

SOCIAL SECURITY MISCELLANEOUS AMENDMENTS ACT OF  
1996

SEPTEMBER 16, 1996.—Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

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

REPORT

[To accompany H.R. 4039]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 4039) to make technical and clarifying amendments to recently enacted provisions relating to titles II and XVI of the Social Security Act and to provide for a temporary extension of demonstration project authority in the Social Security Administration, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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## I. INTRODUCTION

### A. PURPOSE AND SUMMARY

The “Social Security Miscellaneous Amendments Act of 1996” (H.R. 4039) is based on legislative language submitted by the Social Security Administration (SSA) making a number of technical and perfecting amendments to provisions regarding denial of benefits to drug addicts and alcoholics, clarification regarding review of determinations by State Disability Determination Services, extension of disability insurance program demonstration project authority, and withholding of taxes from Social Security benefits.

Also included are provisions further barring payment of Social Security retirement, survivors, and disability insurance benefits to prisoners that are similar to those included in the House-passed version of the “Personal Responsibility and Work Opportunity Reconciliation Act of 1996,” which became law (P.L. 104-193) on August 22, 1996. The provisions barring payment of Social Security benefits to prisoners were not included in the conference report on the legislation because of the Senate’s interpretation of procedural rules against including Social Security provisions in a reconciliation bill.

### B. BACKGROUND AND NEED FOR LEGISLATION

In May 1996, Commissioner of Social Security Shirley Chater submitted to Congress for consideration a draft bill to amend the Social Security Act to extend and amend demonstration project authority, make perfecting amendments related to tax withholding from Social Security benefits, make a technical clarification in the effective date of the denial of disability benefits to drug addicts and alcoholics, and make administrative improvements with respect to reports by prisons and certain other institutions. The Commissioner cited the time-sensitivity of the provisions, either because they were needed to meet statutory deadlines, or they warranted prompt consideration because they were critical to SSA’s efforts to ensure that benefits are paid only to properly qualified individuals. Furthermore, a May 1996 audit by the SSA Office of Inspector General on “Effectiveness in Obtaining Records to Identify Prisoners” found that SSA had achieved only limited success in obtaining the prisoner information needed to suspend benefit payments, and recommended legislative action to enable SSA to more efficiently suspend benefits.

### C. LEGISLATIVE HISTORY

On July 25, 1996, the Subcommittee on Social Security ordered favorably reported to the Full Committee, by a voice vote, with a

quorum present, draft legislation entitled the “Social Security Miscellaneous Amendments Act of 1996.”

On September 11, 1996, the Full Committee ordered favorably reported, H.R. 4039, the “Social Security Miscellaneous Amendments Act of 1996,” by voice vote with a quorum present.

## II. EXPLANATION OF PROVISIONS

### A. SECTION 1. SHORT TITLE

The short title of the bill is the “Social Security Miscellaneous Amendments Act of 1996.”

### B. SECTION 2. TECHNICAL AMENDMENTS RELATING TO DRUG ADDICTS AND ALCOHOLICS

#### *Present law*

The “Contract With America Advancement Act of 1996” (P.L. 104–121) included amendments to the Social Security and Supplemental Security Income (SSI) disability programs providing that no individual could be considered to be disabled if alcoholism or drug addiction would otherwise be a contributing factor material to the determination of disability. The effective date for all new and pending applications was the date of enactment. For those whose claim had been finally adjudicated before the date of enactment, the amendments would apply commencing with benefits for months beginning on or after January 1, 1997.

Public Law 104–121 provided for the appointment of representative payees for recipients allowed benefits due to another impairment who also have drug addiction or alcoholism conditions, and the referral of those individuals for treatment.

“The Social Security Independence and Program Improvements Act of 1994” (P.L. 103–296) contained requirements that the Commissioner of Social Security report to the Committees on Ways and Means and Finance by December 31, 1996, on activities related to the monitoring and testing of Social Security beneficiaries on the basis of drug addiction or alcoholism and who are required to undergo treatment as a condition for receipt of benefits.

#### *Explanation of provision*

The provision clarifies the meaning of the term “final adjudication.” A claim may not be considered to be finally adjudicated if there is a pending request for administrative or judicial review or a pending readjudication pursuant to class action or court remand.

The amendment ensures that the requirement to appoint a representative payee, and refer beneficiaries for treatment, apply to beneficiaries who are allowed benefits (due to another impairment) based on a new application filed before enactment, and who continue to get benefits based on a successful redetermination filed before July 1, 1996.

The amendment would repeal the reporting requirements on activities related to the monitoring and testing of Social Security beneficiaries on the basis of drug addiction or alcoholism and who are required to undergo treatment as a condition for receipt of benefits.

*Reason for change*

The provision clearly defines “final adjudication” to avoid any misinterpretation by the courts. At least one court has already concluded that it can award benefits through January 1, 1997, because the Commissioner’s decision denying benefits was issued before March 29, 1996.

As written, current law creates an anomaly, whereby all those allowed benefits (due to another impairment) before March 29, 1996, and redetermined before July 1, 1996, are excluded from the requirement that a representative payee be appointed and that they be referred for treatment. The provision corrects this anomaly.

Since Public Law 104-121 contained amendments that eliminated payment of benefits on the basis of drug addiction or alcoholism and the treatment and monitoring requirements, the requirement to report on the monitoring and testing activities is obsolete.

*Effective date*

The amendments would be effective as though they had been included in the enactment of Section 105 of Public Law 104–121. The repeal of the obsolete reporting requirement would be effective as of the date of enactment.

C. SECTION 3. CLARIFICATION REGARDING REVIEW OF  
DETERMINATIONS BY STATE DISABILITY DETERMINATION SERVICES

*Present law*

The Social Security Act provides that any claimant dissatisfied with a disability determination made by a State disability determination service (DDS) is entitled to a hearing by the Commissioner and to judicial review of the Commissioner’s final decision on the claimant’s disability claim.

*Explanation of provision*

The provision clarifies existing law to state that jurisdiction to challenge DDS determinations under the Social Security Act would lie only against the Commissioner. This provision would apply to all cases in which there is not a final judgment.

*Reason for change*

Notwithstanding current law, the United States Court of Appeals for the Eighth Circuit held in *Schoolcraft v. Sullivan*, 971 F. 2d 81 (1992), that claimants could seek review of the actions of State DDS employees through civil actions alleging violations of the Civil Rights Act of 1871 (42 U.S.C. 1983). As a result, there are now ten pending or threatened class action law suits against DDSs.

SSA is the appropriate defendant where State agency practices are challenged since it is SSA’s responsibility to ensure that standards for making its disability determinations are followed. In addition, these law suits have a chilling effect on the Federal/State relationship, increasing the liability of State officials, forcing States to question SSA policy, and creating an extensive administrative burden on the affected States in the form of depositions, discovery, lengthy court hearings, etc.

*Effective date*

The amendments would be effective as of the date of enactment.

D. SECTION 4. EXTENSION OF DISABILITY INSURANCE PROGRAM  
DEMONSTRATION PROJECT AUTHORITY

*Present law*

Under authority which expired on June 9, 1996, the Commissioner may initiate experiments and demonstration projects to test ways to encourage Social Security disability insurance (SSDI) beneficiaries to return to work, and may waive compliance with certain benefit requirements in connection with these projects. Current law also provides the Commissioner with permanent authority to conduct experimental, pilot, or demonstration projects that are likely to promote the objectives or facilitate the administration of the SSI program.

*Explanation of provision*

This provision extends the demonstration authority expiration date to June 10, 1997, and includes authority for SSA to conduct demonstration projects involving SSDI applicants as well as recipients.

*Reason for change*

The provision enables SSA to initiate new demonstration projects involving SSDI applicants and beneficiaries over the next year.

*Effective date*

The amendment would be effective as of the date of enactment.

E. SECTION 5. PERFECTING AMENDMENTS RELATED TO  
WITHHOLDING FROM SOCIAL SECURITY BENEFITS

*Present law*

The "Uruguay Round Agreements Act" (P.L. 103-465) includes revenue provisions requiring that U.S. taxpayers who receive specified Federal payments (including Social Security benefits) be given the option of requesting that the Federal agency making the payments withhold Federal income taxes from payments made after December 31, 1996.

Section 207 of the Social Security Act prohibits withholding or assignment of Social Security benefits to any party or entity other than the beneficiary.

*Explanation of provision*

The provision amends the Social Security Act anti-assignment section to allow the withholding of taxes from any benefit pursuant to the Internal Revenue Code of 1986. It also allocates funding for SSA to administer the tax-withholding provision.

*Reason for change*

These provisions amend the Social Security Act so that the provisions in the tax code may be implemented, as originally intended,

and funding may be allocated for SSA to administer the tax-withholding provision.

*Effective date*

The amendments would be effective as of the date of enactment.

F. SECTION 6. TREATMENT OF PRISONERS

1. IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF TITLE II BENEFITS TO PRISONERS

*Present law*

Current law prohibits prisoners from receiving Old Age, Survivors, and Disability (OASDI) benefits while incarcerated if they are convicted of any crime punishable by imprisonment of more than one year. Federal, State, county, or local prisons are required to make available, upon written request, the name and Social Security account number of any individual so convicted who is confined in a penal institution or correctional facility.

The “Personal Responsibility and Work Opportunity Reconciliation Act of 1996,” (P.L. 104–193) requires the Commissioner to make agreements with any interested State or local institution to provide monthly the names, Social Security account numbers, confinement dates, dates of birth, and other identifying information of residents who are Supplemental Security Income (SSI) recipients. The Commissioner is required to pay the institution \$400 for each SSI recipient who becomes ineligible as a result, if the information is provided within 30 days of incarceration, and \$200 if the information is furnished after 30 days but within 90 days. Computer matching agreement requirements are simplified to facilitate the exchange of information between the correctional institutions and SSA.

The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to these agreements to any Federal or federally-assisted cash, food, or medical assistance program, for the purpose of determining program eligibility.

*Explanation of provision*

The provision amends prisoner provisions in P.L. 104–193 to include Old Age, Survivors, and Disability Insurance (OASDI) benefits.

The Commissioner would enter into an agreement with any interested State or local correctional institution to provide monthly the names, Social Security account numbers, confinement dates, dates of birth, and other identifying information regarding prisoners who receive OASDI benefits. For each eligible individual who becomes ineligible as a result, the Commissioner would pay the institution an amount up to \$400 if the information is provided within 30 days of incarceration, and up to \$200 if provided after 30 days but within 90 days. Computer matching agreement requirements are simplified to facilitate the exchange of information between the correctional institutions and SSA.

The Commissioner would be authorized to provide, on a reimbursable basis, information obtained pursuant to these agreements

to any Federal or federally-assisted cash, food, or medical assistance program for the purpose of determining program eligibility.

Payments to correctional institutions would be reduced by 50 percent for multiple reports on the same individual who receives both SSI and OASDI benefits. Payments made to the correctional institution would be made from OASI or DI Trust Funds, as appropriate.

*Reason for change*

The provision applies the prohibitions against payment of benefits to OASDI in the same manner that they apply to SSI benefits. Both SSI and OASDI prisoner provisions were included in the House-passed version of Public Law 104–193. OASDI provisions were not included in the conference report on the legislation because of Senate interpretation of procedural rules. This language restores the OASDI provisions.

These provisions provide new financial incentives for State and local correctional institutions to report information on inmates to the Social Security Administration (SSA) so that payment of OASDI benefits to prisoners being supported at taxpayer expense are stopped promptly.

The provision allows SSA to share, and be reimbursed for, any information obtained through these agreements that would assist other Federal agencies in administering their programs.

Payments would be restricted to \$400, even if the prisoner is entitled to both SSI and OASDI benefits.

*Effective Date*

These amendments would apply as if included in the enactment of section 203(a) of the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996."

2. ELIMINATION OF TITLE II REQUIREMENT THAT CONFINEMENT STEM FROM CRIME PUNISHABLE BY IMPRISONMENT FOR MORE THAN 1 YEAR

*Present law*

The Social Security Act bars payment of OASDI benefits to prisoners convicted of any crime punishable by imprisonment of more than a year and to those who are institutionalized because they are found guilty but insane.

*Explanation of provision*

This provision would further bar payment of Social Security benefits to prisoners, and is similar to the provisions barring payment of SSI benefits to prisoners that were included in the House-passed version of Public Law 104–193. Social Security benefits would be prohibited to prisoners convicted of any criminal offense (formerly limited to an offense punishable by imprisonment of one year or more), or to those who are found guilty but insane, and who are incarcerated or institutionalized throughout a month.

*Reason for Change*

An audit conducted by the SSA Office of Inspector General determined that the language in existing law required that for each

prisoner eligible for benefits, the duration of incarceration be determined on a case-by-case basis, based on data that can only be obtained from the courts. This was a costly, labor-intensive process that impeded timely suspension of benefits. As a matter of fairness, benefits would also be barred to persons who commit a criminal offense but are found guilty by reason of insanity.

*Effective date*

Effective for benefits payable for months after February 1997.

3. INCLUSION OF TITLE II ISSUES IN STUDY AND REPORT  
REQUIREMENTS RELATING TO PRISONERS

*Present law*

The "Personal Responsibility and Work Opportunity Reconciliation Act of 1996" requires the Commissioner to study the desirability, feasibility, and cost of establishing a system for courts to directly furnish SSA with information regarding court orders affecting SSI recipients, and requiring State and local jails, prisons, and other institutions to enter into contracts with the Commissioner by means of an electronic or similar data exchange system.

The Commissioner is also required to provide to the Committees of jurisdiction a list of institutions that are and are not providing information in accordance with these provisions regarding prisoners receiving SSI benefits.

*Explanation of provision*

These provisions would broaden the study and the list of compliant institutions to include prisoners receiving OASDI benefits.

*Reason for Change*

SSA must find better ways to exchange data with courts and State and local jails, prisons, and other institutions so that prisoners who are being supported at taxpayer expense do not also receive Federal benefits.

The Committee believes that conducting such a study, and reporting its findings to Congress, will serve as an incentive for correctional institutions to enter into reporting agreements.

*Effective date*

These amendments would apply as if included in sections 203 (b) and (c) of the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996."

**III. VOTES 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. 4039, was ordered favorably reported to the House of Representatives on September 11, 1996, by voice vote, with a quorum present.

#### IV. BUDGET EFFECTS OF THE BILL

##### A. COMMITTEE ESTIMATE OF BUDGETARY 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 the Committee bill results in net decreased budget authority for direct spending programs relative to current law, and no new or increased due 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,  
*Washington, DC, September 12, 1996.*

Hon. BILL ARCHER,  
*Chairman, Committee on Ways and Means,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4039, the Social Security Miscellaneous Amendments Act of 1996, as ordered reported by the Committee on Ways and Means on September 11, 1996.

The bill would affect direct spending and thus would be subject to pay-as-you-go procedures under Section 252 of the Balanced Budget Emergency Deficit Control Act of 1985.

If you wish further details, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM  
(For June E. O'Neill, Director).

Attachment.

##### CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 4039.
2. Bill title: Social Security Miscellaneous Amendments Act of 1996.
3. Bill status: As ordered reported by the Committee on Ways and Means on September 11, 1996.
4. Bill purpose: The bill would clarify the provisions of several previously enacted laws affecting the Social Security and Supplemental Security Income (SSI) programs to ensure that they work as originally planned; extend for one year the Social Security Ad-

ministration's authority to waive certain provisions of law for purposes of research and demonstration projects; and curtail the ability of some denied applicants to appeal directly to federal courts. In addition, it would further restrict the payment of Social Security benefits to prisoners by adopting changes like those recently enacted in the SSI program.

5. Estimated cost to the Federal Government: CBO estimates that, over the six-year period between 1997 and 2002, enactment of the bill would save \$65 million in direct spending. Of that amount, \$28 million is off-budget (Social Security) and \$37 million on-budget (Supplemental Security Income). In addition, the bill would also entail additional administrative expenses for the Social Security Administration (SSA) amounting to an estimated \$39 million over six years; those funds would be subject to future appropriations.

The following table summarizes the effects of the bill on direct spending. Table I (attached) provides details on the components of the estimate. Table II displays the Social Security scorecard that is used by the House of Representatives.

(By fiscal years, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7-year total
PROJECTED DIRECT SPENDING UNDER CURRENT LAW <sup>1</sup>								
Old-Age, Survivors, and Disability Insurance .....	348,186	365,398	383,392	402,336	422,397	444,061	466,747	
Supplemental Security Income .....	24,017	27,111	26,684	28,296	33,171	30,171	35,390	
<b>Total .....</b>	<b>372,203</b>	<b>392,509</b>	<b>410,076</b>	<b>430,632</b>	<b>455,568</b>	<b>474,232</b>	<b>502,137</b>	
PROPOSED CHANGES								
Old-Age, Survivors, and Disability Insurance .....	0	3	2	-6	-11	-6	-10	-28
Supplemental Security Income .....	0	-5	-4	-4	-5	-9	-10	-37
<b>Total .....</b>	<b>0</b>	<b>-2</b>	<b>-2</b>	<b>-10</b>	<b>-16</b>	<b>-15</b>	<b>-20</b>	<b>-65</b>
PROJECTED DIRECT SPENDING UNDER PROPOSAL								
Old-Age, Survivors, and Disability Insurance .....	348,186	365,401	383,394	402,330	422,386	444,055	466,737	
Supplemental Security Income .....	24,017	27,106	26,680	28,292	33,166	30,162	35,380	
<b>Total .....</b>	<b>372,203</b>	<b>392,507</b>	<b>410,074</b>	<b>430,622</b>	<b>455,552</b>	<b>474,217</b>	<b>502,117</b>	

<sup>1</sup> Estimates are from the CBO March 1996 baseline, adjusted for enactment of P.L. 104-193 (the Personal Responsibility and Work Opportunity Act of 1996).

6. Basis of estimate: CBO's estimate assumes that the bill would be enacted on October 1, 1996.

#### *Direct spending*

Section 2—Drug addicts and alcoholics. The bill would clarify certain provisions of Public Law 104-121, enacted in March 1996, which ended the eligibility of many drug addicts and alcoholics (DA&As) for Social Security and SSI benefits. That law provided that recipients already on the rolls in March 1996 would lose their benefits on January 1, 1997, if they fell into the affected group. DA&A applicants whose cases had not yet been “finally adjudicated” were not to be awarded benefits at all.

This bill would clarify the meaning of “final adjudication.” One court has held that an applicant whose initial claim was denied before March 29, 1996, but who had an appeal outstanding that would have qualified under the old law, could get benefits until January 1997. This bill reiterates that applicants in similar circumstances are not deemed to be “finally adjudicated” and hence are not eligible for any benefits. The clarification would confirm the Congress’ and CBO’s original understanding of the provision.

If that one court’s ruling were to prevail nationwide—a highly speculative outcome—CBO estimates that up to \$20 million in extra benefits not contemplated in Public Law 104–121 might be paid out. Nevertheless, CBO does not attribute any savings to this correction because those savings were already credited to P.L. 104–121, and it would be inappropriate to give credit twice.

Other corrections in this section have no budgetary implications.

Section 3—Immunity of DDS employees. This bill would change the appeals process for denied applicants in certain cases. The Social Security Administration relies on disability determination services (DDSs), run by the states, to perform initial evaluations of disability in the Social Security and SSI programs. Applicants who are denied benefits by the DDSs may seek a reconsideration, then pursue several levels of appeal at SSA, and then go to federal court.

A few denied applicants, however, go straight from the DDSs to federal court. Such cases generally allege violations of the plaintiffs’ civil rights by the DDS. This bill would require that denied applicants must exhaust the SSA appeals process before turning to federal court. CBO assigns no budgetary effects to this provision.

Section 4—Research and demonstration projects. The SSA has authority to conduct certain research and demonstration (R&D) projects that occasionally require waivers of provisions of Title II of the Social Security Act. That waiver authority expired on June 10, 1996. This bill would extend it for one year, until June 10, 1997. This would be the fifth extension since the waiver authority was enacted in 1980.

When the waiver authority has been in effect, SSA has generally spent between \$2 million and \$7 million annually on the affected R&D projects. CBO estimates that a one-year extension of the authority would lead to outlays of \$7 million, chiefly in fiscal year 1998.

Section 5—Withholding of income taxes. Public Law 103–465, enacted in December 1994, permitted voluntary withholding of income taxes from Social Security checks starting in 1997. At that time, the provision was estimated by the Joint Committee on Taxation to raise about \$180 million in 1997 and about \$20 million a year thereafter, chiefly by accelerating the receipt of taxes that would have been collected eventually in any case.

That law, however, failed to override a provision of the Social Security Act that prohibits the assignment of benefits to anyone other than the entitled individual. That provision has been interpreted to bar withholding. This bill would remedy that omission and permit withholding to take effect as planned. The Joint Committee on Taxation advises CBO that, since the extra taxes resulting from the 1994 law are already included in the baseline, no further revenue gains should be ascribed to this correction.

Section 6—Treatment of prisoners. Current law sets strict limits on payment of SSI benefits to incarcerated people, and somewhat milder limits on such payments in the Old-Age, Survivors, and Disability Insurance (OASDI) program. SSI recipients who are in prison for a full month—regardless of whether they are convicted—are to have their benefits suspended. OASDI recipients who have been convicted of an offense carrying a maximum sentence of 1 year or more are to have their benefits suspended. Those who are convicted of lesser crimes, and those who are in jail awaiting trial, may still collect OASDI benefits. Currently, those provisions are enforced chiefly by an exchange of computerized data between the Social Security Administration and the Federal Bureau of Prisons, state prisons, and some county jails. Those agreements are voluntary and, until recently, involved no payments to the institutions.

The welfare reform bill (Public Law 104–193) enacted in August changed that arrangement by directing SSA to pay penal institutions for reporting information that led to the identification of ineligible SSI recipients. The payment is \$400 if the institution reports information within 30 days of confinement and \$200 if the report is made within 30 to 90 days after confinement. The bill also exempted matching agreements between SSA and correctional institutions from certain provisions of the Privacy Act. CBO assumed that these provisions would spur more institutions to share data with SSA, and would induce institutions that already provide such data to renew those agreements more promptly rather than letting them lapse.

This bill proposes analogous arrangements in the OASDI program. It would also drop the requirement that OASDI be suspended only if the maximum sentence for the offense is 1 year or more. (A conviction would still be required; inmates who are in jail while they are awaiting trial could continue to collect benefits.) CBO estimated the effects of this provision, like its predecessor in the welfare reform bill, by analyzing data from several sources that suggest about 4 percent to 5 percent of prisoners were receiving Social Security, SSI, or both before incarceration, together with recent reports from SSA’s Inspector General suggesting that some of those prisoners are overlooked under current matching arrangement because their institution has not signed an agreement or has not renewed one promptly. CBO estimates that, over the 1997–2002 period, the provision would lead to payments of \$45 million to correctional institutions out of the OASDI trust funds and benefit savings of \$80 million, for a net saving of \$35 million. CBO also assumes that the broader arrangement would encourage more correctional institutions to participate in the reporting program, and would lead to spillover savings in the SSI program. Both the payments and the savings in benefits would occur automatically, without the need for appropriation. The cost to SSA of administering the provision, in contrast, would be subject to appropriation and is estimated at \$39 million over six years.

*Amounts subject to appropriation*

As noted on Table I, CBO estimates that the bill would cause SSA to incur greater administrative costs. The expansion of arrangements to pay correctional institutions for information about



TABLE I.—BUDGETARY IMPACTS OF H.R. 4039, THE SOCIAL SECURITY MISCELLANEOUS AMENDMENTS ACT OF 1996, BY SECTION—Continued  
[By fiscal years, in millions of dollars]

Section	1996	1997	1998	1999	2000	2001	2002	7-year total
Section 4:								
Extension of DI Demonstration Project Authority:								
DI outlays .....	0	( <sup>1</sup> )	6	1	( <sup>1</sup> )	0	0	7
Section 5:								
Perfecting Amendments Relating to Withholding of Income Taxes from Social Security Benefits .....	0	0	0	0	0	0	0	0
Section 6:								
Provisions Regarding Payment of Benefits to Prisoners:								
Payments to prison officials, OASDI .....	0	3	6	8	9	9	10	45
Payments to prison officials, SSI .....	0	( <sup>1</sup> )	1	1	( <sup>1</sup> )	1	( <sup>1</sup> )	3
Savings in benefits, OASDI .....	0	( <sup>1</sup> )	-10	-15	-20	-15	-20	-80
Savings in benefits, SSI .....	0	-5	-5	-5	-5	-10	-10	-40
Subtotal, provision .....	0	-2	-8	-11	-16	-15	-20	-72
Total direct spending:	0	-2	-2	-10	-16	-15	-20	-65
On-budget .....	0	-5	-4	-4	-5	-9	-10	-37
Off-budget .....	0	3	2	-6	-11	-6	-10	-28
Amounts Subject to Appropriation								
Section 6:								
Provisions Regarding Payments of Benefits to Prisoners .....	0	2	9	9	8	5	6	39

<sup>1</sup> denotes less than \$500,000.

Estimates assume an enactment date of October 1, 1996. Details may not add to total due to rounding.

OASDI=Old-Age, Survivors, and Disability Insurance; DI=Disability Insurance; SSI=Supplemental Security Income.

TABLE II.—CBO ESTIMATE OF EFFECTS ON SOCIAL SECURITY SCORECARD OF H.R. 4039, THE SOCIAL SECURITY MISCELLANEOUS AMENDMENTS ACT OF 1996  
[By fiscal years, in millions of dollars]

12-Sep-96	1996	1997	1998	1999	2000	2001	Five-year
Scoreboard before Contract with America Advancement Act:							
OASDI taxes .....	55	58	146	80	0		339
OASDI benefits .....	-62	-40	-57	-109	0		-268
Net effect .....	117	98	203	189	0		607
Contract with America Advancement Act (P.L. 104-121):							
OASDI taxes .....	0	0	0	0	0		0
OASDI benefits .....	-5	120	-10	10	90		205
Net effect .....	5	-120	10	-10	-90		-205
Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193):							
OASDI taxes .....	0	0	0	0	0		0
OASDI benefits .....	0	-5	-10	-15	-15		-45
Net effect .....	0	5	10	15	15		45
Current scorecard:							
OASDI taxes .....	55	58	146	80	0		339

TABLE II.—CBO ESTIMATE OF EFFECTS ON SOCIAL SECURITY SCORECARD OF H.R. 4039, THE SOCIAL SECURITY MISCELLANEOUS AMENDMENTS ACT OF 1996—Continued  
[By fiscal years, in millions of dollars]

	12-Sep-96	1996	1997	1998	1999	2000	2001	Five-year
OASDI benefits .....		- 67	75	- 77	- 114	75	.....	- 108
Net effect .....		122	- 17	223	194	- 75	.....	447
CBO estimate of Miscellaneous Social Security Amendments Act of 1996 (H.R. 4039):								
OASDI taxes .....		na	0	0	0	0	0	0
OASDI benefits .....		na	0	- 10	- 15	20	15	60
Net effect .....		na	0	10	15	20	15	60
Scorecard assuming enactment of H.R. 4039:								
OASDI taxes .....		na	58	146	80	0	0	284
OASDI benefits .....		na	75	- 87	- 129	55	- 15	- 101
Net effect .....		na	- 17	233	209	- 55	15	385

Estimates of H.R. 4039 assume enactment on October 1, 1996.

Note.—The Social Security scorecard used by the House of Representatives reflects Social Security taxes and benefits only. It does not include outlays of the OASI or DI trust funds for purposes other than benefit payments. Therefore, the scorecard omits OASDI trust fund costs or savings such as those associated with ending contracts with referral and monitoring agencies (a provision of the Contract with America Advancement Act), and with extending DI demonstration project authority, permitting reimbursement to the Treasury for expenses associated with income tax withholding, and requiring payments to penal institutions that provide information about ineligible OASDI recipients (in H.R. 4039).

## V. OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

### A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

In compliance with clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the need for this legislation was confirmed through its ongoing oversight of the Social Security Administration and the Social Security programs.

### B. SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE GOVERNMENT REFORM AND OVERSIGHT 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 Reform and Oversight with respect to the provisions contained in this bill.

### C. INFLATIONARY IMPACT STATEMENT

In compliance with clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee states that the provisions of the bill are not expected to have any inflationary impact on the economy.

## VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as re-

ported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**SECTION 105 OF THE CONTRACT WITH AMERICA  
ADVANCEMENT ACT OF 1996**

**SEC. 105. DENIAL OF DISABILITY BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.**

(a) AMENDMENTS RELATING TO TITLE II DISABILITY BENEFITS.—

(1) \* \* \*

\* \* \* \* \*

(5) EFFECTIVE DATES.—

(A) The amendments made by paragraphs (1) and (2) shall apply to any individual who applies for, or whose claim is finally adjudicated [by the Commissioner of Social Security] with respect to, benefits under title II of the Social Security Act based on disability on or after the date of the enactment of this Act, and, in the case of any individual who has applied for, and whose claim has been finally adjudicated [by the Commissioner] with respect to, such benefits before such date of enactment, such amendments shall apply only with respect to such benefits for months beginning on or after January 1, 1997.

[(B) The amendments made by paragraphs (2) and (3) shall apply with respect to benefits for which applications are filed after the third month following the month in which this Act is enacted.]

*(B) The amendments made by paragraphs (2) and (3) shall take effect on July 1, 1996, with respect to any individual—*

*(i) whose claim for benefits is finally adjudicated on or after the date of the enactment of this Act, or*

*(ii) whose entitlement to benefits is based upon an entitlement redetermination made pursuant to subparagraph (C).*

\* \* \* \* \*

*(D) For purposes of this paragraph, an individual's claim, with respect to supplemental security income benefits under title XVI of the Social Security Act based on disability, which has been denied in whole before the date of the enactment of this Act, may not be considered to be finally adjudicated before such date if, on or after such date—*

*(i) there is pending a request for either administrative or judicial review with respect to such claim, or*

*(ii) there is pending, with respect to such claim, a readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.*

(b) AMENDMENTS RELATING TO SSI BENEFITS.—

(1) \* \* \*

\* \* \* \* \*

(5) EFFECTIVE DATES.—

(A) The amendments made by paragraphs (1) and (4) shall apply to any individual who applies for, or whose claim is finally adjudicated [by the Commissioner of Social Security] with respect to, supplemental security income benefits under title XVI of the Social Security Act based on disability on or after the date of the enactment of this Act, and, in the case of any individual who has applied for, and whose claim has been finally adjudicated [by the Commissioner] with respect to, such benefits before such date of enactment, such amendments shall apply only with respect to such benefits for months beginning on or after January 1, 1997.

[(B) The amendments made by paragraphs (2) and (3) shall apply with respect to supplemental security income benefits under title XVI of the Social Security Act for which applications are filed after the third month following the month in which this Act is enacted.]

*(B) The amendments made by paragraphs (2) and (3) shall take effect on July 1, 1996, with respect to any individual—*

*(i) whose claim for benefits is finally adjudicated on or after the date of the enactment of this Act, or*

*(ii) whose eligibility for benefits is based upon an eligibility redetermination made pursuant to subparagraph (C).*

\* \* \* \* \*

*(D) For purposes of this paragraph, an individual's claim, with respect to supplemental security income benefits under title XVI of the Social Security Act based on disability, which has been denied in whole before the date of the enactment of this Act, may not be considered to be finally adjudicated before such date if, on or after such date—*

*(i) there is pending a request for either administrative or judicial review with respect to such claim, or*

*(ii) there is pending, with respect to such claim, a readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.*

\* \* \* \* \*

**SECTION 201 OF THE SOCIAL SECURITY INDEPENDENCE AND PROGRAM IMPROVEMENTS ACT OF 1994**

**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) \* \* \*

\* \* \* \* \*

(3) NONPAYMENT OR TERMINATION OF BENEFITS.—

(A) \* \* \*

[(B) REPORT.—Not later than December 31, 1996, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a full and complete report on the Secretary’s activities under paragraph (5) of section 225(c) of the Social Security Act (as amended by subparagraph (A)). Such report shall include the number and percentage of individuals referred to in such paragraph who have not received regular drug testing since the effective date of such paragraph.]

\* \* \* \* \*

(b) AMENDMENTS RELATING TO SUPPLEMENTAL SECURITY INCOME BENEFITS UNDER TITLE XVI OF THE SOCIAL SECURITY ACT.—

(1) \* \* \*

\* \* \* \* \*

(3) NONPAYMENT OR TERMINATION OF BENEFITS.—

(A) \* \* \*

(B) REFERRAL, MONITORING, AND TREATMENT.—

(i) \* \* \*

[(ii) REPORT.—Not later than December 31, 1996, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a full and complete report on the Secretary’s activities under section 1611(e)(3)(B) of the Social Security Act. The report shall include the number and percentage of individuals referred to in such paragraph who have not received regular drug testing since the effective date of the amendments made by clause (i) of this subparagraph.]

\* \* \* \* \*

SOCIAL SECURITY ACT

\* \* \* \* \*

TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

\* \* \* \* \*

FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND FEDERAL DISABILITY INSURANCE TRUST FUND

SEC. 201. (a) \* \* \*

\* \* \* \* \*

(g)(1)(A) The Managing Trustee of the Trust Funds (which for purposes of this paragraph shall include also the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund established by title XVIII) is directed to pay from the Trust Funds into the Treasury—

(i) \* \* \*

(ii) the amounts estimated (pursuant to the applicable method prescribed under paragraph (4) of this subsection) by the Commissioner of Social Security which will be expended, out of moneys made available for expenditures from the Trust Funds, during such three-month period to cover the cost 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) *and the functions of the Social Security Administration in connection with the withholding of taxes from benefits, as described in section 207(c), pursuant to requests by person entitled to such benefits.*

Such payments shall be carried into the Treasury as the net amount of repayments due the general fund account for reimbursement of expenses incurred in connection with the administration of titles II and XVIII of this Act and chapters 2 and 21 of the Internal Revenue Code of 1986. A final accounting of such payments for any fiscal year shall be made at the earliest practicable date after the close thereof. 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, title XVI, and title XVIII 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. Of the amounts authorized to be made available out of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund under the preceding sentence, there are hereby authorized to be made available from either or both of such Trust Funds for continuing disability reviews—

- (i) for fiscal year 1996, \$260,000,000;
- (ii) for fiscal year 1997, \$360,000,000;
- (iii) for fiscal year 1998, \$570,000,000;
- (iv) for fiscal year 1999, \$720,000,000;
- (v) for fiscal year 2000, \$720,000,000;
- (vi) for fiscal year 2001, \$720,000,000; and
- (vii) for fiscal year 2002, \$720,000,000.

For purposes of this subparagraph, the term “continuing disability review” means a review conducted pursuant to section 221(i) and a review or disability eligibility redetermination conducted to determine the continuing disability and eligibility of a recipient of benefits under the supplemental security income program under title XVI, including any review or redetermination conducted pursuant to section 207 or 208 of the Social Security Independence and program Improvements Act of 1994 (Public Law 103–296) *and the functions of the Social Security Administration in connection with the withholding of taxes from benefits, as described in section 207(c), pursuant to requests by persons entitled to such benefits.*

(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, title XVI, and title XVIII for which the Commissioner is responsible 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)**), *subparagraph (A)*) and *the functions of the Social Security Administration in connection with the withholding of taxes from benefits, as described in section 207(c), pursuant to requests by persons entitled to such benefits*, which should have been borne by the general fund of the Treasury.

\* \* \* \* \*

(C) After the determinations under subparagraph (B) have been made for any fiscal year, the Commissioner of Social Security and the Secretary shall each certify to the Managing Trustee the amounts, if any, which should be transferred from one to any of the other 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 of the Treasury, in order to ensure that each of the Trust Funds and the general fund of the Treasury have borne their proper share of the costs, incurred during such fiscal year, for—

(i) the parts of the administration of this title, title XVI, and title XVIII for which the Commissioner of Social Security is responsible,

(ii) the parts of the administration of title XVIII for which the Secretary 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)) *and the functions of the Social Security Administration in connection with the withholding of taxes from benefits, as described in section 207(c), pursuant to requests by persons entitled to such benefits*.

The Managing Trustee shall transfer any such amounts in accordance with any certification so made.

(D) The determinations required under subclauses (IV) and (V) of subparagraph (B)(i) shall be made in accordance with the cost allocation methodology in existence on the date of the enactment of the Social Security Independence and Program Improvements Act of 1994, until such time as the methodology for making the determinations required under such subclauses is revised by agreement of the Commissioner and the Secretary, except that the determination of the amounts to be borne by the general fund of the Treasury with respect to expenditures incurred in carrying out the functions of the Social Security Administration specified in section 232 *and the functions of the Social Security Administration in connection with the withholding of taxes from benefits as described in*

section 207(c) shall be made pursuant to the applicable method prescribed under paragraph (4).

\* \* \* \* \*

(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 Independence and Program Improvements Act of 1994, for determining the costs which should be borne by the general fund of the Treasury of carrying out the functions of the Commissioner, 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 paragraph (1)(A)). *The Boards of Trustees of such Trust Funds shall prescribe before January 1, 1997, the method of determining the costs which should be borne by the general fund in the Treasury of carrying out the functions of the Social Security Administration in connection with the withholding of taxes from benefits, as described in section 207(c), pursuant to requests by persons entitled to such benefits.* If at any time or times thereafter the Boards of Trustees of such Trust Funds consider such action advisable, they may modify the method of determining such costs.

\* \* \* \* \*

OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

Old-Age Insurance Benefits

SEC. 202. (a) \* \* \*

\* \* \* \* \*

Limitation on Payments to Prisoners and Certain Other Inmates of Publicly Funded Institutions

(x)(1)(A) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section or under section 223 to any individual for any month **[during]** *throughout* which such individual—

(i) is confined in a jail, prison, or other penal institution or correctional facility pursuant to his conviction of **[an offense punishable by imprisonment for more than 1 year (regardless of the actual sentence imposed)]** *a criminal offense*, or

(ii) is confined by court order in an institution at public expense in connection with—

(I) a verdict or finding that the individual is guilty but insane, with respect to **[an offense punishable by imprisonment for more than 1 year]** *a criminal offense*,

\* \* \* \* \*

(3)(A) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law, any agency of the United States Government or of any State (or political subdivision thereof) shall make available to the Commissioner of Social Security, upon written request, the name and social security account number of any individual who is confined as described in paragraph (1) if the confinement is under the jurisdiction

of such agency and the Commissioner of Social Security requires such information to carry out the provisions of this section.

\* \* \* \* \*

*(B)(i) The Commissioner shall enter into an agreement, with any interested State or local institution comprising a jail, prison, penal institution, correctional facility, or other institution a purpose of which is to confine individuals as described in paragraph (1)(A), under which—*

*(I) the institution shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, social security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the institution, such other identifying information concerning the individuals confined in the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and*

*(II) except as provided in clause (ii), the Commissioner shall pay to the institution, with respect to information described in subclause (I) concerning each individual who is confined therein as described in paragraph (1)(A), to whom a benefit under this title is payable for the month preceding the first month of such confinement, and whose benefit under this title ceases to be payable as a result of the application of this subsection, \$400 (subject to reduction under clause (iii)) if the institution furnishes the information to the Commissioner within 30 days after the date such individual's confinement in such institution begins, or \$200 (subject to reduction under clause (iii)) if the institution furnishes the information after 30 days after such date but within 90 days after such date.*

*(ii) No amount shall be payable to an institution with respect to information concerning an individual under an agreement entered into under clause (i) if, prior to the Commissioner's receipt of the information, the Commissioner has determined that benefits under this title are no longer payable to such individual as a result of the application of this subsection.*

*(iii) The dollar amounts specified in clause (i)(II) shall be reduced by 50 percent if the Commissioner is also required to make a payment to the institution with respect to the same individual under an agreement entered into under section 1611(e)(1)(I).*

*(iv) There shall be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as appropriate, such sums as may be necessary to enable the Commissioner to make payments to institutions required by clause (i)(II). Sums so transferred shall be treated as direct spending for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 and excluded from budget totals in accordance with section 13301 of the Budget Enforcement Act of 1990.*

*(v) The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to agreements entered into under clause (i) to any Federal or federally-assisted cash, food, or medical assistance program for eligibility purposes.*

\* \* \* \* \*

ASSIGNMENT

SEC. 207. (a) \* \* \*

\* \* \* \* \*

(c) *Nothing in this section shall be construed to prohibit withholding taxes from any benefit under this title, if such withholding is done pursuant to a request made in accordance with section 3402(p)(1) of the Internal Revenue Code of 1986 by the person entitled to such benefit.*

\* \* \* \* \*

DISABILITY DETERMINATIONS

SEC. 221. (a) \* \* \*

\* \* \* \* \*

(d)(1) Any individual dissatisfied with any determination under subsection (a), (b), (c), or (g) shall be entitled to a hearing thereon by the Commissioner of Social Security to the same extent as is provided in section 205(b) with respect to decisions of the Commissioner of Social Security, and to judicial review of the Commissioner's final decision after such hearing as is provided in section 205(g).

(2) *No determination under this section shall be reviewed by any person, tribunal, or governmental agency, except as provided in paragraph (1).*

\* \* \* \* \*

TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

\* \* \* \* \*

PART A—DETERMINATION OF BENEFITS

ELIGIBILITY FOR AND AMOUNT OF BENEFITS

Definition of Eligible Individual

SEC. 1611. (a) \* \* \*

\* \* \* \* \*

(e)(1)(A) \* \* \*

\* \* \* \* \*

(I)(i) The Commissioner shall enter into an agreement, with any interested State or local [institution described in clause (i) or (ii) of section 202(x)(1)(A) the primary purpose of which is to confine individuals as described in section 202(x)(1)(A),] *institution comprising a jail, prison, penal institution, or correctional facility, or with any other interested State or local institution a purpose of which is to confine individuals as described in section 202(x)(1)(A)(ii),* under which—

(I) the institution shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, social security account numbers, dates of birth, confinement commencement dates, and, to the extent

available to the institution, such other identifying information concerning the inmates of the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

(II) *except as provided in clause (ii)*, the Commissioner shall pay to any such institution, with respect to each [inmate of the institution who is eligible for a benefit under this title for the month preceding the first month throughout which such inmate is in such institution and] *individual who is eligible for a benefit under this title for the month preceding the first month throughout which the individual is an inmate of the jail, prison, penal institution, or correctional facility, or is confined in the institution as described in section 202(x)(1)(A)(ii), and who becomes ineligible for such benefit as a result of the application of this [subparagraph] paragraph, \$400 (subject to reduction under clause (iii)) if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after the date such individual becomes an inmate of such institution, or \$200 (subject to reduction under clause (iii)) if the institution furnishes such information after 30 days after such date but within 90 days after such date.*

*(ii) No amount shall be payable to an institution with respect to information concerning an inmate under an agreement entered into under clause (i) if, prior to the Commissioner's receipt of the information, the Commissioner has determined that the inmate is no longer an eligible individual or eligible spouse for purposes of this title as a result of the application of this paragraph.*

*(iii) The dollar amounts specified in clause (i)(II) shall be reduced by 50 percent if the Commissioner is also required to make a payment to the institution with respect to the same individual under an agreement entered into under section 202(x)(3)(B).*

[(ii)(I) The provisions of section 552a of title 5, United States Code, shall not apply to any agreement entered into under clause (i) or to information exchanged pursuant to such agreement.

[(II) The Commissioner] *(iv) The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to agreements entered into under clause (i) to any Federal or federally-assisted cash, food, or medical assistance program for eligibility purposes.*

[(iii)] *(v) Payments to institutions required by clause (i)(II) shall be made from funds otherwise available for the payment of benefits under this title and shall be treated as direct spending for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985.*

\* \* \* \* \*

**SECTION 505 OF THE SOCIAL SECURITY DISABILITY AMENDMENTS OF 1980**

**AUTHORITY FOR DEMONSTRATION PROJECTS**

SEC. 505. (a)(1) The Commissioner of Social Security shall develop and carry out experiments and demonstration projects designed to determine the relative advantages and disadvantages of (A) various alternative methods of treating the work activity of disabled beneficiaries under the old-age, survivors, and disability in-

surance program, including such methods as a reduction in benefits based on earnings, designed to encourage the return to work of disabled beneficiaries and (B) altering other limitations and conditions applicable to such disabled beneficiaries (including, but not limited to, lengthening the trial work period, altering the 24-month waiting period for medicare benefits, altering the manner in which such program is administered, earlier referral of beneficiaries for rehabilitation, and greater use of employers and others to develop, perform, and otherwise stimulate new forms of rehabilitation), to the end that savings will accrue to the Trust Funds, or to otherwise promote the objectives or facilitate the administration of title II of the Social Security Act. *The Commissioner may expand the scope of any such experiment or demonstration project to include any group of applicants for benefits under such program with impairments which may reasonably be presumed to be disabling for purposes of such experiment or demonstration project, and may limit any such experiment or demonstration project to any such group of applicants, subject to the terms of such experiment or demonstration project which shall define the extent of any such presumption.*

\* \* \* \* \*

(3) In the case of any experiment or demonstration project under paragraph (1) which is initiated before June 10, ~~1996~~ 1997, the Commissioner may waive compliance with the benefit requirements of title II of the Social Security Act, and the Secretary of Health and Human Services may (upon the request of the Commissioner) waive compliance with the benefits requirements of title XVIII of such Act, insofar as is necessary for a thorough evaluation of the alternative methods under consideration. No such experiment or project shall be actually placed in operation unless at least ninety days prior thereto a written report, prepared for purposes of notification and information only and containing a full and complete description thereof, has been transmitted by the Commissioner to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate. Periodic reports on the progress of such experiments and demonstration projects shall be submitted by the Commissioner to such committees. When appropriate, such reports shall include detailed recommendations for changes in administration or law, or both, to carry out the objectives states in paragraph (1).

(4) On or before June 9 in 1986 and each of the succeeding fiscal years through 1995, *and on or before October 1, 1996*, the Commissioner shall submit an interim report on the progress of the experiments and demonstration projects carried out under this subsection together with any related data and materials which the Commissioner may consider appropriate.

\* \* \* \* \*

(c) The Commissioner shall submit to the Congress a final report with respect to all experiments and demonstration projects carried out under this section (other than demonstration projects con-

ducted under section 5120 of the Omnibus Budget Reconciliation Act of 1990) no later than October 1, [1996] 1997.

\* \* \* \* \*

**SECTION 203 OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996**

**SEC. 203. TREATMENT OF PRISONERS.**

(a) \* \* \*

\* \* \* \* \*

(b) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN THE COLLECTION OF INFORMATION RESPECTING PUBLIC INMATES.—

(1) STUDY.—The Commissioner of Social Security shall conduct a study of the desirability, feasibility, and cost of—

(A) establishing a system under which Federal, State, and local courts would furnish to the Commissioner such information respecting court orders by which individuals are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out [section 1611(e)(1)] sections 202(x) and 1611(e)(1) of the Social Security Act; and

(B) requiring that State and local jails, prisons, and other institutions that enter into agreements with the Commissioner under [section 1611(e)(1)(I)] section 202(x)(3)(B) or 1611(e)(1)(I) of the Social Security Act furnish the information required by such agreements to the Commissioner by means of an electronic or other sophisticated data exchange system.

\* \* \* \* \*

(c) ADDITIONAL REPORT TO CONGRESS.—Not later than October 1, 1998, the Commissioner of Social Security shall provide to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a list of the institutions that are and are not providing information to the Commissioner under [section 1611(e)(1)(I) of the Social Security Act (as added by this section).] sections 202(x)(3)(B) and 1611(e)(1)(I) of the Social Security Act.

\* \* \* \* \*

**SECTION 552a OF TITLE 5, UNITED STATES CODE**

**§ 552a. Records maintained on individuals**

(a) DEFINITIONS.—For purposes of this section—

(1) \* \* \*

\* \* \* \* \*

(8) the term “matching program”—

(A) \* \* \*

(B) but does not include—

(i) \* \* \*

\* \* \* \* \*

(vi) matches performed for foreign counterintelligence purposes or to produce background checks for security clearances of Federal personnel or Federal contractor personnel; **[or]**

(vii) matches performed pursuant to section 6103(l)(12) of the Internal Revenue Code of 1986 and section 1144 of the Social Security Act; or

*(viii) matches performed pursuant to section 202(x) or 1611(e)(1) of the Social Security Act;*

\* \* \* \* \*

