date of the enactment of the Social Security Administration Independence Act of 1994 and shall be subject to the provisions described in section 1131 (42 U.S.C. 1311) which correspond to the provisions prescribed pursuant to this paragraph. (a) The Managing Trustee may accept on behalf of the United States money gifts and bequests made unconditionally to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, or the Federal Supplementary Medical Insurance Trust Fund or to the Social Security Administration, the Department of Health and Human Services, or any part or officer thereof, for the benefit of any of such Funds or any activity financed through such Funds."

(8) Subsections (a) and (k) of section 201 (42 U.S.C. 401) are each amended by striking "Secretary" each place it appears and inserting "Commissioner of Social Security" and (II) the portion of such costs which should have been borne by the Federal Supplementary Medical Insurance Trust Fund.

(9) Section 210 (42 U.S.C. 401) is amended by striking "Internal Revenue Code of 1984" each place it appears and inserting "Internal Revenue Code of 1986"

SEC. 202. OTHER AMENDMENTS.
(a) AMENDMENTS TO TITLE VII.—(1) Title VII (42 U.S.C. 901 et seq.; for purposes of this section) shall be amended by adding at the end the following new section:

"103. Duties and Authority of Secretary

"Sec. 712. The Secretary shall perform the duties imposed upon the Secretary by this Act. The Secretary is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures as may be necessary for carrying out the functions and policies of the Federal Old-Age and Survivors Insurance Program and the Federal Disability Insurance Program."

(2) Section 706 (42 U.S.C. 907) is amended—

(1) in subsection (a), by striking "Advisory Council on Social Security" and inserting "Advisory Council on Hospital and Supplementary Medical Insurance for the purpose of carrying out the statutory duties of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund in relation to the long-term commitments";

(2) in subsection (b), by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

(3) by striking the section heading and inserting the following:

"Advisory Council on Hospital and Supplementary Medical Insurance"

(3) Paragraph (4) (42 U.S.C. 910(b)) is amended by striking "(as estimated by the Secretary) and inserting "(as estimated by the Secretary)";

(4) Sections 709 and 710 (42 U.S.C. 910 and 911) are each amended by striking "Internal Revenue Code of 1984" each place it appears and inserting "Internal Revenue Code of 1986"

(b) AMENDMENTS TO TITLE XI.—(1) Section 1101(a) (42 U.S.C. 1301(a)) is amended by adding at the end the following new paragraph:

"(10) the term "Administration" means the Social Security Administration, except where the context requires otherwise.

(2) Section 1106(a) (42 U.S.C. 1306(a)) is amended—

(A) by inserting "(I)" after "(A)"

(B) by striking "Department of Health and Human Services" each place it appears and inserting "applicable agency"

(C) by striking "Secretary" each place it appears and inserting "head of the applicable agency"

(D) by adding at the end the following new paragraph:

"For purposes of this subsection and subsection (b), the term "applicable agency"

means—

(A) the Social Security Administration, with respect to the Federal Old-Age and Survivors Insurance Program; and

(B) the Department of Health and Human Services, with respect to the Federal Disability Insurance Program."

(2) Section 1106(b) (42 U.S.C. 1306(b)) is amended—

(A) by striking "Secretary" each place it appears and inserting "head of the applicable agency"

(B) by striking "Department of Health and Human Services" and inserting "applicable agency"

(3) Section 1106(c) (42 U.S.C. 1306(c)) is amended—

(A) by striking "the Secretary" the first place it appears and inserting the "Commissioner of Social Security"; and

(B) by striking "the Secretary" each subsequent place it appears and inserting "such Commissioner or Secretary".

(4) Section 1107(b) (42 U.S.C. 1307(b)) is amended by striking the "Secretary of Health and Human Services" and inserting the "Commissioner of Social Security or the Secretary"

(5) Section 1110 (42 U.S.C. 1310) is amended—

(A) in subsection (a)(2), by inserting "or the Commissioner, with respect to any joint-venture, joint-cooperative agreement or grant concerning titles II or XVI" after "Secretary";

(B) in subsection (b) (42 U.S.C. 1311(b)) is amended by striking the "Secretary" each place it appears and inserting the "Commissioner";

(C) by striking "he", "his", "him", and "himself" each place they appear (except in subsections (d)(1) and (a)) and inserting the "Commissioner", the "Commissioner", and "himself or herself", respectively.

(D) by adding at the end the following new passage:

"and (II) the portion of such costs which should have been borne by the Federal Hospital Insurance Trust Fund, as estimated by the Secretary) and inserting "period of fiscal year".

(2) Section 1106(b) (42 U.S.C. 1306(b)) is amended—

(A) by striking "Secretary" each place it appears and inserting "head of the applicable agency"

(B) by striking "Department of Health and Human Services" and inserting "applicable agency"

(3) Section 1106(c) (42 U.S.C. 1306(c)) is amended—

(A) by striking "the Secretary" the first place it appears and inserting the "Commissioner of Social Security"; and

(B) by striking "the Secretary" each subsequent place it appears and inserting "such Commissioner or Secretary".

(4) Section 1107(b) (42 U.S.C. 1307(b)) is amended by striking the "Secretary of Health and Human Services" and inserting the "Commissioner of Social Security or the Secretary"

(5) Section 1110 (42 U.S.C. 1310) is amended—

(A) in subsection (a)(2), by inserting "or the Commissioner, with respect to any joint-venture, joint-cooperative agreement or grant concerning titles II or XVI" after "Secretary";

(B) in subsection (b) (42 U.S.C. 1311(b)) is amended by striking the "Secretary" each place it appears and inserting the "Commissioner";

(C) by striking "he", "his", "him", and "himself" each place they appear (except in subsections (d)(1)(A) and inserting the "Commissioner", the "Commissioner", and "himself or herself", respectively.

(D) by adding at the end the following new passage:

"and (II) the portion of such costs which should have been borne by the Federal Hospital Insurance Trust Fund, as estimated by the Secretary) and inserting "period of fiscal year".

(2) Section 1106(b) (42 U.S.C. 1306(b)) is amended—

(A) by striking "Secretary" each place it appears and inserting "head of the applicable agency"

(B) by striking "Department of Health and Human Services" and inserting "applicable agency"

(3) Section 1106(c) (42 U.S.C. 1306(c)) is amended—

(A) by striking "the Secretary" the first place it appears and inserting the "Commissioner of Social Security"; and

(B) by striking "the Secretary" each subsequent place it appears and inserting "such Commissioner or Secretary".

(4) Section 1107(b) (42 U.S.C. 1307(b)) is amended by striking the "Secretary of Health and Human Services" and inserting the "Commissioner of Social Security or the Secretary"

(5) Section 1110 (42 U.S.C. 1310) is amended—

(A) in subsection (a)(2), by inserting "or the Commissioner, with respect to any joint-venture, joint-cooperative agreement or grant concerning titles II or XVI" after "Secretary";

(B) in subsection (b) (42 U.S.C. 1311(b)) is amended by striking the "Secretary" each place it appears and inserting the "Commissioner";

(C) by striking "he", "his", "him", and "himself" each place they appear (except in subsections (d)(1)(A) and inserting the "Commissioner", the "Commissioner", and "himself or herself", respectively.

(D) by adding at the end the following new passage:
March 2, 1994

CONGRESSIONAL RECORD—SENATE

(D) by striking subsection (a)(1); (E) by redesignating subsection (a)(2) as subsection (a)(3); (F) by inserting after subsection (a)(1) the following new section:

"(2) the Secretary makes a finding of fact and a decision as to the entitlement under section 222 of any individual to hospital insurance benefits under part A of title XVIII, or; and (B) by striking "Secretary" in the matter in subsection (a) following paragraph (3) (as so redesignated) and inserting "Commissioner of Social Security".

(2) Section 1155 (42 U.S.C. 1290c-4) is amended by striking "(to the same extent as is included in section 195(c))" and all that follows and inserting "(to the same extent as beneficiaries under title II are entitled to a hearing by the Commissioner of Social Security under section 205(f))" for purposes of the preceding subsection, subsection (l) of section 205 shall apply, except that any reference to the Commissioner of Social Security or the Social Security Administration shall be deemed a reference to the Secretary or the Department of Health and Human Services, respectively. Where the amount in controversy is $2,000 or more, such beneficiary shall be entitled to judicial review of any final decision relating to the consideration described in this subsection.

(11) Sections 1101, 1106, 1107, and 1197 (42 U.S.C. 1306, 1307, and 1307b-7, respectively) are amended by striking "Internal Revenue Code of 1954" each place it appears and inserting "Internal Revenue Code of 1986".

(c) AMENDMENTS TO TITLE XVIII.—(1) Subsections (a) and (f) of section 1817 (42 U.S.C. 1395f) are amended— (A) by adding at the end of section 205(b)(1) the following new subparagraph: "or the Commissioner of Social Security"; and (B) by adding at the end of section 222 the new section:

"(f) such regulations shall be prescribed after consultation with the Secretary, and "Commissioner of Social Security" after "the Sec-

(2) Section 1840(a) (42 U.S.C. 1335a(a)) is amended— (A) in paragraph (1), by striking "Secretary" and inserting "Commissioner of Social Security"; and (B) by striking "Secretary of Health and Human Services" and inserting "Commissioner of Social Security".

(3) Section 1872 (42 U.S.C. 1395ii) is amended— (A) by adding after "(c)(1), (c)(2)(E), (g)(1), (g)(2)(A), and" the following: "(c)(2)(B) of such Act (7 U.S.C. 2015(g), 2020(j), and 2025(e)) is each amended by adding " the Commissioner of Social Security" after "the Secretary, and "Secretary of Health and Human Services" each place it appears and inserting "Commissioner of Social Security".

(4) Section 1902(b)(10)(B) of such Code (26 U.S.C. 6010(k)(9)(B)) is amended by striking "Secretary of Health and Human Services" each place it appears and inserting "Commissioner of Social Security".

(e) AMENDMENTS TO TITLES XIX AND XXI.—(1) Section 1305(c)(2)(A) (42 U.S.C. 1396d) is amended by striking "Secretary of Health and Human Services" each place it appears and inserting "Commission of Social Security".

(2) Section 1351(b) (42 U.S.C. 1396m-1(a)) is amended by striking "Secretary of Health and Human Services" and inserting "Commissioner of Social Security".

(3) Section 2001(b)(1) (42 U.S.C. 1395f(b)(1)) is amended by striking "Secretary" and inserting "Commissioner of Social Security".

(f) AMENDMENTS TO TITLE XX.—(1) Sections 1902(b)(10) of such Code (26 U.S.C. 6010(k)(9)(B)) are amended by striking "Secretary of Health and Human Services" each place it appears and inserting "Commission of Social Security".

(2) Sections 1910(b)(2) (42 U.S.C. 1396i(b)(2)) is amended, in the first sentence, by insert-
shall be considered a reference to the Commission of Social Security.

(c) REFERENCES TO OTHER OFFICERS AND EMPLOYEES.—Whenever any reference is made in any provision of law (other than this Act) to the provision of law amended by this Act, regulation, rule, record, or document to any other officer or employee of the Department of Health and Human Services with respect to such officer or employee's functions under the old-age, survivors, and disability insurance program under title II of the Social Security Act or the supplemental security income program under title XVI of such Act, such reference shall be considered a reference to the appropriate officer or employee of the Social Security Administration.

SEC. 204. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the provisions of this title shall take effect on the date established pursuant to section 205(j) of the Act.

(b) EXCEPTIONS.—Subsections (f)(1), (f)(2), and (i) of section 202 shall take effect on the date of the enactment of this title.

TITLE I. SOCIAL SECURITY DISABILITY AND REHABILITATION

SEC. 301. SHORT TITLE.

This title may be cited as the "Social Security Disability and Rehabilitation Act of 1994."
Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. FACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, we thank all concerned. I know on my side Ed Lopez and Margaret Malone were extremely helpful in this measure that is 15 years past due. In time it will finally come.

Mr. FACKWOOD. Mr. President, on my side, Kathy Tobin who has worked long and hard on this, and Lindy Paul.

Mr. MOYNIHAN. Mr. President, I hope to see a new era in Social Security in consequence. We thank the cooperation of everybody.

SEC. 204. ESTABLISHMENT OF REFERRAL MONITORING AGENCIES REQUIRED IN MEDICAID.

The Secretary of Health and Human Services shall, within 1 year of the date of the enactment of this Act, provide for the establishment of referral monitoring agencies for each State for the purpose of carrying out the treatment requirements under section 222(d)(1) and 1611(e)(3)(A) of the Social Security Act (42 U.S.C. 422(d)(1) and 1320c(e)(3)(A)).

SEC. 205. PROCEDURES FROM CERTAIN CRIMINAL ACTIVITIES TO SUBSTANTIAL GAINFUL EMPLOYMENT.

(a) Social Security Disability Insurance.—Section 222(d)(4) of the Social Security Act (42 U.S.C. 422(d)(4)) is amended by inserting the following after the first sentence: "If an individual engaged in a criminal activity to support substance abuse, any proceeds derived from such activity shall be guilty of a felony and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both" and after such amendment by section 1228(h) of such Act (42 U.S.C. 1228(h)) and any other Federal program as provided by law.

Sec. 206. ESTABLISHMENT OF REFERRAL MONITORING AGENCIES REQUIRED IN MEDICAID.

The Secretary of Health and Human Services shall, within 1 year of the date of the enactment of this Act, provide for the establishment of referral monitoring agencies for each State for the purpose of carrying out the treatment requirements under sections 222(d)(1) and 1611(e)(3)(A) of the Social Security Act (42 U.S.C. 422(d)(1) and 1320c(e)(3)(A)).

Sec. 207. CONSISTENT PENALTY PROVISIONS FOR SSDI AND SSI PROGRAMS.

(a) Federal General Penalties.—(1) In general.—Subsection (a) of section 1613 of the Social Security Act (42 U.S.C. 1383) is amended by inserting "or, if the individual is under a disability which is not related in part to a drug addict or alcoholic, the individual is under a disability as defined in such clause." after "entitled to such benefits under title II or XVI of the Social Security Act based in whole or in part on a medical determination that the individual is a drug addict or alcoholic in the manner prescribed by section 223(d)(5) that the individual continues to be under a disability as defined in such clause."

(b) Social Security Disability Income.—Section 1614(a)(3)(D) of the Social Security Act (42 U.S.C. 1383D(a)(3)(D)) is amended by inserting "(other than such person's spouse or an entity described in section 1614(c)(3)(D)(ii)(III))", after "any State health care program (as defined in section 1396a of title 42, and any other Federal program as provided by law)."

(c) Effective date.—The amendments made by this section shall apply to determinations conducted on or after the date of the enactment of this Act.

SEC. 208. ESTABLISHMENT OF REFERRAL MONITORING AGENCIES REQUIRED IN MEDICAID.

The Secretary of Health and Human Services shall, within 1 year of the date of the enactment of this Act, provide for the establishment of referral monitoring agencies for each State for the purpose of carrying out the treatment requirements under sections 222(d)(1) and 1611(e)(3)(A) of the Social Security Act (42 U.S.C. 422(d)(1) and 1320c(e)(3)(A)).

Sec. 209. CONSISTENT PENALTY PROVISIONS FOR SSDI AND SSI PROGRAMS.

(a) Federal General Penalties.—(1) In general.—Subsection (a) of section 1613 of the Social Security Act (42 U.S.C. 1383) is amended by inserting "entitled to such benefits under title II or XVI of the Social Security Act based in whole or in part on a medical determination that the individual is a drug addict or alcoholic in the manner prescribed by section 223(d)(5) that the individual continues to be under a disability as defined in such clause."

(b) Social Security Disability Income.—Section 1614(a)(3)(D) of the Social Security Act (42 U.S.C. 1383D(a)(3)(D)) is amended by inserting "(other than such person's spouse or an entity described in section 1614(c)(3)(D)(ii)(III))", after "any State health care program (as defined in section 1396a of title 42, and any other Federal program as provided by law)."

(c) Effective date.—The amendments made by this section shall apply to determinations conducted on or after the date of the enactment of this Act.
AMENDMENTS SUBMITTED

SOCIAL SECURITY ADMINISTRATION INDEPENDENCE ACT OF 1993

COHEN (AND OTHERS) AMENDMENT NO. 1474

Mr. COHEN (for himself, Mr. DOLE, Mrs. KASSEBAUM, Mr. DOMENICI, Mr. THURMOND, Mr. GRASSLEY, Mr. NICKLES, Mr. LIEBERMAN, Mrs. FEINSTEIN, and Mr. DANFORTH) proposed an amendment to the bill (S. 1560) to establish the Social Security Administration as an independent agency, and for other purposes; as follows:

At the appropriate place insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Social Security Disability and Rehabilitation Act of 1994".

SEC. 2. REFORM OF MONTHLY INSURANCE BENEFITS BASED ON DISABILITY INVOLVING SUBSTANCE ABUSE.

(a) SOCIAL SECURITY DISABILITY INSURANCE—

(1) IN GENERAL.—Section 223 of the Social Security Act (42 U.S.C. 423) is amended by adding at the end the following new subsection:

"(d) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title and who as a condition of such benefits are required to be undergoing treatment and complying with the terms, conditions, and requirements therefor as described in subparagraph (A), in order to assure such compliance and to determine the extent to which the imposition of such requirements is contributing to the achievement of the purposes of this title. The Secretary may retain jurisdiction in the case of a hearing before the Secretary under this title to the extent the Secretary determines necessary to carry out the preceding sentence. The Secretary shall annually submit to the Congress a full and complete report on the Secretary's activities under this paragraph.

(C) The representative payee and the referral and monitoring agency for any individual described in subparagraph (A) shall report to the Secretary any noncompliance with the terms, conditions, and requirements of the treatment described in subparagraph (A) and with the requirements imposed by the Secretary under subparagraph (B).

(D)(1) If the Secretary finds that an individual is not complying with the terms, conditions, and requirements determined to be necessary by the Secretary, in lieu of termination, may suspend such individual's benefits under this title until compliance has been reestablished, including compliance with any additional requirements determined to be necessary by the Secretary.

(ii) Any period of suspension under clause (i) shall be taken into account in determining any 24-month period described in subparagraph (B) and shall not be taken into account in determining the 36-month period described in such subparagraph.

(E)(1) Except as provided in clause (ii), no individual described in subparagraph (A) shall be entitled to benefits under this title for any month following the 24-month period beginning with the determination of the disability described in such subparagraph.

(ii) If at the end of the 24-month period described in clause (i), the individual furnishes evidence in accordance with subsection (d)(5) that the individual continues to be under a disability based in whole or in part on a medical determination that the individual is a drug addict or alcoholic, such individual shall continue to be entitled to benefits under this title based on such disability.

(1) Subject to clause (iv), if such an individual continues to be entitled to benefits under this title for more than a total of 36 months, unless upon the termination of the 36th month such individual furnishes evidence in accordance with subsection (d)(5) that the individual is under a disability which is not related in part to a medical determination that the individual is a drug addict or alcoholic.

(2) Any benefits under this title payable to any individual referred to in paragraph (1), including any benefits payable in a lump sum amount, shall be payable only pursuant to a certification of such payment to a qualified organization acting as a representative payee of such individual pursuant to section 205(j)(4).

(3) For purposes of subparagraph (A) and section 205(j)(4), the term "qualified organization"—

(I) shall have the meaning given such term by section 205(j)(4)(B), and

(II) shall mean an agency or instrumentality of a State or a political subdivision of a State.

(4) Monthly insurance benefits under this title which would be payable to any individual (other than the disabled individual to whom benefits are not payable by reason of this subsection) on the basis of the wages and self-employment income of such a disabled individual but for the provisions of Section 2 of this Act may be treated in the same manner as the benefits of such individual.
405(j)(1)) is amended by inserting ", clause (ii), or both, the Secretary, in lieu of conditions, and requirements of the treatment individual is not complying with the terms, conditions, and requirements of the treatment described in clause (i) shall report to a referral and monitoring agency for any individual described in clause (i) who as a condition of such benefits are receiving benefits under this title and are receiving benefits under this title for any period on the Secretary's activities under this title. The Secretary shall annually submit the information necessary to carry out the preceding sentence. The Secretary shall determine the extent to which the imposition of such requirements is contributing to the achievement of the purposes of this title.

The Secretary may retain jurisdiction in the event of suspension under clause (i) or for a violation of a condition of a disability benefits or alcoholic, unless such individual—

(I) is under a disability (as determined under section 205(j)(1)) is an eligible individual or eligible individual with respect to such period with respect to any month if such individual's disability is based in whole or in part on a medical determination that the individual is a drug addict or alcoholic, unless such individual—

(I) is undergoing, or on a waiting list for, any drug rehabilitation or psychological treatment that may be appropriate for such individual's condition as a drug addict or alcoholic (as the case may be) and the Secretary has determined, at an institution that is facility approved for purposes of this paragraph by the Secretary, or any other institution that is sufficiently qualified to carry out the treatment requirements under section 2233 of this title, that such individual is complying with such treatment, conditions, and requirements of such treatment and with the requirements imposed by the Secretary under clause (i).

(ii) The Secretary shall provide for the monitoring and testing of all individuals who are receiving such benefits under this Act for any period on the Secretary's activities under this title. The Secretary shall assure that every individual receiving disability benefits under title II or XVI of the Social Security Act is given high priority for treatment through entities supported by the various States through any substance abuse block grant authorized under law.

SEC. 4. ESTABLISHMENT OF REFERRAL MONITORING AGENCIES REQUIRED IN ALL STATES.

The Secretary of Health and Human Services shall perform such functions for the purpose of carrying out the treatment requirements under sections 223(j)(1) and 1611(e)(3)(A) of the Social Security Act (42 U.S.C. 423(j)(1) and 1902(e)(3)(A)).

SEC. 5. PROCEEDS FROM CERTAIN CRIMINAL ACTIVITIES CONSTITUTE SUBSTANTIAL GAINFUL EMPLOYMENT.

(a) Social Security Disability Insurance.—Section 205(j)(1) of the Social Security Act (42 U.S.C. 423)(j)(1)) is amended by inserting the following after the first sentence: "(2) REPRESENTATIVE PAYEES.—

(b) Supplemental Security Income.—Section 1611(a)(3)(D) of the Social Security Act (42 U.S.C. 1382a(a)(3)(D)) is amended by inserting the following after the first sentence: "(2) REPRESENTATIVE PAYEES.—

(c) Effective Dates: Authorizations.—(1) In General.—Except as provided in paragraph (2), the amendments made by this section shall apply to benefits payable for determinations of disability made 90 or more days after the date of the enactment of this Act.

(2) Current Determinations.—(A) In General.—With respect to any individual described in subparagraph (b) the amendments made by this section shall apply to benefits payable for determinations of disability made 90 or more days after the date of the enactment of this Act.

(b) Supplemental Security Income.—Section 1611(a)(3)(D) of the Social Security Act (42 U.S.C. 1382a(a)(3)(D)) is amended by inserting the following after the first sentence: "(2) REPRESENTATIVE PAYEES.—

(c) Effective Dates: Authorizations.—(1) In General.—Except as provided in paragraph (2), the amendments made by this section shall apply to benefits payable for determinations of disability made 90 or more days after the date of the enactment of this Act.

(2) Current Determinations.—(A) In General.—With respect to any individual described in subparagraph (b) the amendments made by this section shall apply to benefits payable for determinations of disability made 90 or more days after the date of the enactment of this Act.

(b) Supplemental Security Income.—Section 1611(a)(3)(D) of the Social Security Act (42 U.S.C. 1382a(a)(3)(D)) is amended by inserting the following after the first sentence: "(2) REPRESENTATIVE PAYEES.—

(c) Effective Dates: Authorizations.—(1) In General.—Except as provided in paragraph (2), the amendments made by this section shall apply to benefits payable for determinations of disability made 90 or more days after the date of the enactment of this Act.

(2) Current Determinations.—(A) In General.—With respect to any individual described in subparagraph (b) the amendments made by this section shall apply to benefits payable for determinations of disability made 90 or more days after the date of the enactment of this Act.

(b) Supplemental Security Income.—Section 1611(a)(3)(D) of the Social Security Act (42 U.S.C. 1382a(a)(3)(D)) is amended by inserting the following after the first sentence: "(2) REPRESENTATIVE PAYEES.—

(c) Effective Dates: Authorizations.—(1) In General.—Except as provided in paragraph (2), the amendments made by this section shall apply to benefits payable for determinations of disability made 90 or more days after the date of the enactment of this Act.

(2) Current Determinations.—(A) In General.—With respect to any individual described in subparagraph (b) the amendments made by this section shall apply to benefits payable for determinations of disability made 90 or more days after the date of the enactment of this Act.
“(c) For the purpose of subsection (a)(7), the term ‘social security account number’ and ‘social security number’ mean such numbers as are assigned by the Secretary under section 205(c)(2) whether or not, in actual use, such numbers are called social security numbers.”

(B) Ssi.—Subsection (b)(1) of section 1632 of such Act (42 U.S.C. 1383a) is amended by striking “or his or her spouse)” and all that follows through the period and inserting “other than such person’s spouse or an entity described in section 161(e)(2)(B)(III)”, shall be guilty of a felony and upon conviction thereof shall be fined under title 18, United States Code, or imprisoned for not more than five years, or both.

(b) CIVIL ADMINISTRATIVE PENALTIES.—

(1) Ssi.—Section 208 of the Social Security Act (42 U.S.C. 408) is amended by adding at the end the following new subsection:

“(a) The Secretary may exclude such person or entity from participation in any program under this title and titles V, XVI, XVIII, and XX, and may direct that such person or entity be excluded from any State health care program (as defined in section 1156(b)) and any other Federal program as provided by law.”

(2) Sst.—

(A) IN GENERAL.—Section 1602 of such Act (42 U.S.C. 1383a) is amended by adding at the end the following new subsection:

“(c) For administrative penalties for false claims and statements with respect to which an individual or other entity knows or has reason to know such falsity, see chapter 38 of title 31, United States Code.

“(d) In the case of the second or subsequent imposition of an administrative or criminal penalty on any person or other entity under this section, the Secretary may exclude such person or entity from participation in any program under this title and titles V, XVI, XVIII, and XX, and may direct that such person or entity be excluded from any State health care program (as defined in section 1156(b)) and any other Federal program as provided by law.”

(2) Sst.—

(A) IN GENERAL.—Section 1602 of such Act (42 U.S.C. 1383a) is amended by adding at the end the following new subsection:

“(c) For administrative penalties for false claims and statements with respect to which an individual or other entity knows or has reason to know such falsity, see chapter 38 of title 31, United States Code.

“(d) In the case of the second or subsequent imposition of an administrative or criminal penalty on any person or other entity under this section, the Secretary may exclude such person or entity from participation in any program under this title and titles V, XVI, XVIII, and XX, and may direct that such person or entity be excluded from any State health care program (as defined in section 1156(b)) and any other Federal program as provided by law.”

(2) In section 205(c)(2) whether or not, in accordance with the Social Security Act is amended—

(B) Ssi.—Subsection (b)(1) of such Act is amended—

(1) In the matter preceding clause (i), by striking “Except” and all that follows through “to which such individual is entitled to widow’s or widower’s insurance benefit if such individual is entitled to such benefit prior to attaining the age of 60.” and inserting “The exempt amount which is applicable for each month of a particular taxable year shall be whichever”;

(2) In clause (i), by striking “corresponding”;

(3) In the last sentence, by striking “an exempt amount” and inserting “the exempt amount”.

(C) REPEAL OF BASIS FOR COMPUTATION OF SPECIAL EXEMPT AMOUNT.—Section 203(f)(8)(D) of such Act is amended—

(1) In the last sentence, by striking “Age Seventy” and inserting “Retirement Age” and by striking “seventy years of age” and inserting “having attained retirement age” (as defined in section 216(I))’.

(2) In subsection (f)(1), by striking “Age Seventy” and inserting “Retirement Age” and by striking “seventy years of age” and inserting “having attained retirement age” (as defined in section 216(I))’.

SEC. 4. CONFORMING AMENDMENTS ELIMINATING THE SPECIAL EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ACHIEVED RETIREMENT AGE.

(A) UNIFORM EXEMPT AMOUNT.—Section 208(c)(8)(A) of the Social Security Act is amended by striking “the new exempt amounts (separately stated for individuals described in subparagraph (D) and for other individuals) which are to be applicable” and inserting “a new exempt amount which shall be applicable”.

(b) CONFORMING AMENDMENTS.—Section 203(f)(8)(D) of such Act is amended—

(1) In the matter preceding clause (i), by striking “Except” and all that follows through “to which such individual is entitled to widow’s or widower’s insurance benefit if such individual is entitled to such benefit prior to attaining the age of 60.” and inserting “The exempt amount which is applicable for each month of a particular taxable year shall be whichever”;

(2) In clause (i), by striking “corresponding”;

(3) In the last sentence, by striking “an exempt amount” and inserting “the exempt amount”.

(C) REPEAL OF BASIS FOR COMPUTATION OF SPECIAL EXEMPT AMOUNT.—Section 203(f)(8)(D) of such Act is repealed.

SEC. 5. ADDITIONAL CONFORMING AMENDMENTS.

(A) ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.—Section 203 of the Social Security Act is amended—

(1) In the last sentence of subsection (c), by striking “nor shall any deduction” and all that follows and inserting “nor shall any deduction be made under this subsection from any widow’s or widower’s insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60.” and

(2) In subsection (f)(1), by striking clause (D) and inserting the following: “(D) for which such individual is entitled to widow’s or widower’s insurance benefits if such individual became so entitled prior to attaining age 60 or”.

(B) CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.—Section 222(w)(2)(B)(II) of such Act is amended—

(1) by striking “either”; and

(2) by striking “or suffered deductions under section 208(b) or 203(c) in amounts equal to the amount of such benefit”;

(C) CONTINUED APPLICATION OF RULE GOVERNING ENTITLEMENT OF BLIND BENEFICIARIES.—The second sentence of section 222(d)(4) of such Act is amended by inserting after “subparagraph (D) thereof” where it first appears the following: “(or would be applicable to such individuals but for the amendments made by the Older Americans’ Freedom to Work Act of 1994”.

SEC. 6. EFFECTIVE DATE.

The amendments made by this Act shall apply only with respect to taxable years beginning after December 31, 1994.
To amend title II of the Social Security Act to institute certain reforms relating to the provision of disability insurance benefits based on substance abuse and relating to representative payees, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 23 (legislative day, FEBRUARY 22), 1994

Mr. COHEN (for himself, Mr. DOLE, Mrs. KASSEBAUM, Mr. KOHL, Mr. LUGAR, Mr. THURMOND, Mr. GRASSLEY, Mr. WARNER, Mr. DOMENICI, Mr. CHAFEE, Mr. BENNETT, and Mr. STEVENS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title II of the Social Security Act to institute certain reforms relating to the provision of disability insurance benefits based on substance abuse and relating to representative payees, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Social Security Disabil-
5 ity and Rehabilitation Act of 1994”.

SEC. 2. REFORM OF MONTHLY INSURANCE BENEFITS

BASED ON DISABILITY INVOLVING SUBSTANCE ABUSE.

(a) SOCIAL SECURITY DISABILITY INSURANCE.—

(1) IN GENERAL.—Section 223 of the Social Security Act (42 U.S.C. 423) is amended by adding at the end the following new subsection:

"Limitation on Payment of Benefits by Reason of Substance Abuse

"(j)(1)(A) Notwithstanding any other provision of this title, no individual whose disability is based in whole or in part on a medical determination that the individual is a drug addict or alcoholic shall be entitled to benefits under this title based on such disability with respect to any month, unless such individual—

"(i) is undergoing, or on a waiting list for, any medical or psychological treatment that may be appropriate for such individual's condition as a drug addict or alcoholic (as the case may be) and for the stage of such individual's rehabilitation at an institution or facility approved for purposes of this paragraph by the Secretary (so long as access to such treatment is reasonably available, as determined by the Secretary), and

"(ii) demonstrates in such manner as the Secretary requires, including at a continuing disability
review not later than one year after such determination, that such individual is complying with the terms, conditions, and requirements of such treatment and with the requirements imposed by the Secretary under subparagraph (B).

"(B) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title and who as a condition of such benefits are required to be undergoing treatment and complying with the terms, conditions, and requirements thereof as described in subparagraph (A), in order to assure such compliance and to determine the extent to which the imposition of such requirements is contributing to the achievement of the purposes of this title. The Secretary may retain jurisdiction in the case of a hearing before the Secretary under this title to the extent the Secretary determines necessary to carry out the preceding sentence. The Secretary shall annually submit to the Congress a full and complete report on the Secretary's activities under this paragraph.

"(C) The representative payee and the referral and monitoring agency for any individual described in subparagraph (A) shall report to the Secretary any noncompliance with the terms, conditions, and requirements of the treat-
ment described in subparagraph (A) and with the require-
ments imposed by the Secretary under subparagraph (B).

"(D)(i) If the Secretary finds that an individual is not complying with the terms, conditions, and require-
ments of the treatment described in subparagraph (A), or with the requirements imposed by the Secretary under subparagraph (B), or both, the Secretary, in lieu of termi-
nation, may suspend such individual's benefits under this title until compliance has been reestablished, including compliance with any additional requirements determined to be necessary by the Secretary.

"(ii) Any period of suspension under clause (i) shall be taken into account in determining any 24-month period described in subparagraph (E) and shall not be taken into account in determining the 36-month period described in such subparagraph.

"(E)(i) Except as provided in clause (ii), no individ-
ual described in subparagraph (A) shall be entitled to ben-
efits under this title for any month following the 24-month period beginning with the determination of the disability described in such subparagraph.

"(ii) If at the end of the 24-month period described in clause (i), the individual furnishes evidence in accord-
ance with subsection (d)(5) that the individual continues to be under a disability based in whole or in part on a
medical determination that the individual is a drug addict or alcoholic, such individual shall continue to be entitled to benefits under this title based on such disability.

"(iii) Subject to clause (iv), if such an individual continues to be entitled to such benefits for an additional 24-month period following a determination under clause (ii), clauses (i) and (ii) shall apply with regard to any further entitlement to such benefits following the end of such additional period.

"(iv) In no event shall such an individual be entitled to benefits under this title for more than a total of 36 months, unless upon the termination of the 36th month such individual furnishes evidence in accordance with subsection (d)(5) that the individual is under a disability which is not related in part to a medical determination that the individual is a drug addict or alcoholic.

"(2)(A) Any benefits under this title payable to any individual referred to in paragraph (1), including any benefits payable in a lump sum amount, shall be payable only pursuant to a certification of such payment to a qualified organization acting as a representative payee of such individual pursuant to section 205(j).

"(B) For purposes of subparagraph (A) and section 205(j)(4), the term 'qualified organization'—
“(i) shall have the meaning given such term by section 205(j)(4)(B), and
“(ii) shall mean an agency or instrumentality of a State or a political subdivision of a State.
“(3) Monthly insurance benefits under this title which would be payable to any individual (other than the disabled individual to whom benefits are not payable by reason of this subsection) on the basis of the wages and self-employment income of such a disabled individual but for the provisions of paragraph (1), shall be payable as though such disabled individual were receiving such benefits which are not payable under this subsection.”.

(2) CONFORMING AMENDMENTS.—

(A) Section 205(j)(1) of such Act (42 U.S.C. 405(j)(1)) is amended by inserting “, or in the case of any individual referred to in section 223(j)(1)(A)” after “thereby”.

(B) Section 205(j)(2)(D)(ii)(II) of such Act (42 U.S.C. 405(j)(2)(D)(ii)(II)) is amended by striking “legally incompetent or under the age of 15” and inserting “legally incompetent, under the age of 15, or a drug addict or alcoholic referred to in section 223(j)(1)(A)”.
(b) SUPPLEMENTAL SECURITY INCOME.—Paragraph (3) of section 1611(e) of the Social Security Act (42 U.S.C. 1382(e)) is amended to read as follows:

"(3)(A)(i) No person who is an aged, blind, or disabled individual solely by reason of disability (as determined under section 1614(a)(3)) shall be an eligible individual or eligible spouse for purposes of this title with respect to any month if such individual’s disability is based in whole or in part on a medical determination that the individual is a drug addict or alcoholic, unless such individual—

"(I) is undergoing, or on a waiting list for, any medical or psychological treatment that may be appropriate for such individual’s condition as a drug addict or alcoholic (as the case may be) and for the stage of such individual’s rehabilitation at an institution or facility approved for purposes of this paragraph by the Secretary (so long as access to such treatment is reasonably available, as determined by the Secretary), and

"(II) demonstrates in such manner as the Secretary requires, including at a continuing disability review not later than one year after such determination, that such individual is complying with the terms, conditions, and requirements of such treat-
ment and with the requirements imposed by the Sec-
retary under clause (ii).

"(ii) The Secretary shall provide for the monitoring
and testing of all individuals who are receiving benefits
under this title and who as a condition of such benefits
are required to be undergoing treatment and complying
with the terms, conditions, and requirements thereof as
described in clause (i), in order to assure such compliance
and to determine the extent to which the imposition of
such requirements is contributing to the achievement of
the purposes of this title. The Secretary may retain juris-
diction in the case of a hearing before the Secretary under
this title to the extent the Secretary determines necessary
to carry out the preceding sentence. The Secretary shall
annually submit to the Congress a full and complete report
on the Secretary's activities under this subparagraph.

"(iii) The representative payee and the referral and
monitoring agency for any individual described in clause
(i) shall report to the Secretary any noncompliance with
the terms, conditions, and requirements of the treatment
described in clause (i) and with the requirements imposed
by the Secretary under clause (ii).

"(iv)(I) If the Secretary finds that an individual is
not complying with the terms, conditions, and require-
ments of the treatment described in clause (i), or with the
requirements imposed by the Secretary under clause (ii), or both, the Secretary, in lieu of termination, may suspend such individual's benefits under this title until compliance has been reestablished, including compliance with any additional requirements determined to be necessary by the Secretary.

"(II) Any period of suspension under subclause (I) shall be taken into account in determining any 24-month period described in clause (v) and shall not be taken into account in determining the 36-month period described in such clause.

"(v)(I) Except as provided in subclause (II), no individual described in clause (i) shall be entitled to benefits under this title for any month following the 24-month period beginning with the determination of the disability described in such clause.

"(II) If at the end of the 24-month period described in subclause (I), the individual furnishes evidence in accordance with section 223(d)(5) that the individual continues to be under a disability based in whole or in part on a medical determination that the individual is a drug addict or alcoholic, such individual shall be entitled to benefits under this title based on such disability.

"(III) Subject to subclause (IV), if such an individual continues to be entitled to such benefits for an additional
24-month period following a determination under subclause (II), subclauses (I) and (II) shall apply with regard to any further entitlement to such benefits following the end of such additional period.

"(IV) In no event shall such an individual be entitled to benefits under this title for more than a total of 36 months, unless upon the termination of the 36th month such individual furnishes evidence in accordance with section 223(d)(5) that the individual is under a disability which is not related in part to a medical determination that the individual is a drug addict or alcoholic.

"(B)(i) Any benefits under this title payable to any individual referred to in subparagraph (A), including any benefits payable in a lump sum amount, shall be payable only pursuant to a certification of such payment to a qualified organization acting as a representative payee of such individual pursuant to section 1631(a)(2)(A)(ii).

"(ii) For purposes of clause (i) and section 1631(a)(2)(D), the term 'qualified organization'—

"(I) shall have the meaning given such term by section 1631(a)(2)(D)(ii), and

"(II) shall mean an agency or instrumentality of a State or a political subdivision of a State."

(c) EFFECTIVE DATES; AUTHORIZATIONS.—
(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to benefits payable for determinations of disability made 90 or more days after the date of the enactment of this Act.

(2) CURRENT DETERMINATIONS.—

(A) IN GENERAL.—With respect to any individual described in subparagraph (B), the Secretary of Health and Human Services shall provide during the 3-year period beginning after the date of the enactment of this Act for the application of the amendments made by this section to such individual with the time periods described in such amendments to begin upon such application.

(B) INDIVIDUAL DESCRIBED.—An individual is described in this subparagraph if such individual is entitled to benefits under title II or XVI of the Social Security Act based on a disability determined before the date described in paragraph (1) to be based in whole or in part on a medical determination that the individual is a drug addict or alcoholic.

(3) AUTHORIZATION OF APPROPRIATIONS.—

There are authorized to be appropriated such sums
as may be necessary to carry out the purposes of the
provisions of, and the amendments made by, this
section.

SEC. 3. PRIORITY OF TREATMENT.

The Secretary of Health and Human Services,
through the Administrator of the Substance Abuse and
Mental Health Services Administration, shall assure that
every individual receiving disability benefits under title II
or XVI of the Social Security Act based in whole or in
part on a medical determination that the individual is a
drug addict or alcoholic be given high priority for treat-
ment through entities supported by the various States
through any substance abuse block grant authorized under
law.

SEC. 4. ESTABLISHMENT OF REFERRAL MONITORING
AGENCIES REQUIRED IN ALL STATES.

The Secretary of Health and Human Services shall,
within 1 year of the date of the enactment of this Act,
provide for the establishment of referral and monitoring
agencies for each State for the purpose of carrying out
the treatment requirements under sections 223(j)(1) and
1611(e)(3)(A) of the Social Security Act (42 U.S.C.
423(j)(1) and 1382(e)(3)(A)).
SEC. 5. PROCEEDS FROM CERTAIN CRIMINAL ACTIVITIES CONSTITUTE SUBSTANTIAL GAINFUL EMPLOYMENT.

(a) SOCIAL SECURITY DISABILITY INSURANCE.—Section 223(d)(4) of the Social Security Act (42 U.S.C. 423(d)(4)) is amended by inserting the following after the first sentence: “If an individual engages in a criminal activity to support substance abuse, any proceeds derived from such activity shall demonstrate such individual’s ability to engage in substantial gainful activity.”.

(b) SUPPLEMENTAL SECURITY INCOME.—Section 1614(a)(3)(D) of the Social Security Act (42 U.S.C. 1382(a)(3)(D)) is amended by inserting the following after the first sentence: “If an individual engages in a criminal activity to support substance abuse, any proceeds derived from such activity shall demonstrate such individual’s ability to engage in substantial gainful activity.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to disability determinations conducted on or after the date of the enactment of this Act.

SEC. 6. CONSISTENT PENALTY PROVISIONS FOR SSDI AND SSI PROGRAMS.

(a) FELONY PENALTIES FOR FRAUD.—

(1) IN GENERAL.—Subsection (a) of section 1631 of the Social Security Act (42 U.S.C. 1383a) is amended by striking “shall be guilty of a mis-
demeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both” and inserting “shall be guilty of a felony and upon conviction thereof shall be fined under title 18, United States Code, or imprisoned for not more than five years, or both”.

(2) REPRESENTATIVE PAYEES.—

(A) SSDI.—Subsections (b) and (c) of section 208 of such Act (42 U.S.C. 408) are amended to read as follows:

“(b)(1) Any person or other entity who is convicted of a violation of any of the provisions of this section, if such violation is committed by such person or entity in his role as, or in applying to become, a certified payee under section 205(j) on behalf of another individual (other than such person’s spouse or an entity described in section 223(j)(2)(B)(ii)), shall be guilty of a felony and upon conviction thereof shall be fined under title 18, United States Code, or imprisoned for not more than five years, or both.

“(2) In any case in which the court determines that a violation described in paragraph (1) includes a willful misuse of funds by such person or entity, the court may also require that full or partial restitution of such funds be made to the individual for whom such person or entity was the certified payee.
“(3) Any person or entity convicted of a felony under this section or under section 1632(b) may not be certified as a payee under section 205(j).

“(c) For the purpose of subsection (a)(7), the terms ‘social security number’ and ‘social security account number’ mean such numbers as are assigned by the Secretary under section 205(c)(2) whether or not, in actual use, such numbers are called social security numbers.”

(B) SSI.—Subsection (b)(1) of section 1632 of such Act (42 U.S.C. 1383a) is amended by striking “(other than such person’s spouse)” and all that follows through the period and inserting “(other than such person’s spouse or an entity described in section 1611(e)(3)(B)(ii)(II)), shall be guilty of a felony and upon conviction thereof shall be fined under title 18, United States Code, or imprisoned for not more than five years, or both.”

(b) CIVIL ADMINISTRATIVE PENALTIES.—

(1) SSDI.—Section 208 of the Social Security Act (42 U.S.C. 408) is amended by adding at the end the following new subsections:

“(e) For administrative penalties for false claims and statements with respect to which an individual or other
entity knows or has reason to know such falsity, see chapter 38 of title 31, United States Code.

“(f) In the case of the second or subsequent imposition of an administrative or criminal penalty on any person or other entity under this section, the Secretary may exclude such person or entity from participation in any program under this title and titles V, XVI, XVIII, and XX, and may direct that such person or entity be excluded from any State health care program (as defined in section 1128(h)) and any other Federal program as provided by law.”

(2) SSI.—

(A) IN GENERAL.—Section 1632 of such Act (42 U.S.C. 1383a) is amended by adding at the end the following new subsections:

“(c) For administrative penalties for false claims and statements with respect to which an individual or other entity knows or has reason to know such falsity, see chapter 38 of title 31, United States Code.

“(d) In the case of the second or subsequent imposition of an administrative or criminal penalty on any person or other entity under this section, the Secretary may exclude such person or entity from participation in any program under this title and titles II, V, XVIII, and XX, and may direct that such person or entity be excluded
from any State health care program (as defined in section 1128(h)) and any other Federal program as provided by law."

(B) CONFORMING AMENDMENT.—The heading for section 1632 of such Act (42 U.S.C. 1383a) is amended by striking "FOR FRAUD".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective on or after the date of the enactment of this Act.
REFORM OF THE SOCIAL SECURITY DISABILITY PROGRAM

Mr. COHEN. Mr. President, yesterday, I, along with Senators DOLE, KASSEBAUM, DOMENICI, THURMOND, KOHL, LUGAR, CHAFEE, WARNER, GRASSLEY, STEVENS, and BENNETT, introduced legislation to stop the flow of millions of Federal dollars into the hands of illegal drug users, many of whom are simply using the money to turn around and buy either more drugs or alcohol.

It is our intent to reform the Supplemental Security Income and Social Security Disability Program so as to encourage the actual treatment of those who are addicted to either alcohol or drugs, to get tough on those who manipulate the system, and to send a very strong message that the Federal Government no longer is going to be handing out checks to drug dealers, addicts, and others who are not seriously dedicated to helping themselves through the path of rehabilitation.

To explain the dimensions of the problem, currently, under Supplemental Security Income—or SSI—our Social Security disability systems, there are roughly 250,000 known addicts and alcoholics. Of those 250,000, only 78,000 are required to seek treatment for rehabilitation from their particular addiction.

Of those 78,000, only approximately 9 percent are known by the Social Security Administration to be receiving treatment. So, in essence, out of the 250,000, only about 3 percent are known to be seeking treatment for their particular addiction.

The word on the street is that the Social Security disability programs are an easy source of cash for drugs and alcohol and that once the Government checks start to flow, the Government rarely, if ever, checks up to see if the addict is going to treatment or to be sure that the benefits are not being used to buy more drugs. This, in essence, means that out of the $1.4 billion in benefits going to addicts and alcoholics, $1.1 billion is being paid without any supervision or monitoring on the part of the Federal Government.

What is clear is that tax dollars are being used to support illegal drug habits. I will give you one example.

Earlier this month, a drug bust took place in Williamsport, PA. It netted at least 23 packets of cocaine with a cutting agent for mixing cocaine, along with direct deposit receipts from Social Security disability checks. According to the local district attorney, two of the three suspects allegedly had been receiving Social Security benefits for their drug addictions but were not in any treatment program.

We also found, after a year-long investigation, conducted by the minority staff of the Senate Aging Committee, that in some cases, over $20,000 is being paid in lump-sum benefits to drug addicts and alcoholics. Many of these recipients are taking that $20,000 check and spending the money on drugs and alcohol, resulting in very dangerous consequences, including even death, to the claimants. Even when the benefits are paid to a third party, the money often finds its way back into the hands of the addicts or into a local bar or drug house.

I will give you another rather outrageous example. Mr. President. A liquor store owner in Denver was selected by the Social Security Administration to serve as a “responsible representative payee” for 40 alcoholics. He received $160,000 a year from the Government to, in essence, run a tab for them. Under the Social Security Supplemental Income Program, those individuals who are addicted are required, number one, to seek treatment, and they are also required to have a representative payee. In this particular case, and quite a few others, the representative payees are either drug addicts themselves, or bartenders who are running tabs of $160,000 a year.

Something is wrong with the system because the message is, right now: Show us that you are a hardcore drug addict and the Government is going to pay you, and as long as you continue to shoot up or drink up, the money is going to keep coming. Then, even if you tell us you are breaking the law to get your drugs, we are going to pay you. And finally, once we start the checks, they will probably never stop coming.

One of the other most most graphic cases of abuse that I can point to is that some of the addicts are, in fact, engaged in the sale of drugs in order to continue to feed their habit. For example, as I indicated when I offered an amendment to the emergency supplemental appropriations bill just about 10 days ago, the ninth circuit recently ruled that a drug dealer was entitled to receive SSI benefits because his drug dealing was not “substantial gainful activity.” Under current SSA rules, an applicant is not eligible for benefits if he or she engages in substantial gainful activity.

The Ninth Circuit Court of Appeals found the drug dealer eligible for benefits—which could have amounted to a $19,500 lump sum payment plus monthly benefits.
The court reasoned that because he really only worked at dealing drugs for about 20 minutes a day, he was not engaged in substantial gainful activity.

In other words, because it took only 20 minutes and he was not initiating the deals, but they were coming in to him, no heavy lifting was involved. Therefore, that individual was allowed to continue to receive disability insurance payments for his addiction at a time when he admittedly was engaged in the sale of illegal drugs. Something is wrong with this system.

Far from proposing reform, which is considered to be heartless, what we want to do is reform the system to help those who are in fact addicted, get the treatment they need and deserve and stop feeding a system whereby the money is simply going into a bottle or into a pocket.

Psychiatrists and drug abuse counselors have told us that the laxity in the current system violates the basic rules of drug and alcohol treatment: Never give drugs to an addict. It is like giving him or her a key to the medicine cabinet.

Let me point to a chart, Mr. President. This chart shows the dramatic increase in those who are now being put on the rolls for addiction. From 1969 to 1990, we saw 22,634 new addicts added to the rolls, another 29,423 in 1990, another 39,868 in 1991, and another 58,045 in 1992. We have seen a 150 percent increase in the number of addicts going on the rolls just in the last 4 years, and yet most are not receiving the treatment that is required.

What we seek to do in this legislation is to stop the cash from flowing into the pockets of drug dealers and into the veins of drug addicts. Specifically, the bill would do the following. It would require that any individual who received disability benefits must undergo appropriate treatment for substance abuse. It is like setting a trap for the individual to continue to abuse the program.

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Psychiatrists and drug abuse counselors have told us that the laxity in the current system violates the basic rules of drug and alcohol treatment: Never give drugs to an addict. It is like giving him or her a key to the medicine cabinet.
"(2)(A) Any benefits under this title payable to any individual referred to in paragraph (1), including any benefits payable in a lump sum amount, shall be payable only pursuant to a determination by the Secretary of Health and Human Services that such payment is payable to a qualified organization acting as a representative payee of such individual pursuant to section 223(d)(5).

(b) For purposes of subparagraph (A) and section 223(d)(5), the term "qualified organization" shall be defined as any entity or organization that is designated by a State under paragraph (1) of section 223(d)(5) that the individual is under a disability which is based in whole or in part on a medical determination that the individual is a drug addict or alcoholic.

(2) Monthly insurance benefits under this title which would be payable to any individual (other than the disabled individual to whom benefits are not payable by reason of this subsection) on the basis of the wages and self-employment income of such a disabled individual but, for the provisions of paragraph (1), shall be payable as though such disabled individual were receiving such benefits which are not payable under this section.

(3) Any period of suspension under subclause (I) shall be taken into account in determining any 24-month period described in such clause and shall not be taken into account in determining the 36-month period described in such clause.

(4) Except as provided in subclause (II), no individual shall be entitled to benefits under this title for any period following the 24-month period beginning with any additional determinations of disability determined before the date of the enactment of this Act, provide for the establishment of referral and monitoring agencies for each State for the purpose of carrying out the provisions of, and the amendments made by, this subsection.

(b) SUPPLEMENTAL SECURITY INCOME.—

(1) Subject to subclause (IV), if such an individual continues to be under a disability which is based in whole or in part on a medical determination that the individual is a drug addict or alcoholic, such individual shall be entitled to benefits under this title based on such disability.

(2) In determining any 24-month period described in subclause (I), the individual furnishes evidence in accordance with section 223(d)(5) that the individual continues to be under a disability which is based in whole or in part on a medical determination that the individual is a drug addict or alcoholic, such individual shall be entitled to benefits under this title based on such disability.

(3) In no event shall such an individual be entitled to benefits under this title for more than a total of 36 months, unless upon the termination of the 36th month such individual furnishes evidence in accordance with section 223(d)(5) that the individual is under a disability which is not related in part to a medical determination that the individual is a drug addict or alcoholic.

(b)(1) Any person or other entity who is determined by the Secretary of Health and Human Services that is engaged in a criminal activity to support substance abuse, any proceeds derived from such activity shall be given high priority for treatment through entities supported by the various States through any substance abuse block grant authorized under law.

(b) SEC. 3. ESTABLISHMENT OF REFERRAL MONITORING AGENCIES REQUIRED IN ALL STATES.

The Secretary of Health and Human Services, through the Administrator of the Substance Abuse and Mental Health Services Administration, shall assure that every individual determined to be necessary by the Secretary of Health and Human Services, shall assure that every individual described in subparagraph (B), the Secretary of Health and Human Services shall provide during the 5-year period beginning after the date of the enactment of this Act for the application of the amendments made by this section to such individual with the application of such amendment to begin upon such application.

(1) INDIVIDUAL DESCRIBED.—An individual is described in this subparagraph if such individual is entitled to benefits under title II or XVI of the Social Security Act based in whole or in part on a medical determination that the individual is a drug addict or alcoholic.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of the provisions of, and the amendments made by, this section.

SEC. 3. PRIORITY OF TREATMENT.

The Secretary of Health and Human Services, through the Administrator of the Substance Abuse and Mental Health Services Administration, shall assure that every individual determined by the Secretary of Health and Human Services, shall assure that every individual described in subparagraph (B), the Secretary of Health and Human Services shall provide during the 5-year period beginning after the date of the enactment of this Act for the application of the amendments made by this section to such individual with the application of such amendment to begin upon such application.

(1) INDIVIDUAL DESCRIBED.—An individual is described in this subparagraph if such individual is entitled to benefits under title II or XVI of the Social Security Act based in whole or in part on a medical determination that the individual is a drug addict or alcoholic.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of the provisions of, and the amendments made by, this section.

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(1) INDIVIDUAL DESCRIBED.—An individual is described in this subparagraph if such individual is entitled to benefits under title II or XVI of the Social Security Act based in whole or in part on a medical determination that the individual is a drug addict or alcoholic.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of the provisions of, and the amendments made by, this section.
sions of this section, if such violation is committed by such person or entity in his role as, or in applying to become, a certified payee under section 205(j) on behalf of another individual (other than such person's spouse or an entity described in section 1611(e)(3)(B)(ii)), shall be guilty of a felony and upon conviction thereof shall be fined under title 18, United States Code, or imprisoned for not more than five years, or both.

"(2) In any case in which the court determines that a violation described in paragraph (1) includes a willful misuse of funds by such person or entity, the court may also require that full or partial restitution of such funds be made to the individual for whom such person or entity was the certified payee.

"(3) Any person or entity convicted of a felony under this section or under section 132(b) may not be certified as a payee under section 205(j).

"(c) For the purpose of subsection (a)(7), the terms "social security number" and "social security account number" mean such numbers as are assigned by the Secretary under section 205(c)(3) whether or not, in actual use, such numbers are called social security numbers."

(B) Subsection (b)(1) of section 1632 of such Act (42 U.S.C. 1383a) is amended by striking "(other than such person's spouse)" and all that follows through the period and inserting "(other than such person's spouse or an entity described in section 1611(e)(3)(B)(ii)), shall be guilty of a felony and upon conviction thereof shall be fined under title 18, United States Code, or imprisoned for not more than five years, or both."

(b) CIVIL ADMINISTRATIVE PENALTIES.—

(1) Section 20 of the Social Security Act (42 U.S.C. 408) is amended by adding at the end the following new subsections:

"(e) For administrative penalties for false claims and statements with respect to which an individual or other entity knows or has reason to know such falsity, see chapter 38 of title 31, United States Code.

"(f) In the case of the second or subsequent imposition of an administrative or criminal penalty on any person or other entity under this section, the Secretary may exclude such person or entity from participation in any program under this title and titles V, XVI, XVIII and XX, and may direct that such person or entity be excluded from any State health care program (as defined in section 1128(b)) and any other Federal program as provided by law."

(2) Sec. —

(A) IN GENERAL.—Section 1632 of such Act (42 U.S.C. 1383a) is amended by adding at the end the following new subsections:

"(c) For administrative penalties for false claims and statements with respect to which an individual or other entity knows or has reason to know such falsity, see chapter 38 of title 31, United States Code.

"(d) In the case of the second or subsequent imposition of an administrative or criminal penalty on any person or other entity under this section, the Secretary may exclude such person or entity from participation in any program under this title and titles V, XVIII, and XX, and may direct that such person or entity be excluded from any State health care program (as defined in section 1128(b)) and any other Federal program as provided by law."

(B) CONFORMING AMENDMENT.—The heading for section 1632 of such Act (42 U.S.C. 1383a) is amended by striking "FOR FRAUD".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective on or after the date of the enactment of this Act.