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

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me, the Federal Aviation Administration proposes to amend part 71 of the Federal Aviation Regulations (14 CFR part 71) as follows:

PART 71—[AMENDED]

1. The authority citation for part 71 continues to read as follows:

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

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9B, Airspace Designations and Reporting Points, dated July 18, 1994, and effective September 16, 1994, is amended as follows:

Paragraph 5000 Class D Airspace

* * * * *

AWPCA D Miramar NAS, CA [Removed]

* * * * *

Issued in Los Angeles, California, on May 31, 1995.

Dennis T. Koehler,

Acting Manager, Air Traffic Division, Western-Pacific Region.

[FR Doc. 95–14177 Filed 6–8–95; 8:45 am]

BILLING CODE 4910–13–M

SOCIAL SECURITY ADMINISTRATION

20 CFR Parts 404 and 416

RIN 0960–AE06

Administrative Review Process, Testing Modifications to Prehearing Procedures and Decisions by Adjudication Officers

AGENCY: Social Security Administration.

ACTION: Proposed rule.

SUMMARY: We propose to amend our rules to establish the authority to test the position of an adjudication officer who, under the *Plan for a New Disability Claim Process* approved by the Commissioner of Social Security in September 1994 (the disability redesign plan), would be the focal point for all prehearing activities when a request for a hearing before an administrative law judge (ALJ) is filed. The adjudication officer is an integral element of the disability redesign plan. We expect that our test of the adjudication officer position will provide us with sufficient information to determine the effect of the position on the hearing process. This proposed rule only refers to the changes to the disability procedures we will test. Unless specified, all other regulations related to the disability determination process remain unchanged.

DATES: To be sure that your comments are considered, we must receive them no later than July 10, 1995.

ADDRESSES: Comments should be submitted in writing to the Commissioner of Social Security, P.O. Box 1585, Baltimore, Maryland 21235, sent by telefax to (410) 966–2830, sent by E-mail to ''regulations@ssa.gov,'' or delivered to the Division of Regulations and Rulings, Social Security Administration, 3–B–1 Operations Building, 6401 Security Boulevard, Baltimore, Maryland 21235, between 8:00 a.m. and 4:30 p.m. on regular business days. Comments may be inspected during these same hours by making arrangements with the contact person shown below.

The electronic file of this document is available on the Federal Bulletin Board (FBB) at 9:00 a.m. on the date of publication in the **Federal Register**. To download the file, modem dial (202) 512–1387. The FBB instructions will explain how to download the file and the fee. This file is in Wordperfect and will remain on the FBB during the comment period.

FOR FURTHER INFORMATION CONTACT: Harry J. Short, Legal Assistant, Division of Regulations and Rulings, Social Security Administration, 6401 Security Boulevard, Baltimore, Maryland 21235, (410) 965–6243.

SUPPLEMENTARY INFORMATION:

BACKGROUND

The Social Security Administration (SSA) decides claims for Social Security benefits under title II of the Social Security Act (the Act) and for Supplemental Security Income (SSI) benefits under title XVI of the Act in an administrative review process that generally consists of four steps. Claimants who are not satisfied with the initial determination we make on a claim may request reconsideration. Claimants who are not satisfied with our reconsidered determination may request a hearing before an ALJ, and claimants who are dissatisfied with an ALJ's decision may request review by the Appeals Council. Claimants who have completed these steps and who are not satisfied with our final decision, may request judicial review of the decision in the Federal courts.

Generally, when a claim is filed for Social Security or SSI benefits based on disability, a State agency makes the initial and reconsideration disability determination for us. A hearing requested after we have made a reconsideration determination is conducted by an ALJ in one of the 132 hearing offices we have nationwide.

Applications for Social Security and SSI benefits based on disability have risen dramatically in recent years. The number of new disability claims SSA received in Fiscal Year (FY) 1994—3.56 million—represented a 40 percent increase over the number received in FY 1990—2.55 million. Requests for an ALJ hearing also have increased dramatically. In FY 1994, our hearing offices had almost 540,000 hearing receipts, and most of these receipts were filed by persons claiming disability benefits. In that year, the number of hearing receipts we received exceeded the number of receipts we received in FY 1990 by more than 70 percent.

Despite management initiatives that resulted in a record increase in ALJ productivity in FY 1994 and the hiring of more than 200 new ALJs and more than 650 new support staff in that year, the number of cases pending in our hearing offices has reached unprecedented levels—more than 480,000 at the end of FY 1994.

In order to process this workload the disability redesign plan contains other changes to the disability determination process by which SSA plans to decrease processing times while providing world class service. For example, the disability redesign plan envisions a streamlined

initial disability determination process which will result in more timely determinations and the elimination of the reconsideration step in the administrative review process for disability claims. We expect that one consequence of these initiatives will be an increase in the number of requests for hearings filed over the next several years. In light of these growing workload expectations, and to process more efficiently the hearing requests now pending at our hearing offices, we are issuing this notice of proposed rule making (NPRM) which proposes to establish the authority to test having an adjudication officer conduct prehearing development and, if appropriate, issue a decision wholly favorable to the claimant.

We expect that use of an adjudication officer process, as described in our *Plan for a New Disability Claim Process*, will enable us to ensure development of a complete record and to issue decisions in a more efficient manner when a request for a hearing has been filed. Under this NPRM, we propose initially to test the adjudication officer position before implementing it as contemplated in the disability redesign plan. We anticipate that our tests of the adjudication officer position will provide us with information regarding the effect the position has on the hearing process currently, and how to best implement it under the redesigned disability process. We will do this by testing the adjudication officer position alone and in combination with one or more of the tests we are conducting pursuant to the final rule ''Testing Modifications to the Disability Determination Procedures,'' which was published in the **Federal Register** on April 24, 1995 (60 FR 20023).

We consider testing and implementation of the adjudication officer position to be a high priority. It is a complementary approach to short-term disability processing initiatives we currently are undertaking which are designed to reduce pending requests for hearings from more than 480,000 at the end of FY 1994 to 375,000 at the end of FY 1996. One short-term initiative is set out in the NPRM we published in the **Federal Register** on April 14, 1995 (60 FR 19008) to authorize attorney advisors in our Office of Hearings and Appeals to conduct certain prehearing proceedings and, where appropriate, issue decisions which are wholly favorable to the claimant. The principal aim of the attorney advisor procedures is to expedite decisions on pending requests for hearings. The adjudication officer process is focused on making more efficient use of existing resources so that ongoing cases are processed more timely and in a more efficient manner. This proposed rule authorizing testing of an adjudication officer process, if published as a final rule, will allow us to test the effect of a process that we expect will allow us to better manage the hearing process in the years to come.

In view of the salutary effect we expect this rule to have on our ability to improve our service to claimants, and the importance we place on ensuring that we adjudicate claims timely and accurately, we are providing a 30-day comment period for this rule rather than the 60-day period we usually provide. We also believe that a 30-day comment period is appropriate in this instance because we previously provided the public with the opportunity to comment on all aspects of the disability redesign plan, including the establishment of the adjudication officer position. We believe that for these reasons, a 30-day comment period is sufficiently long to allow the public a meaningful opportunity to comment on the proposed rule in accordance with Executive Order 12866.

The proposed rules are explained below in more detail.

Prehearing Procedures Under the Disability Redesign Plan

On April 15, 1994, SSA published a notice in the **Federal Register** (59 FR 18188), setting out a proposal to reengineer the initial and administrative review process we use to determine an individual's entitlement to Social Security and SSI benefits based on disability. Comments on this comprehensive and far-reaching proposal were requested, and during the comment period that began on April 1, 1994, and ended on June 14, 1994, SSA received, from a broad spectrum of respondents, over 6,000 written responses and extensive verbal comments. The commenters expressed their belief that improvements were needed to provide better service and to manage the claims process more effectively. While some concerns were expressed, the commenters praised SSA for taking on the task of redesigning the disability claim process.

On September 7, 1994, the Commissioner of Social Security accepted the revised disability redesign plan that was submitted for her approval on June 30, 1994, with the full understanding that some aspects of the proposal would require research and testing. The plan as approved by the Commissioner was published in the **Federal Register** on September 19, 1994 (59 FR 47887).

The plan anticipates a redesigned, two-level process for deciding social security and SSI claims based on disability. The claimant's right of administrative review following an initial determination will be to request an ALJ hearing. When a hearing is requested, as planned in the redesigned process, the focal point for prehearing activities will be an adjudication officer who will work with, among others, claimants and their representatives. Adjudication officers will have authority to make decisions wholly favorable to the claimant where such decisions are warranted by the evidence.

The adjudication officer, together with the claimant and his or her representative, will have responsibility for ensuring that claims coming before ALJs are fully developed.

The procedures outlined in the disability redesign plan make the best use of representatives' services by defining the clear responsibility on the part of claimants and their representatives to submit evidence. One of the features of the adjudication officer process is an informal conference with a claimant's representative to identify the issues in dispute and to prepare written agreements regarding those issues which are not in dispute and those issues proposed for hearing. We would not ask a claimant who does not have a representative to limit issues prior to the hearing. However, if the claimant obtains representation subsequent to the AO's conclusion that the case is ready for a hearing, the case will be returned to the AO who will conduct an informal conference with the claimant and his representative.

In this NPRM we propose to amend our rules by adding new §§ 404.943 and 416.1443 to establish the authority to test having an adjudication officer be the focal point for prehearing activities, as described in the disability redesign plan.

For many years, our hearing offices nationwide have productively utilized various forms of prehearing development. We have successfully conducted tests of a standard prehearing development process. Our recent experience with many of the elements of the adjudication officer's responsibilities and duties has given us some information about the effect the establishment of an adjudication officer position would have on the administrative review process. However, as we believe that further information will be helpful, we will begin testing the adjudication officer position as soon as possible after publication of a final rule in order to

assess whether the position meets the goals of the disability redesign process and whether it will have an effect on administrative and program expenditures. We propose that the adjudication officer's functions will be performed when a hearing before an ALJ is requested. We will be closely managing the tests of the adjudication officer position to ensure that the procedures are consistently and effectively applied at all locations.

In accordance with the goals and directives of the National Performance Review I and II and our disability redesign plan, the nature of the adjudication officer must be flexible to make the best use of available program resources consistent with providing world class service to our customers. Accordingly, the rule as proposed for testing permits the adjudication officer to be a qualified employee of the SSA or a State agency that makes disability determinations for us. The adjudication officer may be located in field offices or program service centers, in State agencies that make disability determinations for us, in our Office of Hearings and Appeals, or in our Regional Office of Program and Integrity Reviews.

Adjudication Officer Qualifications

The adjudication officer will be expected to bring relevant experience to the position, with additional training provided as may be essential to complete the preparation of the individual to assume the full range of duties. The adjudication officer must be qualified to communicate effectively with the public (including claimant representatives), in informal conferences and in writing. The adjudication officer must, of necessity, be able to manage a substantial caseload, must be able to review independently the claim file information and determine the need for additional evidence, and then be able to evaluate that evidence under the applicable provisions of the Social Security Act, our regulations and rulings. In addition, where appropriate, the adjudication officer must be able to write a comprehensive, factually correct and legally sound decision that can be readily understood by the public.

Evaluation of Implementation of Prehearing Procedures and Decisions by Adjudication Officers

This NPRM proposes to establish the authority to test implementation of prehearing procedures involving the adjudication officer. We plan to test the procedures in multiple sites to provide a means of determining the effect of the procedures in an operational environment. Each test will involve a representative mix of geographic areas and caseloads. Before we commence each test we will publish a notice in the **Federal Register** designating the test site and duration of the test. The notice will also describe when the test will be conducted in combination with one or more of the tests we are conducting pursuant to the final rule ''Testing Modifications to the Disability Determination Procedures.'' We will evaluate test outcomes against the objectives of the disability redesign:

- Is the process user friendly?
- Does the process maintain a high level of payment quality?
- Does the process take less time?
- Is the process efficient?
- Does the process result in satisfying work for employees?

One of the most important measures is the effect of the procedures on overall disability allowance rates. The adjudication officer's functions are not designed to change the overall allowance rates. In order to determine whether the prehearing procedures result in processing improvements consistent with expected outcomes, the Commissioner of Social Security will review evaluation results on a quarterly basis. If there is evidence that overall allowance rates increase or decrease unacceptably, the Commissioner will cease use of, or make appropriate adjustments to the prehearing procedures consistent with this regulatory authority.

SSA published a final rule, ''Testing Modifications to the Disability Determination Procedures,'' at 60 FR 20023 on April 24, 1995 which provided authority for us to test several elements of the disability redesign plan. In the preamble to that final rule, we indicated that we plan to test the adjudication officer prehearing procedures, as well as other aspects of the disability redesign which do not require regulatory changes, in combination with one or more of the four models described in that final rule at some test sites. This continues to be our intention. Such tests will provide us with a body of information about each individual part of the redesign, as well as whether the combined effect of the redesign meets our goals of making the disability process user friendly, more timely and more accurate and efficient. It will also provide us with information about program expenditures in connection with the overall redesign.

Regulatory Procedures

Executive Order No. 12866

We have consulted with the Office of Management and Budget (OMB) and determined that this proposed rule meets the criteria for a significant regulatory action under Executive Order (E.O.) 12866. Thus it was subject to OMB review. This rule does not adversely affect State, local or tribal governments. The administrative costs of the tests will be covered within budgeted resources. No program costs are expected. We have not, therefore, prepared a cost/benefit analysis under E.O. 12866.

Regulatory Flexibility Act

We certify that this regulation will not have a significant economic impact on a substantial number of small entities because it affects only individuals. Therefore, a regulatory flexibility analysis as provided in Pub. L. 96–354, the Regulatory Flexibility Act, is not required.

Paperwork Reduction Act

This regulation imposes no new reporting or record keeping requirements requiring OMB clearance.

(Catalog of Federal Domestic Assistance Program Nos. 93.802, Social Security-Disability Insurance; 93.807, Supplemental Security Income)

List of Subjects

20 CFR Part 404

Administrative practice and procedure, Death benefits, Disability benefits, Old-Age, Survivors and Disability Insurance, Reporting and record keeping requirements, Social Security.

20 CFR Part 416

Administrative practice and procedure, Aged, Blind, Disability benefits, Public assistance programs, Supplemental Security Income (SSI), Reporting and record keeping requirements.

Dated: May 4, 1995.

Shirley S. Chater,

Commissioner of Social Security.

For the reasons set out in the preamble, subpart J of part 404 and subpart N of part 416 of chapter III of title 20 of the Code of Federal Regulations are proposed to be amended as set forth below.

PART 404—FEDERAL OLD-AGE, SURVIVORS AND DISABILITY INSURANCE (1950–)

Subpart J—[Amended]

1. The authority citation for subpart J of part 404 is revised to read as follows:

Authority: Secs. 201(j), 205(a), (b), and (d)–(h), 221(d), 225 and 702(a)(5) of the Social Security Act; (42 U.S.C. 401(j), 405 (a), (b), and (d)–(h), 421(d), 425 and 902(a)(5); 31 U.S.C. 3720A.

2. New § 404.943 is added under the undesignated center heading ''Hearing Before an Administrative Law Judge'' to read as follows:

§ 404.943 Responsibilities of the adjudication officer.

(a)(1) *General.* Under the procedures set out in this section we will test modifications to the prehearing procedures we follow when you file a request for a hearing before an administrative law judge in connection with a claim for benefits based on disability where the question of whether you are under a disability as defined in § 404.1505 is at issue. These modifications will enable us to test the effect of having an adjudication officer be your primary point of contact after you file a hearing request and before you have a hearing with an administrative law judge. The tests may be conducted alone, or in combination with the tests of the modifications to the disability determination procedures which we conduct under § 404.906. The adjudication officer, working with you and/or your representative, identifies issues in dispute, develops evidence, conducts informal conferences, and conducts other prehearing proceedings as may be necessary. The adjudication officer has the authority to make a decision wholly favorable to you if the evidence so warrants. If the adjudication officer does not make a decision on your claim, your hearing request will be assigned to an administrative law judge for further proceedings.

(2) *Procedures for cases included in the tests.* Prior to commencing tests of the adjudication officer position in selected site(s), we will publish a notice in the **Federal Register**. The notice will describe where the specific test site(s) will be and the duration of the test(s). We will also state whether the tests of the adjudication officer position in each site will be conducted alone, or in combination with the test of the modifications to the disability determination process which we conduct under § 404.906. The individuals who participate in the test(s) will be assigned randomly to a test group in each site where the tests are conducted.

(b)(1) *Prehearing procedures conducted by an Adjudication Officer.* When you file a request for a hearing before an administrative law judge in connection with a claim for benefits based on disability where the question of whether you are under a disability as defined in § 404.1505 is at issue, the adjudication officer will conduct an interview with you. The interview may take place in person, by telephone, or by videoconference, as the adjudication officer determines is appropriate under the circumstances of your case. If you file a request for an extension of time to request a hearing in accordance with § 404.933(c), the adjudication officer may develop information on, and may decide in wholly favorable decisions that you had good cause for missing the deadline for requesting a hearing. To determine whether you had good cause for missing the deadline, the adjudication officer will use the standards contained in § 404.911.

(2) *Representation.* The adjudication officer will provide you with information regarding the hearing process, including your right to representation. As may be appropriate, the adjudication officer will provide you with referral sources for representation, and give you copies of necessary documents to facilitate the appointment of a representative. If you have a representative, the adjudication officer will conduct an informal conference with the representative, in person or by telephone, to identify the issues in dispute and prepare written agreements regarding those issues which are not in dispute and those issues proposed for the hearing. If you decide to proceed without representation, the AO may hold an informal conference with you. If you obtain representation subsequent to the AO's conclusion that your case is ready for a hearing, your case will be returned to the AO who will conduct an informal conference with you and your representative.

(3) *Evidence.* You, or your representative, may submit, or may be asked to obtain and submit, additional evidence to the adjudication officer. As the adjudication officer determines is appropriate under the circumstances of your case, the adjudication officer may refer the claim for further medical or vocational evidence.

(4) *Referral for a hearing.* The adjudication officer will refer the prepared claim to the administrative law judge for a hearing when the development of evidence is complete, and you or your representative agree that a hearing is ready to be held. At this point, the administrative law judge conducts all further hearing proceedings, including scheduling and holding a hearing and issuing a decision or dismissal of your request for a hearing, as may be appropriate.

(c)(1) *Wholly favorable decisions issued by an adjudication officer.* (i) If, after a hearing is requested but before it is held, the adjudication officer decides that the evidence in your case warrants a decision which is wholly favorable to you, the adjudication officer may issue such a decision. For purposes of the tests authorized under this section, the adjudication officer's decision shall be considered to be a decision as defined in § 404.901.

(ii) If the adjudication officer issues a decision under this section, it will be in writing and will give the findings of fact and the reasons for the decision. The adjudication officer will evaluate the issues relevant to determining whether or not you are disabled in accordance with the provisions of the Social Security Act, the rules in this part and part 422 of this chapter and applicable Social Security Rulings, which are available from the Superintendent of Documents, United States Government Printing Office, Washington, DC 20402. For cases in which the adjudication officer issues a decision, he or she may determine your residual functional capacity in the same manner that an administrative law judge is authorized to do so in § 404.1546. The adjudication officer may also evaluate the severity of your mental impairments in the same manner that an administrative law judge is authorized to do so under § 404.1520a. The adjudication officer's decision will be based on the evidence which is included in the record and, subject to paragraph (c)(2) of this section, will complete the actions that will be taken on your request for hearing. A copy of the decision will be mailed to all parties at their last known address. We will tell you in the notice that the administrative law judge will not hold a hearing unless a party to the hearing requests that the hearing proceed. A request to proceed with the hearing must be made in writing within 30 days after the date the notice of the decision of the adjudication officer is mailed.

(2) *Effect of a decision by an adjudication officer.* A decision by an adjudication officer which is wholly favorable to you under this section, and notification thereof, completes the administrative action on your request for hearing and is binding on all parties to the hearing and not subject to further review, unless—

(i) You or another party requests that the hearing continue, as provided in paragraph (c)(1) of this section;

(ii) The Appeals Council decides to review the decision on its own initiative under the authority provided in § 404.969;

(iii) The decision is revised under the procedures explained in §§ 404.987 through 404.989; or

(iv) In a case remanded by a Federal court, the Appeals Council assumes jurisdiction under the procedures in § 404.984.

(3) *Fee for a representative's services.* The adjudication officer may authorize a fee for your representative's services if the adjudication officer makes a decision on your claim that is wholly favorable to you, and you are represented. The actions of, and any fee authorization made by, the adjudication officer with respect to representation will be made in accordance with the provisions of subpart R of this part.

(d) *Who may be an adjudication officer.* The adjudication officer described in this section may be an employee of the Social Security Administration or a State agency that makes disability determinations for us.

PART 416—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

Subpart N—[Amended]

1. The authority citation for subpart N of part 416 is revised to read as follows:

Authority: Sec. 702(a)(5), 1631, and 1633 of the Social Security Act; (42 U.S.C. 902(a)(5), 1383, and 1383b.)

2. New § 416.1443 is added under the undesignated center heading ''Hearing Before an Administrative Law Judge'' to read as follows:

§ 416.1443 Responsibilities of the adjudication officer.

(a)(1) *General.* Under the procedures set out in this section we will test modifications to the prehearing procedures we follow when you file a request for a hearing before an administrative law judge in connection with a claim for benefits based on disability where the question of whether you are under a disability as defined in §§ 416.905 and 416.906 is at issue. These modifications will enable us to test the effect of having an adjudication officer be your primary point of contact after you file a hearing request and before you have a hearing with an administrative law judge. The tests may be conducted alone, or in combination with the tests of the modifications to the disability determination procedures which we conduct under § 416.1406. The adjudication officer, working with you and/or your representative, identifies issues in dispute, develops evidence, conducts informal conferences, and conducts other prehearing proceedings as may be necessary. The adjudication officer has the authority to make a decision wholly favorable to you if the evidence so warrants. If the adjudication officer does not make a decision on your claim, your hearing request will be assigned to an administrative law judge for further proceedings.

(2) *Procedures for cases included in the tests.* Prior to commencing tests of the adjudication officer position in selected site(s), we will publish a notice in the **Federal Register**. The notice will describe where the specific test site(s) will be and the duration of the test(s). We will also state whether the tests of the adjudication officer position in each site will be conducted alone, or in combination with the test of the modifications to the disability determination process which we conduct under § 416.1406. The individuals who participate in the test(s) will be assigned randomly to a test group in each site where the tests are conducted.

(b)(1) *Prehearing procedures conducted by an Adjudication Officer.* When you file a request for a hearing before an administrative law judge in connection with a claim for benefits based on disability where the question of whether you are under a disability as defined in §§ 416.905 and 416.906 is at issue, the adjudication officer will conduct an interview with you. The interview may take place in person, by telephone, or by videoconference, as the adjudication officer determines is appropriate under the circumstances of your case. If you file a request for an extension of time to request a hearing in accordance with § 416.1433(c), the adjudication officer may develop information on, and may decide in wholly favorable decisions that you had good cause for missing the deadline for requesting a hearing. To determine whether you had good cause for missing the deadline, the adjudication officer will use the standards contained in § 416.1411.

(2) *Representation.* The adjudication officer will provide you with information regarding the hearing process, including your right to representation. As may be appropriate, the adjudication officer will provide you with referral sources for representation, and give you copies of necessary documents to facilitate the appointment of a representative. If you have a representative, the adjudication officer will conduct an informal conference with the representative, in person or by telephone, to identify the issues in dispute and prepare written agreements regarding those issues which are not in dispute and those issues proposed for the hearing. If you decide to proceed without representation, the AO may hold an informal conference with you. If you obtain representation subsequent to the AO's conclusion that your case is ready for a hearing, your case will be returned to the AO who will conduct an informal conference with you and your representative.

(3) *Evidence.* You, or your representative, may submit, or may be asked to obtain and submit, additional evidence to the adjudication officer. As the adjudication officer determines is appropriate under the circumstances of your case, the adjudication officer may refer the claim for further medical or vocational evidence.

(4) *Referral for a hearing.* The adjudication officer will refer the prepared claim to the administrative law judge for a hearing when the development of evidence is complete, and you or your representative agree that a hearing is ready to be held. At this point, the administrative law judge conducts all further hearing proceedings, including scheduling and holding a hearing and issuing a decision or dismissal of your request for a hearing, as may be appropriate.

(c)(1) *Wholly favorable decisions issued by an adjudication officer.*

(i) If, after a hearing is requested but before it is held, the adjudication officer decides that the evidence in your case warrants a decision which is wholly favorable to you, the adjudication officer may issue such a decision. For purposes of the tests authorized under this section, the adjudication officer's decision shall be considered to be a decision as defined in § 416.1401.

(ii) If the adjudication officer issues a decision under this section, it will be in writing and will give the findings of fact and the reasons for the decision. The adjudication officer will evaluate the issues relevant to determining whether or not you are disabled in accordance with the provisions of the Social Security Act, the rules in this part and part 422 of this chapter and applicable Social Security Rulings which are available from the Superintendent of Documents United States Government Printing Office, Washington DC 20402. For cases in which the adjudication officer issues a decision, he or she may determine your residual functional capacity in the same manner that an administrative law judge is authorized

to do so in § 416.946. The adjudication officer may also evaluate the severity of your mental impairments in the same manner that an administrative law judge is authorized to do so under § 416.920a. The adjudication officer's decision will be based on the evidence which is included in the record and, subject to paragraph (c)(2) of this section, will complete the actions that will be taken on your request for hearing. A copy of the decision will be mailed to all parties at their last known address. We will tell you in the notice that the administrative law judge will not hold a hearing unless a party to the hearing requests that the hearing proceed. A request to proceed with the hearing must be made in writing within 30 days after the date the notice of the decision of the adjudication officer is mailed.

(2) *Effect of a decision by an adjudication officer.* A decision by an adjudication officer which is wholly favorable to you under this section, and notification thereof, completes the administrative action on your request for hearing and is binding on all parties to the hearing and not subject to further review, unless—

(i) You or another party requests that the hearing continue, as provided in paragraph (c)(1) of this section;

(ii) The Appeals Council decides to review the decision on its own initiative under the authority provided in § 416.1469;

(iii) The decision is revised under the procedures explained in §§ 416.1487 through 416.1489; or

(iv) In a case remanded by a Federal court, the Appeals Council assumes jurisdiction under the procedures in § 416.1484.

(3) *Fee for a representative's services.* The adjudication officer may authorize a fee for your representative's services if the adjudication officer makes a decision on your claim that is wholly favorable to you, and you are represented. The actions of, and any fee authorization made by, the adjudication officer with respect to representation will be made in accordance with the provisions of subpart O of this part.

(d) *Who may be an adjudication officer.* The adjudication officer described in this section may be an employee of the Social Security Administration or a State agency that makes disability determinations for us.

[FR Doc. 95–14037 Filed 6–8–95; 8:45 am]

BILLING CODE 4190–29–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[EE–61–93]

RIN 1545–AS23

Disallowance of Deductions for Employee Remuneration in Excess of $1,000,000; Hearing

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of public hearing on proposed rulemaking.

SUMMARY: This document provides notice of public hearing on amendments to the proposed regulations relating to the disallowance of deductions for employee remuneration in excess of $1,000,000.

DATES: The public hearing will be held on Friday, August 11, 1995, beginning at 10:00 a.m. Requests to speak and outlines of oral comments must be received by Friday, July 21, 1995.

ADDRESSES: The public hearing will be held in the Internal Revenue Service Auditorium, Seventh floor, 7400 Corridor, Internal Revenue Building, 1111 Constitution Avenue NW, Washington, DC. Requests to speak and outlines of oral comments should be mailed to the Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Attn: CC:DOM:CORP:T:R [EE–61–93], room 5228, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Christina Vasquez of the Regulations Unit, Assistant Chief Counsel (Corporate), (202) 622–6803 (not a toll-free number).

SUPPLEMENTARY INFORMATION: The subject of the public hearing is proposed amendments to the Income Tax Regulations under section 162(m) of the Internal Revenue Code of 1986. The proposed regulations appeared in the **Federal Register** for Friday, December 2, 1994 (59 FR 61844).

The rules of § 601.601(a)(3) of the ''Statement of Procedural Rules'' (26 CFR part 601) shall apply with respect to the public hearing. Persons who have submitted written comments within the time prescribed in the notice of proposed rulemaking and who also desire to present oral comments at the hearing on the proposed regulations should submit not later than Friday, July 21, 1995, an outline of the oral comments/testimony to be presented at the hearing and the time they wish to devote to each subject.

Each speaker (or group of speakers representing a single entity) will be limited to 10 minutes for an oral presentation exclusive of the time consumed by the questions from the panel for the government and answer thereto.

Because of controlled access restrictions, attenders cannot be admitted beyond the lobby of the Internal Revenue Building until 9:45 a.m.

An agenda showing the scheduling of the speakers will be made after outlines are received from the persons testifying. Copies of the agenda will be available free of charge at the hearing.

Cynthia E. Grigsby,

Chief, Regulations Unit, Assistant Chief Counsel (Corporate).

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26 CFR Part 301

[Notice 95–14]

Simplification of Entity Classification Rules; Correction

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to notice of public hearing on regulations.

SUMMARY: This document contains a correction to the notice of public hearing (Notice 95–14), which was published in the Federal Register on Wednesday, May 10, 1995, (60 FR 24813) on simplifying the classification regulations to allow taxpayers to treat domestic unincorporated business organizations as partnerships or as associations on an elective basis.

FOR FURTHER INFORMATION CONTACT: Armando Gomez at (202) 622–3050, (not a toll-free call).

SUPPLEMENTARY INFORMATION:

Background

The regulations that are the subject of this correction pertain to section 7701(a)(2) of the Internal Revenue Code.

Need for Correction

As published, the Notice 95–14 contains an error which may prove to be misleading and is in need of clarification.

Correction of Publication

Accordingly, the publication of Notice 95–14, which is the subject of FR Doc. 95–11414, is corrected as follows:

On page 24813, column 2, under the caption ''SUMMARY:'', last line, the language ''elective basis.'' is corrected to read ''elective basis. The Service and Treasury also are considering adopting