

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

NSCC does not believe that the proposed rule change will have an impact or impose a burden on competition.

*(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

The Investment Company Institute's Enhancement Subcommittee of its Broker/Dealer Committee was advised of and concurs in the modifications to NSCC's rules. No written comments relating to the proposed rule change have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of NSCC. All submissions should

refer to File No. SR-NSCC-00-12 and should be submitted by November 14, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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**SOCIAL SECURITY ADMINISTRATION****Office of the Commissioner****Cost-of-Living Increase and Other Determinations for the Year 2001**

**AGENCY:** Social Security Administration.  
**ACTION:** Notice.

**SUMMARY:** The Commissioner has determined—

(1) A 3.5 percent cost-of-living increase in Social Security benefits under title II of the Social Security Act (the Act), effective for December 2000;

(2) An increase in the Federal Supplemental Security Income (SSI) monthly benefit amounts under title XVI of the Act for 2001 to \$530 for an eligible individual, \$796 for an eligible individual with an eligible spouse, and \$266 for an essential person;

(3) The national average wage index for 1999 to be \$30,469.84;

(4) The Old-Age, Survivors, and Disability Insurance (OASDI) contribution and benefit base to be \$80,400 for remuneration paid in 2001 and self-employment income earned in taxable years beginning in 2001;

(5) For beneficiaries under age 65, the monthly exempt amount under the Social Security retirement earnings test for taxable years ending in calendar year 2001 to be \$890;

(6) The dollar amounts ("bend points") used in the benefit formula for workers who become eligible for benefits in 2001 to be \$561 and \$3,381;

(7) The dollar amounts ("bend points") used in the formula for computing maximum family benefits for workers who become eligible for benefits in 2001 to be \$717, \$1,034, and \$1,349;

(8) The amount of earnings a person must have to be credited with a quarter of coverage in 2001 to be \$830;

(9) The "old-law" contribution and benefit base to be \$59,700 for 2001;

(10) The monthly amount of substantial gainful activity applicable to statutorily blind individuals in 2001 to be \$1,240;

(11) Coverage thresholds for 2001 to be \$1,300 for domestic workers and \$1,100 for election workers; and

(12) The OASDI fund ratio to be 215.4 percent for 2000.

**FOR FURTHER INFORMATION CONTACT:**

Jeffrey L. Kunkel, Office of the Chief Actuary, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235, (410) 965-3013. For information on eligibility or claiming benefits, call 1-800-772-1213. Information relating to this announcement is available on the Internet at <http://www.ssa.gov/OACT/COLA/index.html>.

**SUPPLEMENTARY INFORMATION:** In accordance with the Act, the Commissioner must publish within 45 days after the close of the third calendar quarter of 2000 the benefit increase percentage and the revised table of "special minimum" benefits (section 215(i)(2)(D)). Also, the Commissioner must publish on or before November 1 the national average wage index for 1999 (section 215(a)(1)(D)), the OASDI fund ratio for 2000 (section 215(i)(2)(C)(ii)), the OASDI contribution and benefit base for 2001 (section 230(a)), the amount of earnings required to be credited with a quarter of coverage in 2001 (section 213(d)(2)), the monthly exempt amounts under the Social Security retirement earnings test for 2001 (section 203(f)(8)(A)), the formula for computing a primary insurance amount for workers who first become eligible for benefits or die in 2001 (section 215(a)(1)(D)), and the formula for computing the maximum amount of benefits payable to the family of a worker who first becomes eligible for old-age benefits or dies in 2001 (section 203(a)(2)(C)).

**Cost-of-Living Increases**

*General.* The cost-of-living increase is 3.5 percent for benefits under titles II and XVI of the Act. Under title II, OASDI benefits will increase by 3.5 percent beginning with December 2000 benefits, payable in January 2001. This increase is based on the authority contained in section 215(i) of the Act (42 U.S.C. 415(i)).

Under title XVI, Federal SSI payment levels will also increase by 3.5 percent effective for payments made for the month of January 2001 but paid on December 29, 2000. This is based on the authority contained in section 1617 of the Act (42 U.S.C. 1382f).

*Automatic Benefit Increase Computation.* Under section 215(i) of the Act, the third calendar quarter of 2000 is a cost-of-living computation

<sup>6</sup> 17 CFR 200.30-3(a)(12).

quarter for all the purposes of the Act. The Commissioner is, therefore, required to increase benefits, effective with December 2000, for individuals entitled under section 227 or 228 of the Act, to increase primary insurance amounts of all other individuals entitled under title II of the Act, and to increase maximum benefits payable to a family. For December 2000, the benefit increase is the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers from the third quarter of 1999 through the third quarter of 2000.

Section 215(i)(1) of the Act provides that the Consumer Price Index for a cost-of-living computation quarter shall be the arithmetic mean of this index for the 3 months in that quarter. We round the arithmetic mean, if necessary, to the nearest 0.1. The Department of Labor's Consumer Price Index for Urban Wage Earners and Clerical Workers for each month in the quarter ending September 30, 1999, is: for July 1999, 163.3; for August 1999, 163.8; and for September 1999, 164.7. The arithmetic mean for this calendar quarter is 163.9. The corresponding Consumer Price Index for each month in the quarter ending September 30, 2000, is: for July 2000, 169.4; for August 2000, 169.3; and for September 2000, 170.4. The arithmetic mean for this calendar quarter is 169.7. Thus, because the Consumer Price Index for the calendar quarter ending September 30, 2000, exceeds that for the calendar quarter ending September 30, 1999 by 3.5 percent, a cost-of-living benefit increase of 3.5 percent is effective for benefits under title II of the Act beginning December 2000.

**Title II Benefit Amounts.** In accordance with section 215(i) of the Act, in the case of workers and family members for whom eligibility for benefits (*i.e.*, the worker's attainment of age 62, or disability or death before age 62) occurred before 2001, benefits will increase by 3.5 percent beginning with benefits for December 2000 which are payable in January 2001. In the case of first eligibility after 2000, the 3.5 percent increase will not apply.

For eligibility after 1978, benefits are generally determined by a benefit formula provided by the Social Security Amendments of 1977 (Pub. L. 95-216), as described later in this notice.

For eligibility before 1979, we determine benefits by means of a benefit table. You may obtain a copy of this table by writing to: Social Security Administration, Office of Public Inquiries, 4100 Annex, Baltimore, MD 21235. The table is also available on the Internet at address

<http://www.ssa.gov/OACT/ProgData/tableForm.html>.

Section 215(i)(2)(D) of the Act requires that, when the Commissioner determines an automatic increase in Social Security benefits, the Commissioner shall publish in the **Federal Register** a revision of the range of the primary insurance amounts and corresponding maximum family benefits based on the dollar amount and other provisions described in section 215(a)(1)(C)(i). We refer to these benefits as "special minimum" benefits. These benefits are payable to certain individuals with long periods of relatively low earnings. To qualify for such benefits, an individual must have at least 11 "years of coverage." To earn a year of coverage for purposes of the special minimum, a person must earn at least a certain proportion (25 percent for years before 1991, and 15 percent for years after 1990) of the "old-law" contribution and benefit base. In accordance with section 215(a)(1)(C)(i), the table below shows the revised range of primary insurance amounts and corresponding maximum family benefit amounts after the 3.5 percent benefit increase.

**SPECIAL MINIMUM PRIMARY INSURANCE AMOUNTS AND MAXIMUM FAMILY BENEFITS PAYABLE FOR DECEMBER 2000**

Number of years of coverage	Primary insurance amount	Maximum family benefit
11 .....	\$29.40	\$44.70
12 .....	59.40	89.80
13 .....	89.70	134.90
14 .....	119.50	179.80
15 .....	149.50	224.50
16 .....	179.60	270.20
17 .....	209.70	315.40
18 .....	239.90	360.30
19 .....	269.90	405.50
20 .....	299.80	450.50
21 .....	330.20	495.90
22 .....	360.00	540.80
23 .....	390.40	586.60
24 .....	420.50	631.50
25 .....	450.50	676.10
26 .....	480.80	722.10
27 .....	510.70	766.90
28 .....	540.70	811.80
29 .....	570.80	857.10
30 .....	600.90	902.00

**Title XVI Benefit Amounts.** In accordance with section 1617 of the Act, Federal SSI benefit amounts for the aged, blind, and disabled will increase by 3.5 percent effective January 2001. For 2000, we derived the monthly benefit amounts for an eligible individual, an eligible individual with an eligible spouse, and for an essential

person—\$512, \$769, and \$257, respectively—from corresponding yearly unrounded Federal SSI benefit amounts of \$6,154.26, \$9,230.35, and \$3,084.18. For 2001, these yearly unrounded amounts increase by 3.5 percent to \$6,369.66, \$9,553.41, and \$3,192.13, respectively. Each of these resulting amounts must be rounded, when not a multiple of \$12, to the next lower multiple of \$12. Accordingly, the corresponding annual amounts, effective for 2001, are \$6,360, \$9,552, and \$3,192. Dividing the yearly amounts by 12 gives the corresponding monthly amounts for 2001—\$530, \$796, and \$266, respectively. We reduce the monthly amount by subtracting monthly countable income. In the case of an eligible individual with an eligible spouse, we equally divide the amount payable between the two spouses.

**Fee for Services Performed as a Representative Payee.** Sections 205(j)(4)(A)(i) and 1631(a)(2)(D)(i) of the Act permit a qualified organization to collect from an individual a monthly fee for expenses incurred in providing services performed as such individual's representative payee. Currently the fee is limited to the lesser of: (1) 10 percent of the monthly benefit involved; or (2) \$ 28 per month (\$54 per month in any case in which the individual is entitled to disability benefits and the Commissioner has determined that payment to the representative payee would serve the interest of the individual because the individual has an alcoholism or drug addiction condition and is incapable of managing such benefits). The dollar fee limits are subject to increase by the automatic cost-of-living increase, with the resulting amounts rounded to the nearest whole dollar amount. Thus we will increase the current amounts by 3.5 percent to \$29 and \$56 for 2001.

**National Average Wage Index for 1999**

**General.** Under various provisions of the Act several amounts increase automatically with annual increases in the national average wage index. The amounts are: (1) The OASDI contribution and benefit base; (2) the retirement test exempt amounts; (3) the dollar amounts, or "bend points," in the primary insurance amount and maximum family benefit formulas; (4) the amount of earnings required for a worker to be credited with a quarter of coverage; (5) the "old-law" contribution and benefit base (as determined under section 230 of the Act as in effect before the 1977 amendments); (6) the substantial gainful activity amount applicable to statutorily blind individuals; and (7) the coverage

threshold for election officials and election workers. Also, section 3121(x) of the Internal Revenue Code requires that the domestic employee coverage threshold be based on changes in the national average wage index.

**Computation.** The determination of the national average wage index for calendar year 1999 is based on the 1998 national average wage index of \$28,861.44 announced in the **Federal Register** on October 25, 1999 (64 FR 57506), along with the percentage increase in average wages from 1998 to 1999 measured by annual wage data tabulated by the Social Security Administration (SSA). The wage data tabulated by SSA include contributions to deferred compensation plans, as required by section 209(k) of the Act. The average amounts of wages calculated directly from these data were \$27,686.75 and \$29,229.69 for 1998 and 1999, respectively. To determine the national average wage index for 1999 at a level that is consistent with the national average wage indexing series for 1951 through 1977 (published December 29, 1978, at 43 FR 61016), we multiply the 1998 national average wage index of \$28,861.44 by the percentage increase in average wages from 1998 to 1999 (based on SSA-tabulated wage data) as follows (with the result rounded to the nearest cent):

**Amount.** The national average wage index for 1999 is \$28,861.44 times \$29,229.69 divided by \$27,686.75, which equals \$30,469.84. Therefore, the national average wage index for calendar year 1999 is \$30,469.84.

#### OASDI Contribution and Benefit Base

**General.** The OASDI contribution and benefit base is \$80,400 for remuneration paid in 2001 and self-employment income earned in taxable years beginning in 2001.

The OASDI contribution and benefit base serves two purposes:

(a) It is the maximum annual amount of earnings on which OASDI taxes are paid. The OASDI tax rate for remuneration paid in 2001 is 6.2 percent for employees and employers, each. The OASDI tax rate for self-employment income earned in taxable years beginning in 2001 is 12.4 percent. (The Hospital Insurance tax is due on remuneration, without limitation, paid in 2001, at the rate of 1.45 percent for employees and employers, each, and on self-employment income earned in taxable years beginning in 2001, at the rate of 2.9 percent.)

(b) It is the maximum annual amount used in determining a person's OASDI benefits.

**Computation.** Section 230(b) of the Act provides the formula used to determine the OASDI contribution and benefit base. Under the formula, the base for 2001 shall be the larger of: (1) The 1994 base of \$60,600 multiplied by the ratio of the national average wage index for 1999 to that for 1992; or (2) the current base (\$76,200). If the resulting amount is not a multiple of \$300, it shall be rounded to the nearest multiple of \$300.

**Amount.** The ratio of the national average wage index for 1999, \$30,469.84 as determined above, compared to that for 1992, \$22,935.42, is 1.3285059. Multiplying the 1994 OASDI contribution and benefit base amount of \$60,600 by the ratio of 1.3285059 produces the amount of \$80,507.46 which rounds to \$80,400. Because \$80,400 exceeds the current base amount of \$76,200, the OASDI contribution and benefit base is \$80,400 for 2001.

#### Retirement Earnings Test Exempt Amounts

**General.** We withhold Social Security benefits when a beneficiary under the normal retirement age (NRA) has earnings in excess of the applicable retirement earnings test exempt amount. (NRA is the age at which the benefit, before rounding, is equal to the worker's primary insurance amount. The NRA is age 65 for those born before 1938, and it will gradually increase to age 67.) For 2001, NRA is age 65. From 1978 through 1999, when the retirement earnings test applied to individuals beyond the NRA, higher exempt amounts applied to beneficiaries aged 65 to 69 compared to those under age 65. Under Pub. L. 106-182, the "Senior Citizens" Freedom to Work Act of 2000," which ended the retirement earnings test for beneficiaries who have attained NRA, these higher exempt amounts still apply in the year in which a person attains his/her NRA, but only for months prior to such attainment. Section 203(f)(8)(B) of the Act, as amended by section 102 of Pub. L. 104-121, provides formulas for determining the monthly exempt amounts. The amendment set the higher annual exempt amount to \$25,000 for 2001 and \$30,000 for 2002. After 2002, the higher exempt amount will increase under the applicable formula. The corresponding monthly exempt amounts are exactly one-twelfth of the annual amounts.

For beneficiaries attaining NRA in the year, we withhold \$1 in benefits for every \$3 of earnings in excess of the annual exempt amount for months prior to such attainment. For all other beneficiaries under NRA, we withhold

\$1 in benefits for every \$2 of earnings in excess of the annual exempt amount.

**Computation.** Under the formula applicable to beneficiaries under the NRA, the monthly exempt amount for 2001 shall be the larger of: (1) The 1994 monthly exempt amount multiplied by the ratio of the national average wage index for 1999 to that for 1992; or (2) the 2000 monthly exempt amount (\$840). If the resulting amount is not a multiple of \$10, it shall be rounded to the nearest multiple of \$10.

**Exempt Amount for Beneficiaries Under NRA.** The ratio of the national average wage index for 1999, \$30,469.84, compared to that for 1992, \$22,935.42, is 1.3285059. Multiplying the 1994 retirement earnings test monthly exempt amount of \$670 by the ratio 1.3285059 produces the amount of \$890.10. We round this to \$890. Because \$890 is larger than the corresponding current exempt amount of \$840, the retirement earnings test monthly exempt amount for beneficiaries under NRA is \$890 for 2001. The corresponding retirement earnings test annual exempt amount for these beneficiaries is \$10,680.

#### Computing Benefits After 1978

**General.** The Social Security Amendments of 1977 provided a method for computing benefits which generally applies when a worker first becomes eligible for benefits after 1978. This method uses the worker's "average indexed monthly earnings" to compute the primary insurance amount. We adjust the computation formula each year to reflect changes in general wage levels, as measured by the national average wage index.

We also adjust, or "index," a worker's earnings to reflect the change in general wage levels that occurred during the worker's years of employment. Such indexation ensures that a worker's future benefits reflect the general rise in the standard of living that occurs during his or her working lifetime. To compute the average indexed monthly earnings, we first determine the needed number of years of earnings. Then we select that number of years with the highest indexed earnings, add the indexed earnings, and divide the total amount by the total number of months in those years. We then round the resulting average amount down to the next lower dollar amount. The result is the average indexed monthly earnings.

For example, to compute the average indexed monthly earnings for a worker attaining age 62, becoming disabled before age 62, or dying before attaining age 62, in 2001, we divide the national average wage index for 1999,

\$30,469.84, by the national average wage index for each year prior to 1999 in which the worker had earnings. Then we multiply the actual wages and self-employment income, as defined in section 211(b) of the Act and credited for each year, by the corresponding ratio to obtain the worker's indexed earnings for each year before 1999. We consider any earnings in 1999 or later at face value, without indexing. We then compute the average indexed monthly earnings for determining the worker's primary insurance amount for 2001.

**Computing the Primary Insurance Amount.** The primary insurance amount is the sum of three separate percentages of portions of the average indexed monthly earnings. In 1979 (the first year the formula was in effect), these portions were the first \$180, the amount between \$180 and \$1,085, and the amount over \$1,085. We call the dollar amounts in the formula governing the portions of the average indexed monthly earnings the "bend points" of the formula. Thus, the bend points for 1979 were \$180 and \$1,085.

To obtain the bend points for 2001, we multiply the corresponding 1979 bend-point amounts by the ratio between the national average wage index for 1999, \$30,469.84, and for 1977, \$9,779.44. We then round these results to the nearest dollar. For 2001, the ratio is 3.1157040. Multiplying the 1979 amounts of \$180 and \$1,085 by 3.1157040 produces the amounts of \$560.83 and \$3,380.54. We round these to \$561 and \$3,381. Accordingly, the portions of the average indexed monthly earnings to be used in 2001 are the first \$561, the amount between \$561 and \$3,381, and the amount over \$3,381.

Consequently, for individuals who first become eligible for old-age insurance benefits or disability insurance benefits in 2001, or who die in 2001 before becoming eligible for benefits, their primary insurance amount will be the sum of:

(a) 90 percent of the first \$561 of their average indexed monthly earnings, plus

(b) 32 percent of their average indexed monthly earnings over \$561 and through \$3,381, plus

(c) 15 percent of their average indexed monthly earnings over \$3,381.

We round this amount to the next lower multiple of \$.10 if it is not already a multiple of \$.10. This formula and the rounding adjustment described above are contained in section 215(a) of the Act (42 U.S.C. 415(a)).

#### Maximum Benefits Payable to a Family

**General.** The 1977 amendments continued the long established policy of limiting the total monthly benefits that

a worker's family may receive based on his or her primary insurance amount. Those amendments also continued the then existing relationship between maximum family benefits and primary insurance amounts but did change the method of computing the maximum amount of benefits that may be paid to a worker's family. The Social Security Disability Amendments of 1980 (Pub. L. 96-265) established a formula for computing the maximum benefits payable to the family of a disabled worker. This formula applies to the family benefits of workers who first become entitled to disability insurance benefits after June 30, 1980, and who first become eligible for these benefits after 1978. For disabled workers initially entitled to disability benefits before July 1980, or whose disability began before 1979, we compute the family maximum payable the same as the old-age and survivor family maximum.

**Computing the Old-Age and Survivor Family Maximum.** The formula used to compute the family maximum is similar to that used to compute the primary insurance amount. It involves computing the sum of four separate percentages of portions of the worker's primary insurance amount. In 1979, these portions were the first \$230, the amount between \$230 and \$332, the amount between \$332 and \$433, and the amount over \$433. We refer to such dollar amounts in the formula as the "bend points" of the family-maximum formula.

To obtain the bend points for 2001, we multiply the corresponding 1979 bend-point amounts by the ratio between the national average wage index for 1999, \$30,469.84, and the average for 1977, \$9,779.44. Then we round this amount to the nearest dollar. For 2001, the ratio is 3.1157040.

Multiplying the amounts of \$230, \$332, and \$433 by 3.1157040 produces the amounts of \$716.61, \$1,034.41, and \$1,349.10. We round these amounts to \$717, \$1,034, and \$1,349. Accordingly, the portions of the primary insurance amounts to be used in 2001 are the first \$717, the amount between \$717 and \$1,034, the amount between \$1,034 and \$1,349, and the amount over \$1,349.

Consequently, for the family of a worker who becomes age 62 or dies in 2001 before age 62, we will compute the total amount of benefits payable to them so that it does not exceed:

(a) 150 percent of the first \$717 of the worker's primary insurance amount, plus

(b) 272 percent of the worker's primary insurance amount over \$717 through \$ 1,034, plus

(c) 134 percent of the worker's primary insurance amount over \$1,034 through \$ 1,349, plus

(d) 175 percent of the worker's primary insurance amount over \$1,349.

We then round this amount to the next lower multiple of \$.10 if it is not already a multiple of \$.10. This formula and the rounding adjustment described above are contained in section 203(a) of the Act (42 U.S.C. 403(a)).

#### Quarter of Coverage Amount

**General.** The amount of earnings required for a quarter of coverage in 2001 is \$830. A quarter of coverage is the basic unit for determining whether a worker is insured under the Social Security program. For years before 1978, we generally credited an individual with a quarter of coverage for each quarter in which wages of \$50 or more were paid, or with 4 quarters of coverage for every taxable year in which \$400 or more of self-employment income was earned. Beginning in 1978, employers generally report wages on an annual basis instead of a quarterly basis. With the change to annual reporting, section 352(b) of the Social Security Amendments of 1977 amended section 213(d) of the Act to provide that a quarter of coverage would be credited for each \$250 of an individual's total wages and self-employment income for calendar year 1978, up to a maximum of 4 quarters of coverage for the year.

**Computation.** Under the prescribed formula, the quarter of coverage amount for 2001 shall be the larger of: (1) The 1978 amount of \$250 multiplied by the ratio of the national average wage index for 1999 to that for 1976; or (2) the current amount of \$780. Section 213(d) further provides that if the resulting amount is not a multiple of \$10, it shall be rounded to the nearest multiple of \$10.

**Quarter of Coverage Amount.** The ratio of the national average wage index for 1999, \$ 30,469.84, compared to that for 1976, \$9,226.48, is 3.3024339. Multiplying the 1978 quarter of coverage amount of \$250 by the ratio of 3.3024339 produces the amount of \$825.61, which must then be rounded to \$830. Because \$830 exceeds the current amount of \$780, the quarter of coverage amount is \$830 for 2001.

#### "Old-Law" Contribution and Benefit Base

**General.** The "old-law" contribution and benefit base for 2001 is \$59,700. This is the base that would have been effective under the Act without the enactment of the 1977 amendments. We compute the base under section 230(b)

of the Act as it read prior to the 1977 amendments.

The "old-law" contribution and benefit base is used by:

(a) the Railroad Retirement program to determine certain tax liabilities and tier II benefits payable under that program to supplement the tier I payments which correspond to basic Social Security benefits,

(b) the Pension Benefit Guaranty Corporation to determine the maximum amount of pension guaranteed under the Employee Retirement Income Security Act (as stated in section 230(d) of the Social Security Act),

(c) Social Security to determine a year of coverage in computing the special minimum benefit, as described earlier, and

(d) Social Security to determine a year of coverage (acquired whenever earnings equal or exceed 25 percent of the "old-law" base for this purpose only) in computing benefits for persons who are also eligible to receive pensions based on employment not covered under section 210 of the Act.

*Computation.* The "old-law" contribution and benefit base shall be the larger of: (1) The 1994 "old-law" base (\$45,000) multiplied by the ratio of the national average wage index for 1999 to that for 1992; or (2) the current "old-law" base (\$56,700). If the resulting amount is not a multiple of \$300, it shall be rounded to the nearest multiple of \$300.

*Amount.* The ratio of the national average wage index for 1999, \$30,469.84, compared to that for 1992, \$22,935.42, is 1.3285059. Multiplying the 1994 "old-law" contribution and benefit base amount of \$45,000 by the ratio of 1.3285059 produces the amount of \$59,782.76. We round this amount to \$59,700. Because \$59,700 exceeds the current amount of \$56,700, the "old-law" contribution and benefit base is \$59,700 for 2001.

#### **Substantial Gainful Activity Amounts**

*General.* A finding of disability under titles II and XVI of the Act requires that a person be unable to engage in substantial gainful activity (SGA). A person who is earning more than a certain monthly amount (net of impairment-related work expenses) is ordinarily considered to be engaging in SGA. The amount of monthly earnings considered as SGA depends on the nature of a person's disability. Section 223(d)(4)(A) of the Act specifies a higher SGA amount for statutorily blind individuals while Federal regulations specify a lower SGA amount (currently \$700 per month) for non-blind individuals. At this time, only the SGA

amount for statutorily blind individuals increases in accordance with increases in the national average wage index. Later this year, however, we will issue a Final Rule in the **Federal Register** announcing a wage-indexed SGA amount applicable to non-blind disabled beneficiaries for 2001.

*Computation.* The monthly SGA amount for statutorily blind individuals for 2001 shall be the larger of: (1) Such amount for 1994 multiplied by the ratio of the national average wage index for 1999 to that for 1992; or (2) such amount for 2000. If the resulting amount is not a multiple of \$10, it shall be rounded to the nearest multiple of \$10.

*SGA Amount for Statutorily Blind Individuals.* The ratio of the national average wage index for 1999, \$30,469.84, compared to that for 1992, \$22,935.42, is 1.3285059. Multiplying the 1994 monthly SGA amount for statutorily blind individuals of \$930 by the ratio of 1.3285059 produces the amount of \$1,235.51. We then round this amount to \$1,240. Because \$1,240 is larger than the current amount of \$1,170, the monthly SGA amount for statutorily blind individuals is \$1,240 for 2001.

#### **Domestic Employee Coverage Threshold**

*General.* Section 2 of the "Social Security Domestic Employment Reform Act of 1994" (Pub. L. 103-387) increased the threshold for coverage of a domestic employee's wages paid per employer from \$50 per calendar quarter to \$1,000 per annum in calendar year 1994. The statute held the coverage threshold at the \$1,000 level for 1995 and then increased the threshold in \$100 increments for years after 1995. Section 3121(x) of the Internal Revenue Code provides the formula for increasing the threshold.

*Computation.* Under the formula, the domestic employee coverage threshold amount for 2001 shall be equal to the 1995 amount of \$1,000 multiplied by the ratio of the national average wage index for 1999 to that for 1993. If the resulting amount is not a multiple of \$100, it shall be rounded to the next lower multiple of \$100.

*Domestic Employee Coverage Threshold Amount.* The ratio of the national average wage index for 1999, \$30,469.84, compared to that for 1993, \$23,132.67, is 1.3171778. Multiplying the 1995 domestic employee coverage threshold amount of \$1,000 by the ratio of 1.3171778 produces the amount of \$1,317.18, which must then be rounded to \$1,300. Accordingly, the domestic employee coverage threshold amount is \$1,300 for 2001.

#### **Election Worker Coverage Threshold**

*General.* Section 303(b) of Pub. L. 103-296, the "Social Security Independence and Program Improvements Act of 1994," increased from \$100 a year to \$1,000 a year the amount an election official or election worker must be paid for the earnings to be covered under Social Security or Medicare, effective January 1, 1995. Beginning in the year 2000, the coverage threshold increases automatically with increases in the national average wage index.

*Computation.* Under the formula, the election worker coverage threshold amount for 2001 shall be equal to the 1999 amount of \$1,000 multiplied by the ratio of the national average wage index for 1999 to that for 1997. If the amount so determined is not a multiple of \$100, it shall be rounded to the nearest multiple of \$100.

*Election Worker Coverage Threshold Amount.* The ratio of the national average wage index for 1999, \$30,469.84, compared to that for 1997, \$27,426.00, is 1.1109837. Multiplying the 1999 election worker coverage threshold amount of \$1,000 by the ratio of 1.1109837 produces the amount of \$1,110.98, which we then round to \$1,100. Accordingly, the election worker coverage threshold amount is \$1,100 for 2001.

#### **OASDI Fund Ratio**

*General.* In addition to providing an annual automatic cost-of-living increase in OASDI benefits, section 215(i) of the Act also includes a "stabilizer" provision that can limit such benefit increase under certain circumstances. If the combined assets of the OASI and DI Trust Funds, as a percentage of annual expenditures, are below a specified threshold, the automatic benefit increase is equal to the lesser of: (1) The increase in the national average wage index; or (2) the increase in prices. The threshold specified for the OASDI fund ratio is 20.0 percent for benefit increases for December of 1989 and later. The law also provides for subsequent "catch-up" benefit increases for beneficiaries whose previous benefit increases were affected by this provision. "Catch-up" benefit increases can occur only when trust fund assets exceed 32.0 percent of annual expenditures.

*Computation.* Section 215(i) specifies the computation and application of the OASDI fund ratio. The OASDI fund ratio for 2000 is the ratio of the combined assets of the OASI and DI Trust Funds at the beginning of 2000 to the estimated expenditures of the OASI and DI Trust Funds during 2000,

excluding transfer payments between the OASI and DI Trust Funds, and reducing any transfers to the Railroad Retirement Account by any transfers from that account into either trust fund.

*Ratio.* The combined assets of the OASI and DI Trust Funds at the beginning of 2000 equaled \$896,133 million, and we estimate the expenditures in 2000 to be \$416,120 million. Thus, the OASDI fund ratio for 2000 is 215.4 percent, which exceeds the applicable threshold of 20.0 percent. Therefore, the stabilizer provision does not affect the benefit increase for December 2000. Although the OASDI fund ratio exceeds the 32.0-percent threshold for potential "catch-up" benefit increases, the stabilizer provision has not reduced any past benefit increase. Thus, no "catch-up" benefit increase is required.

(Catalog of Federal Domestic Assistance: Program Nos. 96.001 Social Security-Disability Insurance; 96.002 Social Security-Retirement Insurance; 96.004 Social Security-Survivors Insurance; 96.006 Supplemental Security Income)

Dated: October 18, 2000.

**Kenneth S. Apfel,**

*Commissioner of Social Security.*

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## DEPARTMENT OF STATE

[Public Notice 3454]

### Bureau of Educational and Cultural Affairs Request for Proposals; Fulbright Student Program

**NOTICE:** Request for Proposals.

**SUMMARY:** The Office of Academic Programs of the United States Department of State's Bureau of Educational and Cultural Affairs announces an open competition for one or more assistance award(s). Public and private non-profit organizations meeting the provisions described in IRS regulation 26 CFR 1.501(c) may submit proposals to provide administrative and program services for the Fulbright Student Program in Fiscal Year 2002. Pursuant to its grants guidelines established cooperatively with the Congress, "The Bureau seeks to promote competition and balance in its discretionary grant-making and strives to avoid exclusivity." The Bureau is competing the administrative functions that support the Fulbright Student Program for the first time in the fifty-five year history of the Program. Deadline for receipt of proposals is February 1, 2001. The cooperative

agreement(s) will begin o/a October 1, 2001, pending appropriation of funds.

### Program Information

*Overview:* The Fulbright Program was created by the U.S. Congress at the end of World War II to exchange U.S. and foreign students, scholars and teachers, providing them with the opportunity to experience firsthand the political, economic and cultural institutions and societies in each other's countries. In the intervening years, the Fulbright Program has evolved into the premier educational exchange program sponsored by the people of the United States through their federal government, and thus an important element in the conduct of U.S. foreign affairs. The Fulbright Program, which now extends to approximately 140 foreign countries and involves 5,000 participants overall every year, has helped to form and inform tens of thousands of the world's leaders in every academic and professional field. The student portion of the Fulbright Program will engage approximately 875 U.S. and 2,700 foreign students in FY 2002.

The hallmark of the Fulbright Program is binationalism. The United States and foreign governments, educational and other public and private institutions are all partners in this exchange. In many countries of the world, financial contributions from governments or public/private sources match or exceed those of the United States. Because of its binational nature, the profile of the Fulbright Program worldwide reflects a range of objectives and interests.

The Fulbright Program's grant-making authority is contained in the Mutual Educational and Cultural Exchange Act of 1961, Public Law 87-256, as amended, also known as the Fulbright-Hays Act. The purpose of the Act is "to enable the Government of the United States to increase mutual understanding between the people of the United States and the people of other countries \* \* \*; to strengthen the ties which unite us with other nations by demonstrating the educational and cultural interests, developments, and achievements of the people of the United States and other nations \* \* \* and thus to assist in the development of friendly, sympathetic and peaceful relations between the United States and the other countries of the world." The Fulbright Program is funded through annual Congressional appropriations to the Department of State and receives significant financial support from partner governments and private donors worldwide.

### Fulbright Student Program

For more than fifty-five years, the Fulbright Student Program has offered grants to college and university graduates as well as to creative artists to study and conduct research abroad and in the United States. In the creative and performing arts, applicants must have completed four years of professional study and/or experience. Tens of thousands of U.S. and foreign students have participated in the program since its inception. In FY 2002, the Fulbright Student Program will send abroad approximately 875 U.S. students and artists to study and conduct research and will bring to this country approximately 1,500 new foreign students for similar activities. Additionally, in FY 2002, the grants to 1,200 foreign students from prior years will be renewed. Applicants for this award(s) should submit program proposals and budget projections for new students only. Prior year grants will be administered by the organizations currently administering the program.

Responsibility for the management of the Fulbright Student Program is currently shared among the Bureau of Educational and Cultural Affairs of the U.S. Department of State in Washington, bilateral Fulbright Commissions in 51 countries and public affairs sections of U.S. embassies overseas, and cooperating private sector agencies in the United States. Overall policy guidelines for all Fulbright programs are determined by the Presidentially-appointed J. William Fulbright Foreign Scholarship Board (FSB).

Because the Fulbright Student Program is both global and binational in nature, its administration is programmatically and administratively complex. It must accommodate a variety of circumstances in every geographic region of the world and be responsive to and supportive of many different constituencies in the United States and abroad, each with its own sets of goals and concerns. The integrity of the Program requires that it maintain the highest and most consistent standards of academic and professional quality in the selection of candidates and implementation of projects. While the Program is active in some 140 countries, it is important that it maintain a single worldwide identity.

Under the FSB's auspices, U.S. citizens are awarded grants each year, through a merit-based, competitive process, to study and undertake research at universities or research institutions abroad. Grant opportunities for U.S. students are determined overseas by binational Fulbright