

observed the undisputed facts that the medical residents were enrolled in the University, paid tuition and were registered for approximately 15 credit hours per semester. The court concluded that the primary purpose for the residents' participation in the program was to pursue a course of study rather than to earn a living.

Statement as to How State of Minnesota Differs From SSA Rules

A section 218 agreement establishes Social Security coverage for State and local government employees, and the terms of the section 218 agreement between SSA and the State are governed by the provisions of section 218 of the Act. Under SSA's regulations implementing section 218 (20 CFR 404.1214 and 404.1215), the written agreement and subsequent modifications to that agreement establish the continuing relationship between SSA and the State. SSA's regulations (20 CFR 404.1215) provide that a State may modify in writing its section 218 agreement to include additional coverage groups consistent with the provisions of section 218. Generally, SSA does not consider the original intent of the parties to the section 218 agreement and its modifications, by itself, to be controlling. The error modification procedure at 20 CFR 404.1216, however, provides that a section 218 agreement or modification may be modified to correct an error upon submittal of evidence establishing that an error actually occurred. Under this procedure, SSA may consider evidence such as minutes of meetings or statements by appropriate officials to establish the intent of the parties at the time Social Security coverage was requested, and SSA also considers whether the State's wage reporting practices were consistent with its intent.²

In construing a modification which was ambiguous as to whether medical residents were considered to be employees for purposes of that modification, the Eighth Circuit concluded that the original intent and understanding of the parties executing the section 218 agreement for coverage and its subsequent modifications is controlling for establishing coverage for State and local employees unless the original intent or understanding was contrary to the provisions of section 218, or unless the agreement is altered or amended by statutory law.

Section 210(a)(10) of the Act provides for a general exclusion from Social Security coverage for services performed for a school, college or university by a student who is enrolled and regularly attending classes there. Section 218(c)(5) provides States with the option of excluding such services by students. If the exclusion is not taken, services performed by students are covered even though they would be excluded pursuant to section 210(a)(10) if performed for a private school, college or university. Under SSA's regulations implementing section 210 (20 CFR 404.1028(c)), the determination of whether an individual is a student depends on the relationship with his or her employer and whether the focus of that relationship is pursuing a livelihood or pursuing a course of study. SSR 78-3 provides that resident physicians are not "students" for purposes of the student services exclusion under section 210(a)(10) of the Act. Under SSA rules, the services performed by medical residents do not qualify for the student exclusion.

The Eighth Circuit concluded that SSR 78-3 is inconsistent with SSA's student services exclusion regulation (20 CFR 404.1028) which requires a case by case examination to determine if an individual's relationship with the employer meets the requirements for that exclusion to apply.

Explanation of How SSA Will Apply The State of Minnesota Decision Within The Circuit

This Ruling applies to Federal-State agreements for coverage and subsequent modifications under section 218 of the Act involving Arkansas, Iowa, Minnesota, Missouri, Nebraska, North Dakota or South Dakota. It also applies to services performed by medical residents for a school, college or university located in Arkansas, Iowa, Minnesota, Missouri, Nebraska, North Dakota or South Dakota.

In establishing coverage for State and local employees under an ambiguous provision of a section 218 agreement or a modification to that agreement, unless the original intent or understanding of the parties was contrary to the provisions of section 218, SSA must consider that intent and understanding controlling unless the agreement and modification is altered or amended by law. SSA may consider the terms of the agreement or modification in determining the intent and understanding of the parties.

In applying the student services exclusion from Social Security coverage under section 210(a)(10) of the Act and under 20 CFR 404.1028(c), SSA must

consider whether medical residents who are paid stipends qualify for the exclusion. When applying the student services exclusion to medical residents, SSA must make a case by case examination of the relationship of the residents with the employer school, college or university to determine whether the residents meet the statutory criteria of being enrolled and regularly attending classes and whether they meet the regulatory criteria. In evaluating the relationship, SSA will consider all relevant facts and circumstances.

[FR Doc. 98-29177 Filed 10-29-98; 8:45 am]

BILLING CODE 4190-29-F

SOCIAL SECURITY ADMINISTRATION

Office of the Commissioner; 1999 Cost-of-Living Increase and Other Determinations

AGENCY: Social Security Administration.
ACTION: Notice.

SUMMARY: The Commissioner has determined—

(1) A 1.3 percent cost-of-living increase in Social Security benefits under title II of the Social Security Act (the Act), effective for December 1998;

(2) An increase in the Federal Supplemental Security Income (SSI) monthly benefit amounts under title XVI of the Act for 1999 to \$500 for an eligible individual, \$751 for an eligible individual with an eligible spouse, and \$250 for an essential person;

(3) The national average wage index for 1997 to be \$27,426.00;

(4) The Old-Age, Survivors, and Disability Insurance (OASDI) contribution and benefit base to be \$72,600 for remuneration paid in 1999 and self-employment income earned in taxable years beginning in 1999;

(5) For beneficiaries under age 65, the monthly exempt amount under the Social Security retirement earnings test for taxable years ending in calendar year 1999 to be \$800;

(6) The dollar amounts ("bend points") used in the benefit formula for workers who become eligible for benefits in 1999 to be \$505 and \$3,043;

(7) The dollar amounts ("bend points") used in the formula for computing maximum family benefits for workers who become eligible for benefits in 1999 to be \$645, \$931, and \$1,214;

(8) The amount of earnings a person must have to be credited with a quarter of coverage in 1999 to be \$740;

(9) The "old-law" contribution and benefit base to be \$53,700 for 1999;

(10) The monthly amount of substantial gainful activity applicable to

² State and Local Coverage Handbook for the Social Security Administration and State Social Security Administrators, section 530.

statutorily blind individuals in 1999 to be \$1,110;

(11) The domestic worker coverage threshold to be \$1,100 for 1999; and

(12) The OASDI fund ratio to be 171.2 percent for 1998.

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. A summary of the information in this announcement is available in a recorded message by telephoning (410) 965-3053. Information relating to this announcement is also available on the Internet. The address is <http://www.ssa.gov/OACT/COLA/Intro.html>.

SUPPLEMENTARY INFORMATION: The Commissioner is required by the Act to publish within 45 days after the close of the third calendar quarter of 1998 the benefit increase percentage and the revised table of "special minimum" benefits (section 215(i)(2)(D)). Also, the Commissioner is required to publish on or before November 1 the national average wage index for 1997 (section 215(a)(1)(D)), the OASDI fund ratio for 1998 (section 215(i)(2)(C)(ii)), the OASDI contribution and benefit base for 1999 (section 230(a)), the amount of earnings required to be credited with a quarter of coverage in 1999 (section 213(d)(2)), the monthly exempt amounts under the Social Security retirement earnings test for 1999 (section 203(f)(8)(A)), the formula for computing a primary insurance amount for workers who first become eligible for benefits or die in 1999 (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 1999 (section 203(a)(2)(C)).

Cost-of-Living Increases

General. The cost-of-living increase is 1.3 percent for benefits under titles II and XVI of the Act.

Under title II, OASDI benefits will increase by 1.3 percent beginning with December 1998 benefits. (All benefits for a given month are normally payable in the following month. However, those benefits for December 1998 that are normally paid

on the third of the following month will be paid on December 31, 1998, because January 3, 1999, is a Sunday.) 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 1.3 percent effective for payments made for the month of January 1999 but paid on December 31, 1998. 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 1998 is a cost-of-living computation quarter for all the purposes of the Act. The Commissioner is, therefore, required to increase benefits, effective with December 1998, 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 1998, the benefit increase is the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers from the third quarter of 1997 through the third quarter of 1998.

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. The arithmetic mean is rounded, 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, 1997, is: for July 1997, 157.5; for August 1997, 157.8; and for September 1997, 158.3. The arithmetic mean for this calendar quarter is 157.9. The corresponding Consumer Price Index for each month in the quarter ending September 30, 1998, is: for July 1998, 159.8; for August 1998, 160.0; and for September 1998, 160.2. The arithmetic mean for this calendar quarter is 160.0. Thus, because the Consumer Price Index for the calendar quarter ending September 30, 1998, exceeds that for the calendar quarter ending September 30, 1997 by 1.3 percent, a cost-of-living benefit increase of 1.3 percent is effective for benefits under title II of the Act beginning December 1998.

Title II Benefit Amounts. In accordance with section 215(i) of the Act, in the case of insured 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 1999, benefits will increase by 1.3 percent beginning with benefits for December 1998 which are payable in January 1999. In the case of first eligibility after 1998, the 1.3 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, benefits are determined by means of a benefit table. A copy of this table may be obtained 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). These benefits are referred to as "special minimum" benefits and 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 1.3 percent benefit increase.

Special Minimum Primary Insurance Amounts and Maximum Family Benefits Payable for Dec. 1998

Number of years of coverage	Primary insurance amount	Maximum family benefit
11	\$27.90	\$42.20
12	56.10	84.80
13	84.70	127.40
14	112.80	169.80
15	141.20	212.00

Number of years of coverage	Primary insurance amount	Maximum family benefit
16	169.60	255.00
17	198.00	297.70
18	226.40	340.10
19	254.70	382.70
20	283.00	425.10
21	311.70	468.00
22	339.80	510.40
23	368.40	553.60
24	396.80	595.90
25	425.10	638.00
26	453.80	681.40
27	482.00	723.70
28	510.30	766.10
29	538.60	808.80
30	567.00	851.10

Section 227 of the Act provides flat-rate benefits to a worker who became age 72 before 1969 and was not insured under the usual requirements, and to his or her spouse or surviving spouse. Section 228 of the Act provides similar benefits at age 72 for certain uninsured persons. The current monthly benefit amount of \$203.10 for an individual under sections 227 and 228 of the Act is increased by 1.3 percent to obtain the new amount of \$205.70. The current monthly benefit amount of \$101.50 for a spouse under section 227 is increased by 1.3 percent to \$102.80.

Title XVI Benefit Amounts. In accordance with section 1617 of the Act, Federal SSI benefit amounts for the aged, blind, and disabled are increased by 1.3 percent effective January 1999. For 1998, the monthly benefit amounts for an eligible individual, an eligible individual with an eligible spouse, and for an essential person—\$494, \$741, and \$247, respectively—were derived from corresponding yearly unrounded Federal SSI benefit amounts of \$5,932.89, \$8,898.33, and \$2,973.24. For 1999, these yearly unrounded amounts are increased by 1.3 percent to \$6,010.02, \$9,014.01, and \$3,011.89, 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 1999, are \$6,000, \$9,012, and \$3,000. The corresponding monthly amounts for 1999 are determined by dividing the yearly amounts by 12, giving \$500, \$751, and \$250, respectively. The monthly amount is reduced by subtracting monthly countable income. In the case of an eligible individual with an eligible spouse, the amount payable is further divided equally 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) \$27 per month (\$52 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. Due to the rounding provision, the current \$27 amount remains the same for 1999, while the current \$52 amount is increased by 1.3 percent to \$53 for 1999.

National Average Wage Index for 1997

General. Under various provisions of the Act, several amounts are scheduled to increase automatically for 1999 based on the annual increase in the national average wage index. The amounts are (1) the OASDI contribution and benefit base, (2) the retirement test exempt amount for beneficiaries under age 65, (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), and (6) the substantial gainful activity amount applicable to statutorily blind individuals. 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 1997 is based on the 1996 national average wage index of \$25,913.90 announced in the **Federal Register** on October 30, 1997 (62 FR 58762), along with the percentage increase in average wages from 1996 to 1997 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 \$24,859.17 and \$26,309.73 for 1996 and 1997, respectively. To determine the national average wage index for 1997 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), the 1996 national average wage index of \$25,913.90 is multiplied by the percentage increase in average wages from 1996 to 1997 (based on SSA-tabulated wage data) as follows (with the result rounded to the nearest cent):

Amount. The national average wage index for 1997 is \$25,913.90 times \$26,309.73 divided by \$24,859.17, which equals \$27,426.00. Therefore, the national average wage index for calendar year 1997 is determined to be \$27,426.00.

OASDI Contribution and Benefit Base

General. The OASDI contribution and benefit base is \$72,600 for remuneration paid in 1999 and self-employment income earned in taxable years beginning in 1999.

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 1999 is set by statute at 6.2 percent for employees and employers, each. The OASDI tax rate for self-employment income earned in taxable years beginning in 1999 is 12.4 percent. (The Hospital Insurance tax is due on remuneration, without limitation, paid in 1999, at the rate of 1.45 percent for employees and employers, each, and on self-employment income earned in taxable years beginning in 1999, 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 1999 shall be equal to the larger of (1) the 1994 base of \$60,600 multiplied by the ratio of the national average wage index for 1997 to that for 1992, or (2) the current base (\$68,400). If the amount so determined 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 1997, \$27,426.00 as determined above, compared to that for 1992, \$22,935.42, is 1.1957924. Multiplying the 1994 OASDI contribution and benefit base amount of \$60,600 by the ratio of 1.1957924 produces the amount of \$72,465.02 which must then be rounded to \$72,600. Because \$72,600 exceeds the current base amount of \$68,400, the OASDI contribution and benefit base is determined to be \$72,600 for 1999.

Retirement Earnings Test Exempt Amounts

General. Social Security benefits are withheld when a beneficiary under age 70 has earnings in excess of the retirement earnings test exempt amount. Since 1978, higher exempt amounts have applied to beneficiaries aged 65 through 69 compared to those under age 65. Formulas for determining the monthly exempt amounts are provided in section 203(f)(8)(B) of the Act, as amended by section 102 of the "Senior Citizens' Right to Work Act of 1996," title I of Pub. L. 104-121. This amendment set the annual exempt amount for beneficiaries aged 65 through 69 to \$12,500 for 1996, \$13,500 for 1997, \$14,500 for 1998, \$15,500 for 1999, \$17,000 for 2000, \$25,000 for 2001, and \$30,000 for 2002. The corresponding monthly exempt amounts are exactly one-twelfth of the annual amounts. After 2002, the monthly exempt amount for this group of

beneficiaries will increase under the applicable formula.

For beneficiaries aged 65 through 69, \$1 in benefits is withheld for every \$3 of earnings in excess of the annual exempt amount. For beneficiaries under age 65, \$1 in benefits is withheld for every \$2 of earnings in excess of the annual exempt amount.

Computation. Under the formula applicable to beneficiaries under age 65, the monthly exempt amount for 1999 shall be the larger of (1) the 1994 monthly exempt amount multiplied by the ratio of the national average wage index for 1997 to that for 1992, or (2) the 1998 monthly exempt amount (\$760). If the amount so determined is not a multiple of \$10, it shall be rounded to the nearest multiple of \$10.

Exempt Amount for Beneficiaries Under Age 65. The ratio of the national average wage index for 1997, \$27,426.00, compared to that for 1992, \$22,935.42, is 1.1957924. Multiplying the 1994 retirement earnings test monthly exempt amount of \$670 by the ratio 1.1957924 produces the amount of \$801.18. This must then be rounded to \$800. Because \$800 is larger than the corresponding current exempt amount of \$760, the retirement earnings test monthly exempt amount for beneficiaries under age 65 is thus determined to be \$800 for 1999. The corresponding retirement earnings test annual exempt amount for these beneficiaries is \$9,600.

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. The computation formula is adjusted automatically each year to reflect changes in general wage levels, as measured by the national average wage index.

A worker's earnings are adjusted, or "indexed," 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. A certain number of years of earnings are needed to compute the average indexed monthly earnings. After the number of years is determined, those years with the highest indexed earnings are chosen, the indexed earnings are summed, and the total amount is divided by the total number of months in those years. The

resulting average amount is then rounded 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 1999, the national average wage index for 1997, \$27,426.00, is divided by the national average wage index for each year prior to 1997 in which the worker had earnings. The actual wages and self-employment income, as defined in section 211(b) of the Act and credited for each year, is multiplied by the corresponding ratio to obtain the worker's indexed earnings for each year before 1997. Any earnings in 1997 or later are considered at face value, without indexing. The average indexed monthly earnings is then computed and used to determine the worker's primary insurance amount for 1999.

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. The dollar amounts in the formula which govern the portions of the average indexed monthly earnings are frequently referred to as the "bend points" of the formula. Thus, the bend points for 1979 were \$180 and \$1,085.

The bend points for 1999 are obtained by multiplying the corresponding 1979 bend-point amounts by the ratio between the national average wage index for 1997, \$27,426.00, and for 1977, \$9,779.44. These results are then rounded to the nearest dollar. For 1999, the ratio is 2.8044551. Multiplying the 1979 amounts of \$180 and \$1,085 by 2.8044551 produces the amounts of \$504.80 and \$3,042.83. These must then be rounded to \$505 and \$3,043. Accordingly, the portions of the average indexed monthly earnings to be used in 1999 are determined to be the first \$505, the amount between \$505 and \$3,043, and the amount over \$3,043.

Consequently, for individuals who first become eligible for old-age insurance benefits or disability insurance benefits in 1999, or who die in 1999 before becoming eligible for benefits, their primary insurance amount will be the sum of:

- (a) 90 percent of the first \$505 of their average indexed monthly earnings, plus
- (b) 32 percent of their average indexed monthly earnings over \$505 and through \$3,043, plus

(c) 15 percent of their average indexed monthly earnings over \$3,043.

This amount is then rounded 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 is applied 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, the family maximum payable is computed 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. The dollar amounts in the formula which govern the portions of the primary insurance amount are frequently referred to as the "bend points" of the family-maximum formula. Thus, the bend points for 1979 were \$230, \$332, and \$433.

The bend points for 1999 are obtained by multiplying the corresponding 1979 bend-point amounts by the ratio between the national average wage index for 1997, \$27,426.00, and the average for 1977, \$9,779.44. This amount is then rounded to the nearest dollar. For 1999, the ratio is 2.8044551. Multiplying the amounts of \$230, \$332, and \$433 by 2.8044551 produces the amounts of \$645.02, \$931.08, and \$1,214.33. These amounts are then rounded to \$645, \$931, and \$1,214. Accordingly, the portions of the primary

insurance amounts to be used in 1999 are determined to be the first \$645, the amount between \$645 and \$931, the amount between \$931 and \$1,214, and the amount over \$1,214.

Consequently, for the family of a worker who becomes age 62 or dies in 1999 before age 62, the total amount of benefits payable to them will be computed so that it does not exceed:

(a) 150 percent of the first \$645 of the worker's primary insurance amount, plus

(b) 272 percent of the worker's primary insurance amount over \$645 through \$931, plus

(c) 134 percent of the worker's primary insurance amount over \$931 through \$1,214, plus

(d) 175 percent of the worker's primary insurance amount over \$1,214.

This amount is then rounded 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 1999 amount of earnings required for a quarter of coverage is \$740. A quarter of coverage is the basic unit for determining whether a worker is insured under the Social Security program. For years before 1978, an individual generally was credited with a quarter of coverage for each quarter in which wages of \$50 or more were paid, or an individual was credited with 4 quarters of coverage for every taxable year in which \$400 or more of self-employment income was earned. Beginning in 1978, wages generally are no longer reported on a quarterly basis; instead, annual reports are made. 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 1999 shall be equal to the larger of (1) the 1978 amount of \$250 multiplied by the ratio of the national average wage index for 1997 to that for 1976, or (2) the current amount of \$700. Section 213(d) further provides that if the amount so determined 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 1997, \$27,426.00, compared to that for 1976, \$9,226.48, is 2.9725312.

Multiplying the 1978 quarter of coverage amount of \$250 by the ratio of 2.9725312 produces the amount of \$743.13, which must then be rounded to \$740. Because \$740 exceeds the current amount of \$700, the quarter of coverage amount is determined to be \$740 for 1999.

"Old-Law" Contribution and Benefit Base

General. The 1999 "old-law" contribution and benefit base is \$53,700. This is the base that would have been effective under the Act without the enactment of the 1977 amendments. The base is computed 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 base is computed using the automatic adjustment formula in section 230(b) of the Act as it read prior to the enactment of the 1977 amendments, but with the revised indexing formula introduced by section 321(g) of the "Social Security Independence and Program Improvements Act of 1994." Under the formula, 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 1997 to that for 1992, or (2) the current "old-law" base (\$50,700). If the amount so determined 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 1997, \$27,426.00, compared to that for 1992, \$22,935.42, is 1.1957924. Multiplying the 1994 "old-law" contribution and benefit base amount of \$45,000 by the

ratio of 1.1957924 produces the amount of \$53,810.66 which must then be rounded to \$53,700. Because \$53,700 exceeds the current amount of \$50,700, the "old-law" contribution and benefit base is determined to be \$53,700 for 1999.

Substantial Gainful Activity Amount for Blind Individuals

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). Under current regulations, a person who is not statutorily blind and who is earning more than \$500 a month (net of impairment-related work expenses) is ordinarily considered to be engaging in SGA. Section 223(d)(4)(A) of the Act specifies a higher SGA amount for statutorily blind individuals. This higher SGA amount increases in accordance with increases in the national average wage index.

Computation. The monthly SGA amount for statutorily blind individuals for 1999 shall be the larger of (1) such amount for 1994 multiplied by the ratio of the national average wage index for 1997 to that for 1992, or (2) such amount for 1998. If the amount so determined 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 1997, \$27,426.00, compared to that for 1992, \$22,935.42, is 1.1957924. Multiplying the 1994 monthly SGA amount for statutorily blind individuals of \$930 by the ratio of 1.1957924 produces the amount of \$1,112.09. This must then be rounded to \$1,110. Because \$1,110 is larger than the current amount of \$1,050, the monthly SGA amount for statutorily blind individuals is determined to be \$1,110 for 1999.

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 in calendar year 1994. The statute holds the coverage threshold at the \$1,000 level for 1995 and then increases the threshold in \$100 increments for years after 1995. The formula for increasing the threshold is provided in section 3121(x) of the Internal Revenue Code.

Computation. Under the formula, the domestic employee coverage threshold amount for 1999 shall be equal to the

1995 amount of \$1,000 multiplied by the ratio of the national average wage index for 1997 to that for 1993. If the amount so determined 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 1997, \$27,426.00, compared to that for 1993, \$23,132.67, is 1.1855960. Multiplying the 1995 domestic employee coverage threshold amount of \$1,000 by the ratio of 1.1855960 produces the amount of \$1,185.60, which must then be rounded to \$1,100. Accordingly, the domestic employee coverage threshold amount is determined to be \$1,100 for 1999.

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 1998 is the ratio of (1) the combined assets of the OASI and DI Trust Funds at the beginning of 1998 to (2) the estimated expenditures of the OASI and DI Trust Funds during 1998, 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 1998 equaled \$655,510 million, and the expenditures are estimated to be \$382,871 million. Thus, the OASDI fund ratio for 1998 is 171.2 percent, which exceeds the applicable threshold of 20.0 percent. Therefore, the stabilizer provision does not affect the benefit increase for December 1998. Although the OASDI fund ratio exceeds the 32.0-percent threshold for potential "catch-up" benefit increases, no past

benefit increase has been reduced under the stabilizer provision. 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; 96.003 Social Security-Special Benefits for Persons Aged 72 and Over; 96.004 Social Security-Survivors Insurance; 96.006 Supplemental Security Income.)

Dated: October 21, 1998.

Kenneth S. Apfel,

Commissioner, Social Security Administration.

[FR Doc. 98-28988 Filed 10-29-98; 8:45 am]

BILLING CODE 4190-29-P

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Reports, Forms and Recordkeeping Requirements; Agency Information Collection Activity Under OMB Review

AGENCY: Office of the Secretary, DOT.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), this notice announces that the Information Collection Request (ICR) abstracted below has been forwarded to the Office of Management and Budget (OMB) for review and comment. The ICRs describe the nature of the information collections and their expected burden. The **Federal Register** Notice with a 60-day comment period soliciting comments on the following information collection was published on May 26, 1998 (63 FR 28548-28549).

DATES: Comments must be submitted on or before November 30, 1998.

FOR FURTHER INFORMATION CONTACT: Ms. Marian Lee, Office of Motor Carrier Information Analysis, (202) 358-7051, Federal Highway Administration, Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590. Office hours are from 7:45 a.m. to 4:15 p.m., e.t., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Federal Highway Administration

Title: Financial Responsibility, Trucking and Freight Forwarding.
OMB Number: 2125-0570.

Type of Request: Extension of a currently approved collection.

Affected Public: Motor carriers, freight forwarders, and brokers.

Abstract: The Secretary of Transportation is authorized to register for-hire motor carriers of regulated