This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies may be obtained from Textron Lycoming, 652 Oliver St., Williamsport, PA 17701; telephone (717) 327–7278, fax (717) 327–7022. Copies may be inspected at the FAA, New England Region, Office of the Assistant Chief Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

(f) This amendment becomes effective on January 21, 1997.

Issued in Burlington, Massachusetts, on December 26, 1996.

Jay J. Pardee,

*Manager, Engine and Propeller Directorate, Aircraft Certification Service.*

[FR Doc. 96–33399 Filed 12–31–96; 12:23 pm]

**BILLING CODE 4910–13–U**

## 14 CFR Part 71

**[Airspace Docket No. 96–AEA–11]**

## Amendment to Class E Airspace, Staunton, VA

**AGENCY:** Federal Aviation Administration (FAA) DOT.

**ACTION:** Final rule.

**SUMMARY:** This amendment modifies the Class E airspace at Staunton, VA, to accommodate a Global Positioning System (GPS) Standard Instrument Approach Procedure (SIAP) to Runway (RWY) 23 at Shenandoah Valley Regional Airport. This amendment also corrects the airspace description of the Staunton, VA Class E airspace are, published as a Notice of Proposed Rulemaking in the Federal Register November 1, 1996 (61 FR 56480). The intended effect of this action is to provide adequate controlled airspace for instrument flight rules (IFR) operations at the airport.

**EFFECTIVE DATE:** 0901 UTC, March 27, 1997.

**FOR FURTHER INFORMATION CONTACT:** Mr. Francis Jordan, Airspace Specialist, Operations Branch, AEA–530, Air Traffic Division, Eastern Region, Federal Aviation Administration, Federal Building #111, John F. Kennedy International Airport, Jamaica, New York 11430, telephone: (718) 553–4521.

**SUPPLEMENTARY INFORMATION:**

History

On November 1, 1996, the FAA proposed to amend Part 71 of the Federal Aviation Regulations (14 CFR Part 71) by modifying Class E airspace at Staunton, VA, (61 FR 56480). This action would provide adequate Class E airspace for IFR operations at Shenandoah Valley Regional Airport.

Interested parties were invited to participate in this rulemaking proceeding by submitting written comments on the proposal to the FAA. No comments objecting to the proposal were received.

Class E airspace areas designations are published in paragraph 6005 of FAA Order 7400.9D, dated September 4, 1996, and effective September 16, 1996, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document will be published subsequently in the Order.

The Rule

This amendment to Part 71 of the Federal Aviation Regulations (14 CFR Part 71) modifies Class E airspace area at Staunton, VA, to accommodate a GPS RWY 23 SIAP and for IFR operations at Shenandoah Valley Regional Airport.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this regulation—(1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Regulatory Policies and Procedures (44 FR 10034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation it is certified that this rule will not have significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

Adoption of the Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR Part 71 as follows:

## PART 71—[AMENDED]

1. The authority citation for 14 CFR Part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; EO 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389; 14 CFR 11.69.

**§ 71.1 [Amended]**

2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9D, Airspace Designations and Reporting Points, dated September 4, 1996, and effective September 16, 1996, is amended as follows:

*Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth.*

* * * * *

AEA VA E5 Staunton, VA [Revised]

Shenandoah Valley Regional Airport, VA
(lat. 38°15′50″N., long. 78°53′47″W.)
Bridgewater Air Park, VA
(lat. 38°22′00″N., long. 78°57′37″W.)
Bridgewater NDB
(lat. 38°21′56″N., long. 78°57′40″W.)
STAUT NDB
(lat. 38°12′06″N., long. 78°57′26″W.)

That airspace extending upward from 700 feet above the surface within a 10.5–mile radius of the Shenandoah Valley Regional Airport and within 8 miles northwest and 4 miles southeast of the Shenandoah Valley Regional Airport localizer southwest course extending from the STAUT NDB to 16 miles southwest of the NDB and within a 6.8–mile radius of Bridgewater Air Park and within 4 miles northwest and 8 miles southeast of the 208° bearing from the Bridgewater NDB extending from the NDB to 16 miles southwest of the NDB.

* * * * *

Issued in Jamaica, New York on December 18, 1996.

James K. Buckles,

*Acting Manager, Air Traffic Division, Eastern Region.*

[FR Doc. 97–76 Filed 1–2–97; 8:45 am]

**BILLING CODE 4910–13–M**

## SOCIAL SECURITY ADMINISTRATION

## 20 CFR Part 416

**[Regulations No. 16]**

**RIN 0960–AD75**

## Supplemental Security Income for the Aged, Blind, and Disabled; Charging Administration Fees for Making State Supplementary Payments; Interest Charging on State Supplementary Payment Funds

**AGENCY:** Social Security Administration (SSA).

**ACTION:** Final rule.

**SUMMARY:** We are revising our rules to bring them into accord with statutory changes which require the Social Security Administration (SSA) to charge the States an administration fee for making supplementary payments on behalf of States and authorize SSA to charge the States an additional services fee for performing services not customarily provided at the request of States. We also are conforming our regulations to reflect the requirements of the law regarding the transfer of funds

from States to SSA for use in making supplementary payments.

**EFFECTIVE DATE:** These rules are effective February 3, 1997.

**FOR FURTHER INFORMATION CONTACT:** Henry D. Lerner, Legal Assistant, Division of Regulations and Rulings, Social Security Administration, 6401 Security Blvd., Baltimore, MD 21235, (410) 965–1762 for information about these rules. For information on eligibility or claiming benefits, call our national toll-free number, 1–800–772–1213.

**SUPPLEMENTARY INFORMATION**

Background

These regulations reflect the provisions of section 13731 of Pub. L. 103–66 (the Omnibus Budget Reconciliation Act (OBRA) of 1993) and Pub. L. 101–453 (the Cash Management Improvement Act (CMIA) of 1990) as amended by Pub. L. 102–589 (the Cash Management Improvement Act Amendments of 1992). From the inception of the supplemental security income (SSI) program in January 1974 through September 1993, SSA did not have the authority to charge States for the costs it incurred in administering mandatory and optional State supplementary payment programs. During that same period of time, SSA did not have specific authority to charge States for the costs it incurred in performing, at the request of the States, services not customarily provided in the administration of State supplementary payment programs.

Section 13731 of Public Law 103–66, effective for supplementary payments made for any month beginning on or after October 1, 1993, requires SSA to charge the States an administration fee for making supplementary payments on behalf of States and authorizes SSA to charge the States an additional services fee for performing services at the request of States not customarily provided.

The CMIA requires that transfers of funds from the States to SSA for the payment of supplementary payments be timed to coincide as closely as possible with disbursements of those funds to eligible individuals. In the case of certain States, transfers which do not occur on due dates and/or which are not in appropriate amounts will cause the imposition of an interest liability on either the States or on the Federal Government in accordance with the regulations of the United States Department of the Treasury implementing the CMIA. The provisions of the CMIA were effective on the later of July 1, 1993, or the first day of the State's fiscal year beginning in 1993. Prior to the effective date of the CMIA, no interest liability was incurred by either the States or the Federal Government on the transfer of funds to SSA for use in making State supplementary payments.

At the outset of the SSI program, States were encouraged to supplement the Federal benefit. As an incentive to provide a supplement, States that agreed to make optional supplementary payments and signed an agreement to have those payments administered by the Federal Government would not be charged a fee for Federal administration. States required to pay mandatory supplementary payments could also enter into agreements providing for Federal administration of those payments at no cost to the States. States electing Federal administration were required to periodically transfer to SSA only amounts equal to the expenditures made by SSA for supplementary payments.

On October 1, 1993, pursuant to amendments made to the Social Security Act (the Act) and to section 212(b)(3) of Public Law 93–66 by section 13731 of Public Law 103–66, SSA began charging States that had elected Federal administration of optional and/or mandatory State supplementary payments a fee for administering those payments. The administration fee is charged monthly and is derived by multiplying the number of State supplementary payments made by SSA on behalf of a State for a month by the applicable dollar rate for the fiscal year (FY), as prescribed in section 13731 of Public Law 103–66. The dollar rates are as follows: for FY 1994, $1.67; for FY 95, $3.33; for FY 96, $5.00; and, for FY 1997 and each succeeding FY, $5.00 or such different rate as determined by SSA to be appropriate for any particular State, taking into account the complexity of administering the State's supplementary payment program. The number of supplementary payments made by SSA in a month is the total number of checks issued, and direct deposits made, to recipients in that month, that are composed in whole or in part of State supplementary funds. The number of supplementary payments include, for example, recurring monthly payments (ongoing monthly payments to individuals who maintain eligibility from the previous month); supplemental payments (payments certified after the date established for the regular transfer of payment data to the United States Department of the Treasury); daily payments (non-recurring initial claims or post-entitlement payments including one-time payments such as those made to correct underpayments); erroneous payments (overpayments and payments to ineligibles); unnegotiated check payments (payments by check not presented for payment by the recipient within 180 days of issuance); replacement checks (duplicate checks issued when recipients allege nonreceipt of original check issuances); and, installment payments of large past-due amounts (payments made over a period of months, the sum of which is equal to amounts due recipients).

Section 13731 of Public Law 103–66 also authorizes SSA to charge a State an additional services fee if, at the request of the State, SSA agrees to provide the State with additional services beyond the level customarily provided in the administration of State supplementary payments. SSA is not required to perform any additional services requested by a State and may, at its sole discretion, refuse to perform those additional services. An additional services fee charged a State may be a one-time charge or, if the furnished services result in ongoing costs to the Federal Government, a monthly or less frequent charge to the State for providing such services. Section 13731 of Public Law 103–66 requires that the additional services fee be in an amount that SSA determines is necessary to cover all costs (including indirect costs) incurred by the Federal Government in furnishing the additional services. Prior to the effective date of section 13731 of Pub. L. 103–66, SSA had no specific authority to impose additional services fees.

The CMIA was enacted to ensure greater efficiency, effectiveness and equity in the exchange of funds between the Federal Government and the States. For purposes of Federal administration of State supplementary payments, the CMIA requires that the transfer of funds from the States to SSA for use in making supplementary payments be timed to coincide as closely as possible with the actual payment of those funds to recipients. While all States are required to comply with the funding techniques of the CMIA, pursuant to the implementing regulations of the United States Department of the Treasury at 31 CFR Part 205, only those States whose State supplementary payment programs meet the requirements of a major Federal assistance program in their respective States are subject to the interest liability provisions of the CMIA. For those States, transfers of supplementary payment funds to SSA which are not made on due dates and/or are not made in appropriate amounts will cause the imposition of an interest liability on either the State, or the

Federal Government. Currently, SSA administers the supplementary payment programs of 25 States and the District of Columbia. The supplementary payment programs of 11 of those States and the District of Columbia meet the requirements of a major Federal assistance program and, thus, are subject to the interest liability provisions of the CMIA.

Each month, States are notified of the amount of funds they must transfer to SSA to be used in the succeeding month to make supplementary payments and to pay administration fees. Notification is made, generally, 7 work days before the end of the month. For purposes of complying with the funding technique requirements of the CMIA and its implementing regulations, all State funds must be received by SSA by the fifth Federal business day following the day the regularly recurring monthly supplementary payments are issued. This date is the State supplementary payment transfer date and represents the dollar-weighted average day of clearance of all SSI/State supplementary payment checks and direct deposits made to individuals in a month. Section 1616(d) of the Act and section 212(b)(3) of Public Law 93–66, as amended by section 13731 of Public Law 103–66, require that the States pay administration fees on the same day they transfer to SSA the amounts necessary to make State supplementary payments. However, the provisions of the CMIA apply only to the amounts transferred to SSA for use in making supplementary payments. Therefore, the interest provisions of the CMIA are inapplicable to the payment of administration fees not made on transfer dates and/or not made in appropriate amounts. However, administration fee payment delinquencies by States are subject to the provisions of the claims collection regulations at 45 CFR Part 30, which include the imposition of interest on amounts due SSA. These Department of Health and Human Services regulations remain applicable after March 30, 1995, to the assessment of interest on delinquent administration fees by SSA pursuant to section 106(b) of Public Law 103–296, the Social Security Independence and Program Improvements Act of 1994.

It is not possible for SSA to forecast the precise amount of State expenditures that will be made in the subsequent month. Therefore, the amounts transferred on the State supplementary payment transfer date are based on estimates made by SSA. After the close of the month for which the amounts are transferred, when final expenditure figures become available, those amounts will be revealed to be either more or less than actually expended, therefore triggering an interest liability on either the State or the Federal Government. Prior to the amendments being made by these final rules, SSA's regulations did not reflect the CMIA requirement that supplementary payment funds be transferred to SSA on the date of average clearance of SSI/supplementary payments, nor did they authorize the charging or payment of interest by either SSA or the States with regard to the transfer of State supplementary payment funds.

Regulations Changes

We are amending the regulations at §§ 416.2010(b) and 416.2090 to reflect the provisions of section 13731 of Public Law 103–66 that require SSA to charge States an administrative fee for administering their State supplementary payments and authorize SSA to charge States an additional services fee for services not customarily performed. Examples of services not customarily provided States and thus, for which an additional fee will be charged if SSA agrees to perform them, are presented below. The list is not intended to be inclusive. Any and all additional services performed by SSA at the request of a State will be subject to the services fee, including:

- The collection and/or verification of additional information in the claims or redetermination process which SSA does not now typically or usually collect and/or verify;
- The modification of a supplementary payment level variation or replacement of a supplementary payment level variation, resulting in a variation more labor intensive or otherwise more costly to administer than variations normally administered by SSA;
- The modification or expansion of the existing SSI Quality Assurance sample that would increase the level of reporting usually performed by SSA;
- The development and issuance of notices to SSI/State supplementary payment recipients in the State beyond those normally provided;
- The revision of State supplementary payment amounts which requires software changes in the SSI payment system not otherwise necessary. Such revisions would be other than the customary revisions associated with annual cost-of-living adjustments to the Federal benefit rate;
- The provision of more detailed or frequent accounting data or reports; and
- A service that would require SSA to engage in software development or modification and/or reprogramming efforts not normally undertaken.

We also are amending the regulations at § 416.2090(a)(2) to provide, consistent with our present procedure, that all State funds to be used by SSA to make monthly supplementary payments and to pay administration fees for that month, as estimated by SSA, must be on deposit with SSA by the fifth Federal business day following the day the regularly recurring monthly supplementary payments are issued. This paragraph also provides that any additional services fees are to be on deposit with SSA on the date specified by SSA. In addition, we are amending § 416.2090(b) to clarify that administration and additional services fees are included in SSA's accounting of State funds and to reflect the fact that SSA and the States may now incur interest charges with respect to the adjustment and accounting of State supplementary payment funds in accordance with the CMIA and implementing regulations of the United States Department of the Treasury.

We also are making technical revisions to the regulations in Subpart T that are unrelated to the provisions of OBRA of 1993 and the CMIA. Section 184 of Public Law 97–248, enacted September 3, 1982, phased-out the hold-harmless provisions of the Social Security Act. In order to reflect the fact that these provisions are now obsolete, we are deleting the hold-harmless regulations at §§ 416.2010(b) (except for the last sentence which is unrelated to the hold-harmless protection and which will be inserted at the end of §§ 416.2005(d)), 416.2080, 416.2082, and 416.2085 per SSA's June 1, 1995, report to President Clinton on Eliminating and Improving Regulations, and are amending the regulations at § 416.2050(b)(1) and § 416.2090 (a)(2) and (d). Section 416.2010(d) is being redesignated as § 416.2010(c) and is being revised to indicate that agreements will renew automatically one year after the date they are signed for a period of one year unless the State or SSA gives written notice not to renew at least 90 days before the beginning of the new period. The regulations previously provided that the agreements run until June 30, the Federal government's former end of a fiscal year. This change takes into consideration the fact that States have not signed their agreements on one uniform date. Finally, these rules, in the sections being amended, replace all references to the Secretary of Health and Human Services with references to SSA to reflect Public Law 103–296 which, effective March 31, 1995, established

SSA as an independent agency separate from the Department of Health and Human Services.

Comments on Notice of Proposed Rulemaking

These regulations were published in the Federal Register (61 FR 18529) as a notice of proposed rulemaking (NPRM) on April 26, 1996. Interested parties were given 60 days to submit comments. Public comments were received from a State's Governor's office which raised concerns about interest charging on State supplementary funds. We address these concerns in our responses to the comments by elaborating on certain statements we made in the NPRM. We are, therefore, publishing the final rules with no substantive changes from the proposed rules.

*Comment:* The commenter believes it is contrary to the spirit of CMIA to assess interest when a State timely transmits to SSA the amount of SSI funds requested for a month's disbursements. The NPRM indicates that such interest results because ''[i]t is not possible for SSA to forecast the precise amount of State expenditures that will be made in the subsequent month . . .,'' (61 FR 18529, 18530) which the commenter sees as an explicit admission that SSA procedures require improvement.

The commenter stated that in conversations with SSA on this subject, it was explained that necessary adjustments occurring subsequent to the payment due date affect the final monthly figures. This could and does result in differences between the amounts estimated by SSA and amounts actually paid out, leading to a calculation of interest due to or from the Federal Government. According to the commenter, a fairer solution to the problem would be for SSA to record the later adjustments and apply them, plus or minus, to the estimates for the succeeding month. These estimates, when timely transmitted by the State, would result in no interest calculation and would be in keeping with the spirit of CMIA.

*Response:* Pursuant to CMIA, interest has been and will be calculated on the difference between the amount of the State's monthly payment to SSA and the actual amount of monthly outlays for State supplementary payments made by SSA on behalf of the State. The monthly funds requests are developed nearly two months before the actual current month's expenditures are available. SSA does take adjustments into consideration when developing the monthly estimates. However, State supplementary payments are not processed only on the first of each month. Payments and recoveries are processed daily and the volume is unpredictable. By including as many monthly adjustments and payments as possible in the monthly funds request, interest charges to either party are kept to a minimum. The greatest cause of interest to either party is the early or late transfer of State payment funds not the adjustments included in the funds requests.

*Comment:* The same commenter also addresses the rate of interest SSA uses in calculating a ''penalty'' for untimely delivery of the processing fees. According to the commenter, SSI is by its nature not a ''Federal Assistance Program,'' which defines the scope of CMIA. However, since the program is specifically covered by CMIA regulations, the commenter accepts its inclusion under CMIA.

The commenter states that CMIA defines the interest rate applicable to programs covered by CMIA, and does not reserve to SSA or any Federal agency the right to charge interest rates other than those calculated in accordance with CMIA; therefore, any interest charged for delinquent payment of processing fees should be subject to CMIA interest rules. The commenter believes that in terms of equity and fairness, SSA cannot have it both ways: either SSI and related fees are subject to CMIA or they are not. If they are subject to CMIA, as it appears, then only one interest rate should apply—that specified by CMIA regulations.

*Response:* The CMIA is only applicable to funds representing benefit payments to recipients. The administration fees are not covered by CMIA. However, the fees are covered by the claims collection regulations, set forth at Subpart B of 45 C.F.R. Part 30. These regulations require that the Commissioner of Social Security take action to collect debts and reduce delinquencies and generally require the imposition of interest on debts. The interest rate is set by the Secretary of the Treasury after taking into consideration the prevailing private consumer rates of interest. The State is immediately notified of any interest due as a result of a failure to make timely payment of its administrative fee.

Regulatory Procedures

*Executive Order 12866*

We have consulted with the Office of Management and Budget (OMB) and determined that these rules do not meet the criteria for a significant regulatory action under Executive Order 12866. Thus, they were not subject to OMB review.

*Regulatory Flexibility Act*

We certify that these rules will not have a significant economic impact on a substantial number of small entities. Therefore, a regulatory flexibility analysis as provided in Public Law 96–354, the Regulatory Flexibility Act, is not required.

*Paperwork Reduction Act*

These rules impose no reporting/recordkeeping requirements subject to OMB clearance.

(Catalog of Federal Domestic Assistance Program No. 96.006, Supplemental Security Income)

*List of Subjects in 20 CFR Part 416*

Administrative practice and procedure, Aged, Blind, Disability benefits, Public assistance programs, Reporting and recordkeeping requirements, Supplemental Security Income.

Dated: December 19, 1996.

Shirley S. Chater,

*Commissioner of Social Security.*

Subpart T of part 416 of chapter III of title 20 of the Code of Federal Regulations is amended as follows:

## PART 416—[AMENDED]

### Subpart T—[Amended]

1. The authority citation for subpart T of part 416 continues to read as follows:

Authority: Secs. 702(a)(5), 1616, 1618, and 1631 of the Social Security Act (42 U.S.C. 902(a)(5), 1382e, 1382g, and 1383); sec. 212, Pub. L. 93–66, 87 Stat. 155 (42 U.S.C. 1382 note); sec. 8(a), (b)(1)–(b)(3), Pub. L. 93–233, 87 Stat. 956 (7 U.S.C. 612c note, 1431 note and 42 U.S.C. 1382e note); secs. 1 (a)–(c) and 2(a), 2(b)(1), 2(b)(2), Pub. L. 93–335, 88 Stat. 291 (42 U.S.C. 1382 note, 1382e note).

2. Section 416.2005 is amended by revising paragraph (a), removing ''the Secretary'' and adding ''SSA'' in the heading and each time it appears in paragraphs (b)–(d) and adding a sentence to the end of paragraph (d) to read as follows:

**§ 416.2005 Administration agreements with SSA.**

(a) *Agreement-mandatory only.* Subject to the provisions of paragraph (d) of this section, any State having an agreement with the Social Security Administration (SSA) under § 416.2001(c) may enter into an administration agreement with SSA under which SSA will make the mandatory minimum supplementary payments on behalf of such State. An agreement under § 416.2001(c) and an

administration agreement under this paragraph may be consolidated into one agreement.

* * * * *

(d) * * * If the State elects options available under this subpart (specified in §§ 416.2015–416.2035), such options must be specified in the administration agreement.

3. Section 416.2010 is amended by removing paragraph (b), redesignating paragraphs (c) through (f) as paragraphs (b) through (e), removing ''the Secretary'' and adding ''SSA'' each time it appears in paragraphs (a), (d) and (e), and by revising redesignated paragraphs (b) and (c) to read as follows:

**§ 416.2010 Essentials of the administration agreements.**

* * * * *

(b) *Administrative costs.* (1) SSA shall assess each State that had elected Federal administration of optional and/or mandatory State supplementary payments an administration fee for administering those payments. The administration fee is assessed and paid monthly and is derived by multiplying the number of State supplementary payments made by SSA on behalf of a State for any month in a fiscal year by the applicable dollar rate for the fiscal year. The number of supplementary payments made by SSA in a month is the total number of checks issued, and direct deposits made, to recipients in that month, that are composed in whole or in part of State supplementary funds. The dollar rates are as follows:

(i) For fiscal year 1994, $1.67;

(ii) For fiscal year 1995, $3.33;

(iii) For fiscal year 1996, $5.00; and

(iv) For fiscal year 1997 and each succeeding fiscal year, $5.00, or such different rate as determined by SSA to be appropriate for any particular State, taking into account the complexity of administering the State's supplementary payment program.

(2) SSA shall charge a State an additional services fee if, at the request of the State, SSA agrees to provide the State with additional services beyond the level customarily provided in the administration of State supplementary payments. The additional services fee shall be in an amount that SSA determines is necessary to cover all costs, including indirect costs, incurred by the Federal Government in furnishing the additional services. SSA is not required to perform any additional services requested by a State and may, at its sole discretion, refuse to perform those additional services. An additional services fee charged a State may be a one-time charge or, if the furnished services result in ongoing costs to the Federal Government, a monthly or less frequent charge to the State for providing such services.

(c) *Agreement period.* The agreement period for a State which has elected Federal administration of its supplementary payments will extend for one year from the date the agreement was signed unless otherwise designated. The agreement will be automatically renewed for a period of one year unless either the State or SSA gives written notice not to renew, at least 90 days before the beginning of the new period. For a State to elect Federal administration, it must notify SSA of its intent to enter into an agreement, furnishing the necessary payment specifications, at least 120 days before the first day of the month for which it wishes Federal administration to begin, and have executed such agreement at least 30 days before such day.

* * * * *

**§ 416.2050 [Amended]**

4. Paragraph (b)(1) of section 416.2050 is amended by removing the phrase ''(as defined in § 416.2085(e))'' and removing ''the Secretary'' and adding ''SSA'' each time it appears.

**§ 416.2080 [Removed]**

5. Section 416.2080 is removed.

**§ 416.2082 [Removed]**

6. Section 416.2082 is removed.

**§ 416.2085 [Removed]**

7. Section 416.2085 is removed.

8. Section 416.2090 is amended by removing ''the Secretary'' and adding ''SSA'' each time it appears in paragraph (c), by removing the phrase ''for purposes of § 416.2080'' at the end of paragraph (d), and by revising the section heading and paragraphs (a) and (b) to read as follows:

**§ 416.2090 State funds transferred for supplementary payments.**

(a) *Payment transfer and adjustment.* (1) Any State which has entered into an agreement with SSA which provides for Federal administration of such State's supplementary payments shall transfer to SSA:

(i) An amount of funds equal to SSA's estimate of State supplementary payments for any month which shall be made by SSA on behalf of such State; and

(ii) An amount of funds equal to SSA's estimate of administration fees for any such month determined in the manner described in § 416.2010(b)(1); and

(iii) If applicable, an amount of funds equal to SSA's determination of the costs incurred by the Federal government in furnishing additional services for the State as described in § 416.2010(b)(2).

(2) In order for SSA to make State supplementary payments on behalf of a State for any month as provided by the agreement, the estimated amount of State funds referred to in paragraph (a)(1)(i) of this section, necessary to make those payments for the month, together with the estimated amount of administration fees referred to in paragraph (a)(1)(ii) of this section, for that month, must be on deposit with SSA on the State supplementary payment transfer date, which is the fifth Federal business day following the day in the month that the regularly recurring monthly supplemental security income payments are issued. The additional services fee referred to in paragraph (a)(1)(iii) of this section shall be on deposit with SSA on the date specified by SSA. The amount of State funds paid to SSA for State supplementary payments and the amount paid for administration fees will be adjusted as necessary to maintain the balance with State supplementary payments paid out by SSA on behalf of the State, and administration fees owed to SSA, respectively.

(b) *Accounting of State funds.* (1) As soon as feasible, after the end of each calendar month, SSA will provide the State with a statement showing, cumulatively, the total amounts paid by SSA on behalf of the State during the current Federal fiscal year; the fees charged by SSA to administer such supplementary payments; any additional services fees charged the State; the State's total liability therefore; and the end-of-month balance of the State's cash on deposit with SSA.

(2) SSA shall provide an accounting of State funds received as State supplementary payments, administration fees, and additional services fees, within three calendar months following the termination of an agreement under § 416.2005.

(3) Adjustments will be made because of State funds due and payable or amounts of State funds recovered for calendar months for which the agreement was in effect. Interest will be incurred by SSA and the States with respect to the adjustment and accounting of State supplementary payments funds in accordance with applicable laws and regulations of the United States Department of the Treasury.

* * * * *

[FR Doc. 97–39 Filed 1–2–97; 8:45 am]

BILLING CODE 4190–29–P