

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³⁴

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-2243 Filed 1-24-01; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

Revocation of License of Small Business Investment Company

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the District of New Jersey, dated September 13, 2000, the United States Small Business Administration hereby revokes the license of First Princeton Capital Corporation, a New Jersey Corporation, to function as a small business investment company under the Small Business Investment Company License No. 02/02-0449 issued to First Princeton Capital Corporation on March 8, 1983 and said license is hereby declared null and void as of September 30, 2000.

Dated: January 11, 2001.

Small Business Administration.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 01-2215 Filed 1-24-01; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

Revocation of License of Small Business Investment Company

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the District of Tennessee, dated September 13, 2000, the United States Small Business Administration hereby revokes the license of Tennessee Venture Capital Corporation, a Tennessee Corporation, to function as a small business investment company under the Small Business Investment Company License No. 04/04-5176 issued to Tennessee Venture Capital Corporation on September 28, 1979 and said license is hereby declared null and void as of September 30, 2000.

Dated: January 11, 2001.

Small Business Administration.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 01-2213 Filed 1-24-01; 8:45 am]

BILLING CODE 8025-01-P

SOCIAL SECURITY ADMINISTRATION

Supplemental Security Income (SSI) for the Aged, Blind, and Disabled; SSI Work Incentives Demonstration Project

AGENCY: Social Security Administration (SSA).

ACTION: Notice.

SUMMARY: The Commissioner of Social Security announces the following demonstration project relating to the Supplemental Security Income (SSI) program under title XVI of the Social Security Act (the Act). Under this project, the Social Security Administration (SSA) will test the effectiveness of altering certain SSI program rules as an incentive to encourage SSI recipients with disabilities or blindness to work for the first time, return to work, or increase their work activity and earnings. This project, called the SSI Work Incentives Demonstration Project, is being conducted under the authority of section 1110(b) of the Act. We are conducting this project in selected States that are working with us under our State Partnership Initiative to assist people with disabilities to obtain employment and reduce their dependence on SSI benefits and benefits under other government programs. We are publishing this notice in accordance with 20 CFR 416.250(e).

FOR FURTHER INFORMATION CONTACT:

Elissa Ness, Social Security Administration, Office of Employment Support Programs, 6401 Security Boulevard, 107 Altmeyer Building, Baltimore, Maryland, 21235-6401; Phone (410) 965-7955; or through E-mail to elissa.ness@ssa.gov.

SUPPLEMENTARY INFORMATION:

Background

What is the SSI program?

The SSI program established under title XVI of the Act provides monthly benefits for aged, blind and disabled individuals with limited income and resources. For SSI applicants and recipients, income is a factor in determining eligibility for, and the amount of, SSI benefits. In determining an individual's countable income for SSI program purposes, title XVI of the Act specifies certain items that are included as well as certain items and/

or amounts that are excluded. Earnings from employment, minus certain exclusions, are counted as income to the individual. The amount of an individual's resources is used to determine whether he or she is eligible for SSI benefits for any given month. If an individual's countable resources are within the statutory limit for eligibility, they have no effect on the amount of the SSI payment to the recipient.

What is the SSI Work Incentives Demonstration Project?

This is a demonstration project which we are conducting under the authority of section 1110(b) of the Act to test whether altering certain requirements, conditions, or limitations under title XVI of the Act and the implementing regulations, relating to the counting of an SSI recipient's income and resources and to the initiation of certain continuing disability reviews for SSI recipients with disabilities or blindness, will encourage recipients of SSI benefits based on disability or blindness to attempt to work for the first time, return to work, or increase their work activity and earnings. Under the project, we will test, on a demonstration basis, the effectiveness of certain alternative SSI program rules as incentives for SSI recipients with disabilities or blindness who want to work to attempt work activity or increase their level of work activity. We are conducting the SSI Work Incentives Demonstration Project in connection with certain return-to-work projects for which we awarded cooperative agreement funds to certain States under SSA's State Partnership Initiative.

What is SSA's State Partnership Initiative?

The State Partnership Initiative (SPI), established by SSA, is the first activity launched under Executive Order 13078, Increasing Employment of Adults with Disabilities, signed on March 13, 1998 by President Clinton. This initiative is designed to help States develop innovative and integrated, state-wide programs of services and supports for their residents with disabilities.

In 1998, under the SPI program, SSA awarded five-year cooperative agreements to a number of States to develop innovative projects to increase job opportunities and enhance the coordination and delivery of rehabilitation, employment and other support services for adults who are recipients of SSI benefits based on disability or blindness, or who are Social Security Disability Insurance (SSDI) beneficiaries, to assist them to return to work or work for the first time

³⁴ 17 CFR 200.30-3(a)(12).

and reduce their dependence on SSI and SSDI benefits. These cooperative agreement projects under the SPI program are expected to continue in operation through September 30, 2003.

With Which SPI Projects Is SSA Conducting the SSI Work Incentives Demonstration Project?

We are conducting the SSI Work Incentives Demonstration Project, which consists of two models, in conjunction with the SPI projects in the States of California, New York, Vermont and Wisconsin. The SPI projects in these States are as follows:

(1) California's Individual Self-Sufficiency Planning Project is providing enhanced services to 150 project participants with severe psychiatric disabilities who receive SSI and/or SSDI benefits at two demonstration sites, One-Stop Career Centers in San Mateo and Kern Counties. Selected individuals from other counties who are clients of the Department of Rehabilitation will serve as the control group for the research design.

(2) The New York Works: Self Sufficiency Through Employment Incentives project is testing the impact of full program services or enhanced services to recipients on return to work outcomes. Full services include a client-centered "team" approach, a vocational case manager/employment coordinator, intensive benefits counseling and management, in addition to any federal program rules waivers, access to SSA work incentives, expedited access to a Plan for Achieving Self-Support (PASS), and presumed vocational rehabilitation (VR) eligibility.

SSI recipients with serious mental illness, residing in New York City or Erie County, will be randomly assigned to a full service model, an enhanced service model, or a control group. Each treatment group will have 450 members, with 650 in the control group.

(3) Vermont Work Incentives Project is examining the impact of benefits counseling, benefits assessment plans, peer benefits counseling, training of VR staff on mental health issues, and any federal program rules waivers and Medicaid Buy-In in its overall project evaluation. The statewide program expects to have 1,200 participants (SSI/SSDI recipients) with a range of disabilities.

(4) Wisconsin Pathways to Independence includes benefits counseling as a core service with additional options including targeted vocational planning, greater use of existing SSA work incentives, and health care and income support policy

changes derived from federal waivers. The Wisconsin Project will also implement the Medicaid Purchase Plan, an amendment to Wisconsin's Medicaid Program. It is anticipated that approximately 1,200 individuals with severe disabilities (including physical disabilities, mental illness, HIV/AIDS, and developmental disabilities) will be served in 15 sites throughout the State.

What Are the Objectives of the SSI Work Incentives Demonstration Project?

SSA is committed to supporting the work efforts of disabled or blind SSI recipients, as well as SSDI beneficiaries, who want to work and become more self-sufficient. SSA seeks to develop new strategies and incentives that will assist SSI recipients and SSDI beneficiaries to enter and remain in the workforce and reduce their dependence on SSI and SSDI benefits.

Our overall objective in conducting this project is to demonstrate whether providing additional work incentives under the SSI program will remove potential barriers to work for recipients of SSI benefits based on disability or blindness. Under the project, we will test whether altering certain SSI program rules provides effective work incentives for disabled or blind SSI recipients and concurrent SSI/SSDI beneficiaries to attempt to work for the first time, return to work, or increase their work activity and earnings.

What Is The Statutory Authority for Altering SSI Program Rules to Conduct This Demonstration Project?

We are conducting the SSI Work Incentives Demonstration Project under the authority of section 1110(b) of the Act. Section 1110(b) of the Act authorizes the Commissioner of Social Security to waive any of the requirements, conditions, or limitations of title XVI of the Act to the extent necessary to carry out experimental, pilot, or demonstration projects which, in the Commissioner's judgment, are likely to assist in promoting the objectives or facilitate the administration of the SSI program.

Description of the SSI Work Incentives Demonstration Project

What Are the Alternative SSI Program Rules That Will Apply to Participants in the SSI Work Incentives Demonstration Project?

The alternative SSI program rules that we are testing under the demonstration project consist of the following four elements. Elements 1 through 3 will apply to participants in the project who are SSI-only recipients or concurrent

SSI/SSDI beneficiaries. Element 4 will only apply to participants who are SSI-only recipients; it will not apply to concurrent SSI/SSDI beneficiaries.

1. "Three-for-Four"—Increase Earned Income Exclusion

SSA will test the effectiveness, as a work incentive, of using modified earned income exclusion in determining an SSI recipient's countable income for SSI program purposes. Under this work incentive, SSA will exclude the first \$65 of a project participant's monthly earned income plus an additional 75 percent of any remaining gross monthly earned income, or an additional \$3 for every \$4 earned. This differs from the current rules under which SSA excludes the first \$65 of monthly earned income plus an additional 50 percent of any remaining gross monthly earned income, or an additional \$1 for every \$2 earned.

2. "Unearned Income Related to Work Activity"—Treat as Earned Income

SSA will test, as an additional work incentive, treating certain types of temporary unearned income related to work activity in the same manner as earned income will be treated under element 1 above for purposes of determining an SSI recipient's countable income. That is, for a project participant, SSA will exclude the first \$65 per month of certain types of unearned income that result from work activity plus 75 percent of the remainder of such unearned income in a month. This differs from current SSI rules under which SSA excludes the first \$20 of unearned income in a month. The only types of temporary unearned income that result from work activity that would be subject to the alternative rule are: Unemployment insurance benefits, worker's compensation benefits, State disability benefits, and disability-related benefits paid through private insurance plans. Other types of benefits, such as Social Security benefits or veterans benefits from the Department of Veterans Affairs, will continue to be treated as unearned income based on current rules.

3. "Independence Account"—Create New Resource Exclusion

SSA will study the use of an additional resource exclusion as a work incentive. SSA will allow a project participant to maintain an "Independence Account" as a resource, beyond the current \$2,000 resource limit. For purposes of determining an SSI recipient's countable resources, SSA will exclude monies conserved (including any accrued interest) in one

separate account for saved wages, not to be commingled with other monies, and with deposits limited to 50 percent of gross earnings, not to exceed \$8,000 per year. The account may be a checking or savings account, certificate of deposit, money market or mutual fund account. It cannot be any type of retirement plan such as an IRA, Roth IRA, 401(k) plan, or 403(b) plan. The period during which a participant will be permitted to deposit a portion of his or her wages into an "Independence Account" will end September 30, 2003 or, if earlier, when he or she ceases to be a project participant. Following the close of the period for making deposits, SSA will provide for a 24-month spend-down period during which the resource exclusion under the demonstration project would continue to apply to monies in the account.

4. "Medical Continuing Disability Reviews"—Suspend for Certain Participants

SSA will test suspending medical continuing disability reviews (CDRs) as a work incentive for certain individuals. SSA will suspend medical CDRs for participants in the demonstration project who are SSI-only recipients with "medical improvement possible" (MIP) or "medical improvement not expected" (MINE) diaries. For a project participant meeting these criteria, SSA will not initiate a medical CDR during the period this work incentive is in effect (i.e., through September 30, 2003), so long as the individual remains a project participant. The suspension of CDRs would not apply to redeterminations of disability that are required for childhood disability recipients who attain age 18.

When Will the Demonstration Project Begin and End?

The alternative SSI program rules under the demonstration project will become effective on January 26, 2001. Except for the spend-down period for the "Independence Account," the alternative SSI program rules will cease to be effective after September 30, 2003. The spend-down period for the "Independence Account" will begin on October 1, 2003 (or, if earlier, when an individual's participation in the demonstration project ends) and will end after a period of 24 months.

What Are the Two Models Which Comprise the SSI Work Incentives Demonstration Project?

Model one of the demonstration project will use the alternative SSI program rules described in items 1 through 4 above, and will be carried out

in conjunction with the SPI projects in California, New York, and Wisconsin. Model two of the demonstration project will use the alternative SSI program rules described in items 2 through 4 above, and will be carried out in conjunction with the SPI project in Vermont.

How Will An Individual Become a Participant in the SSI Work Incentives Demonstration Project?

The participation of an SSI recipient or concurrent SSI/SSDI beneficiary in the SSI Work Incentives Demonstration Project will be voluntary, as required under section 1110(b)(2)(B) of the Act and the implementing regulation at 20 CFR 416.250(d). Only those disabled or blind SSI recipients and concurrent SSI/SSDI beneficiaries who are enrolled or will enroll as participants in the SPI cooperative agreement projects in the States of California, New York, Vermont and Wisconsin will be eligible to become a participant in the SSI Work Incentives Demonstration Project. An enrollee in one of the SPI projects will become a participant in the SSI Work Incentives Demonstration Project by providing a voluntary written consent to be a participant in the SSI demonstration project. The individual's consent to participate in the SSI Work Incentives Demonstration Project may be revoked by the individual at any time. In addition, an individual's status as a participant in the SSI Work Incentives Demonstration Project will end if his or her participation in the SPI project ends.

How Will the SSI Demonstration Project Be Evaluated?

The four States will collect data for each recipient regarding identifying information, educational and vocational background, services provided, work attempts and outcomes and use of the alternative SSI program rules. Each State will use the data to evaluate the effectiveness of the alternative SSI program rules under the project model in that State. In addition, the data will be sent by each State to Virginia Commonwealth University (VCU) for a process evaluation and will be analyzed by Mathematica, Inc., for a net outcomes evaluation. SSA has contracts with VCU and Mathematica to collect and analyze the data from the States to permit evaluation on a cross-State basis for the SSI Work Incentives Demonstration Project.

What Are the Statutory and Regulatory Provisions Being Waived to Conduct the SSI Work Incentives Demonstration Project?

We are waiving the following requirements, conditions, or limitations under title XVI of the Act and the implementing regulations to the extent necessary to permit the application of the alternative SSI program rules described above to participants in the SSI Work Incentives Demonstration Project.

1. "Three-for-Four"—Increase Earned Income Exclusion

We are waiving the limitation on the earned income exclusion under sections 1612(b)(4)(A)(i) and (b)(4)(B)(iii) of the Act and 20 CFR 416.1112(c)(7) to the extent necessary to permit, after the exclusion of the first \$65 per month of earned income not otherwise excluded as provided under the statute and regulations, the exclusion of three-fourths of a project participant's remaining earned income in a month for the purpose of determining a participant's countable income for SSI program purposes.

2. "Unearned Income Related to Work Activity"—Treat as Earned Income

We are waiving the limitations on excluding unearned income under section 1612(b) of the Act and 20 CFR 416.1124 to the extent necessary to permit, in addition to any other allowable unearned income exclusions authorized under the statute and regulations, the exclusion of the first \$65 per month of specified types of unearned income of a project participant, plus three-fourths of the amount of a participant's remaining specified types of unearned income in a month, for the purpose of determining a participant's countable income for SSI program purposes. The types of unearned income covered by this exclusion are: unemployment insurance benefits, worker's compensation benefits, State disability benefits, and disability-related benefits paid through private insurance plans.

3. "Independence Account"—Create New Resource Exclusion

We are waiving the limitations on excluding resources under section 1613 of the Act and 20 CFR 416.1210 to the extent necessary to permit the exclusion of monies conserved (and any interest accrued thereon) in one "Independence Account" of a project participant that meets certain requirements, for the purpose of determining a participant's countable resources for SSI program purposes. Only wages earned by an

individual while a project participant and before October 1, 2003, may be deposited in the account, not to be commingled with any other monies, with deposits limited to 50 percent of gross earnings, not to exceed \$8,000 per year. A 24-month spend-down period, during which the resource exclusion will continue to apply, will begin October 1, 2003 or, if earlier, when the individual's participation in the project ends.

4. "Medical CDRs"—Suspend for Certain Participants

We are waiving the requirements for SSA to conduct medical CDRs under sections 1619(a)(2) and 1631(j)(2) of the Act, and 20 CFR 416.990, to the extent necessary to preclude the initiation of medical CDRs under these provisions for project participants who are SSI-only recipients with MIP or MINE diaries.

Authority: Section 1110(b) of the Social Security Act.

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

Dated: January 18, 2001.

Kenneth S. Apfel,

Commissioner of Social Security.

[FR Doc. 01-2226 Filed 1-24-01; 8:45 am]

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SOCIAL SECURITY ADMINISTRATION

[Social Security Acquiescence Ruling 01-1(3)]

Sykes v. Apfel; Using the Grid Rules as a Framework for Decisionmaking When an Individual's Occupational Base is Eroded by a Nonexertional Limitation—Titles II and XVI of the Social Security Act

AGENCY: Social Security Administration.

ACTION: Notice of Social Security Acquiescence Ruling.

SUMMARY: In accordance with 20 CFR 402.35(b)(2), the Commissioner of Social Security gives notice of Social Security Acquiescence Ruling 01-1(3).

EFFECTIVE DATE: January 25, 2001.

FOR FURTHER INFORMATION CONTACT: Gary Sargent, Litigation Staff, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235-6401, (410) 965-1695.

SUPPLEMENTARY INFORMATION: We are publishing this Social Security Acquiescence Ruling in accordance with 20 CFR 402.35(b)(2).

A Social Security Acquiescence Ruling explains how we will apply a holding in a decision of a United States Court of Appeals that we determine

conflicts with our interpretation of a provision of the Social Security Act (the Act) or regulations when the Government has decided not to seek further review of that decision or is unsuccessful on further review.

We will apply the holding of the Court of Appeals' decision as explained in this Social Security Acquiescence Ruling to claims at all levels of administrative review within the Third Circuit. This Social Security Acquiescence Ruling will apply to all determinations or decisions made on or after January 25, 2001. If we made a determination or decision on your application for benefits between September 18, 2000, the date of the Court of Appeals' decision, and January 25, 2001, the effective date of this Social Security Acquiescence Ruling, you may request application of the Social Security Acquiescence Ruling to the prior determination or decision. You must demonstrate, pursuant to 20 CFR 404.985(b)(2) or 416.1485(b)(2), that application of the Ruling could change our prior determination or decision in your claim.

Additionally, when we received this precedential Court of Appeals' decision and determined that a Social Security Acquiescence Ruling might be required, we began to identify those claims that were pending before us within the circuit that might be subject to readjudication if an Acquiescence Ruling were subsequently issued. Because we determined that an Acquiescence Ruling is required and are publishing this Social Security Acquiescence Ruling, we will send a notice to those individuals whose claims we have identified which may be affected by this Social Security Acquiescence Ruling. The notice will provide information about the Acquiescence Ruling and the right to request readjudication under the Ruling. It is not necessary for an individual to receive a notice in order to request application of this Social Security Acquiescence Ruling to the prior determination or decision on his or her claim as provided in 20 CFR 404.985(b)(2) or 416.1485(b)(2), discussed above.

If this Social Security Acquiescence Ruling is later rescinded as obsolete, we will publish a notice in the **Federal Register** to that effect as provided for in 20 CFR 404.985(e) or 416.1485(e). If we decide to relitigate the issue covered by this Social Security Acquiescence Ruling as provided for by 20 CFR 404.985(c) or 416.1485(c), we will publish a notice in the **Federal Register** stating that we will apply our interpretation of the Act or regulations

involved and explaining why we have decided to relitigate the issue.

(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: January 9, 2001.

Kenneth S. Apfel,

Commissioner of Social Security.

Acquiescence Ruling 01-1(3)

Sykes v. Apfel, 228 F.3d 259 (3d Cir. 2000)—Using the Grid Rules¹ as a Framework for Decisionmaking When an Individual's Occupational Base is Eroded by a Nonexertional Limitation—Titles II and XVI of the Social Security Act.²

Issue: Whether we may apply the Medical-Vocational Guidelines (grid rules) as a framework to deny disability benefits at step 5 of the sequential evaluation process when a claimant has a nonexertional limitation(s) without either:

- (1) taking or producing vocational evidence, such as testimony from a vocational expert, reference to the *Dictionary of Occupational Titles* (DOT)³ or other similar evidence; or
- (2) providing notice of our intention to take official notice of the fact that the particular nonexertional limitation(s) does not significantly erode the occupational job base.

Statute/Regulation/Ruling Citation: Sections 205(b), 223(d)(2)(A), 1614(a)(3)(B) and 1631(c)(1)(A) of the Social Security Act (42 U.S.C. 405(b), 423(d)(2)(A), 1382c(a)(3)(B)) and 1383(c)(1)(A); 20 CFR 404.1520(f)(1), 404.1566, 404.1569, 404.1569a, 416.920(f)(1), 416.966, 416.969 and 416.969a; 20 CFR Part 404, Subpart P,

¹ At step 5 of the sequential evaluation process we use the medical-vocational rules that are set out in appendix 2 of subpart P of part 404. In general, the rules in appendix 2 take administrative notice of the existence of numerous, unskilled occupations at exertional levels defined in the regulations, such as "sedentary," "light," and "medium." Based upon a consideration of an individual's residual functional capacity, age, education, and work experience, the rules either direct a conclusion as to whether an individual is disabled at step 5 of the sequential evaluation process or provide a framework to guide our decision at this step. See 20 CFR 404.1569a and 416.969a and our preamble to final rules published at 65 FR 17994 (April 6, 2000).

² Although *Sykes* was a title II case, the same principles apply to title XVI. Therefore, this Ruling applies to both title II and title XVI disability claims.

³ Employment and Training Administration, U.S. Department of Labor, *Dictionary of Occupational Titles* (Fourth Edition, Revised 1991) and its companion publication, *Selected Characteristics of Occupations Defined in the Revised Dictionary of Occupational Titles*, (1993).