

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	Federal Parent Locator Service Security White Paper (12 pages)	06/08/99	b(2)

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**COLLECTION:**

Clinton Presidential Records  
Domestic Policy Council  
Cynthia Rice (Subject Files)  
OA/Box Number: 15428

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**FOLDER TITLE:**

Child Support-Federal Parent Locator [1]

rx16

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**RESTRICTION CODES****Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

**Freedom of Information Act - [5 U.S.C. 552(b)]**

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Draft answers for Post on New Hire data base

June 14, 1999

**Q: Whether or not, consistent with the Privacy Act, is there adequate "notice" for the average person to really know about this data base, its uses, and what information of theirs is included?**

**A:** Each aspect of the National Directory of New Hires (NDNH) has been the subject of a detailed description in the Federal Register. The usual rules for notice of a new system of records were followed. Notice for the NDNH itself, including a detailed description of the uses of each data element, was given in 1997. In 1998, Federal Register notice was given for the use of the NDNH to verify eligibility for the SSI program. In 1999, additional notice described the matching with financial institution records that will go into effect in July.

[additional information, not to state to press:] Under the Privacy Act, Federal Register notice is generally accompanied with actual notice to individuals. The new hire information comes from the W-4 form filed for each new employee. The W-4 lists routine uses of information for tax enforcement purposes, but does not mention the use of information for the National Directory of New Hires, including for child support enforcement and other approved uses such as SSI, TANF, DI, and other purposes.

**Q: Does the federal parent locator service maintain everyone's financial records, such as bank accounts?**

**A:** No, the federal government is not collecting or storing everyone's financial records. The Department of Health and Human Services (HHS) provides banks with lists of individuals who owe past-due child support, and the banks tell HHS whether those individuals have accounts that could be garnished. Only the records of delinquent parents are sent back to HHS, which then transmits the records, within 48 hours, to the appropriate state, which will collect the child support. After 90 days, HHS destroys the match account records. Some smaller banks work directly with states, and do provide customer information to the state agencies to perform the matches.

**Q: What is the responsibility of the Federal government to make sure the States are handling the child support data properly?**

**A:** For data that comes from the National Directory of New Hires, States are bound by Federal law to ensure that child support data is safeguarded. Under the Child Support Enforcement Program, States are required to have protective measures in effect to safeguard personal information being transferred and received from the Federal Parent Locator Service. As part of the certification process for the State plans, the Federal government reviews States' systems to ensure that they meet these and other requirements. A State cannot participate in the child support program, or receive TANF

block grant funds, without having a certified State plan. In addition, State child support agencies are subject to periodic IRS audits which also review the States' procedures for safeguarding data..

States collect quarterly wage data and maintain information on unemployment insurance claims independent of the child support enforcement requirements. More discussion is needed on the proper level of privacy protections for this data that can and should be enacted at the Federal level.

**Q: Is the NDNH, and the expansion to use of private banking and financial data, in conflict with the President's May 4 speech on privacy?**

**A:** Individuals should have a choice about whether the information they share with a bank or other financial institution can be used by the institution for other purposes. To make that choice effective, consumers must have notice about how their sensitive personal information will be handled. If people don't like a company's privacy policy, they can say no or take their business elsewhere.

By contrast, individuals don't have a choice about whether to pay taxes or court-ordered child support. That's just the law. The 1996 welfare reform act contained a number of proposals made by the President to help locate delinquent parents and garnish wages and bank accounts for the child support they owe. These new efforts identified 1.2 million deadbeat parents during their first year of operation and contributed to a record \$14.4 billion in child support collections in 1998, up 80 percent since 1992.

The President, in his recent speech on financial privacy, said that the Framers of our Constitution knew that "definitions of fundamental things like liberty and privacy would change, and that circumstances would require people to rise to the challenges of each new era by applying the old values in practical ways." Our child support collection efforts support needy children and ensure their parents follow the law while preserving the security and privacy of our data, truly applying the old values in practical ways.

**REPORT TO THE  
HOUSE OF REPRESENTATIVES  
COMMITTEE ON WAYS AND MEANS  
AND THE  
SENATE COMMITTEE ON FINANCE**

**USES OF THE NATIONAL DIRECTORY OF NEW HIRES**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**THE OFFICE OF CHILD SUPPORT  
ENFORCEMENT**

**October 1998**

## USES OF THE NATIONAL DIRECTORY OF NEW HIRES

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### INTRODUCTION

The Child Support Performance and Incentive Act of 1998 (P.L.105-200) requires the Secretary of Health and Human Services (HHS) within 90 days after the date of enactment of the Act, to notify the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate of the specific purposes for which the new hire and the wage and unemployment compensation information in the National Directory of New Hires (NDNH) is to be used.

### BACKGROUND

Sections 452 and 453 of the Social Security Act (the Act) require the Secretary of HHS to establish and conduct the Federal Parent Locator Service (FPLS). The FPLS is a computerized national location network which provides address and social security number information to State and local Child Support agencies for the purpose of locating parents to establish or enforce a child support order and to assist authorized persons in resolving parental kidnapping and child custody cases. Section 453 of the Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and the Taxpayers Relief Act of 1997, directed the Secretary to expand the FPLS in order to improve States' abilities to locate parents and collect child support.

The expanded FPLS includes the NDNH, which became operational October 1, 1997, and the Federal Case Registry of Child Support Orders (FCR), which will be operational October 1, 1998. The NDNH contains new hire information on employees; quarterly wage data on private and public sector employees, and information on unemployment compensation benefits. The FCR is a Federal data base that will contain identifying information on all individuals involved in cases where a child support order has been established or modified after October 1, 1998 and on all individuals involved in cases where the State is providing child support services pursuant to Title IV, Part D of the Act, whether or not an order has been established. The FCR will contain abstracts of support orders and other information described in section 453(h)(2) of the Act with respect to each case and order in each State Case Registry maintained pursuant to section 454A(e) of the Act, as furnished and regularly updated pursuant to section 454A(f) of the Act, by State Child Support agencies.

The purpose of the FCR is to assist States in administering Title IV-D (Child Support) programs and Title IV-A (Temporary Assistance to Needy Families) programs under the Social Security Act. The FCR is intended to be used in conjunction with the NDNH to assist States in identifying individuals with child support obligations who are working in other States.

## USES OF THE NATIONAL DIRECTORY OF NEW HIRES

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The NDNH and FCR databases will conduct automatic data matches against each other on an on-going basis. These automatic matches will enable the FPLS to determine if a newly hired employee is a participant in a child support case or order anywhere in the country. These automatic matches will also enable the FPLS to alert States when other States have registered the same individuals in cases or orders on the FCR.

## USES OF THE NATIONAL DIRECTORY OF NEW HIRES

With limited exceptions, all requests for NDNH information must be made through the State Parent Locator Service (SPLS) of a particular State. The uses of information contained in the NDNH, as a component of the expanded FPLS, are specified in section 453 of the Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Debt Collection Improvement Act of 1996, the Balanced Budget Reconciliation Act of 1997, the Taxpayer Relief Act of 1997, the Adoption and Safe Families Act of 1997, and the Child Support Performance and Incentive Act of 1998.

**Information from the FPLS, including NDNH information, may be requested for the following specified purposes:**

### **I. Child support purposes, which include:**

- ⇒ establishing paternity; and
- ⇒ establishment, modification, or enforcement of child support obligations (section 453(a)).
- ◆ The following authorized persons may submit a request through the SPLS pursuant to section 453 of the Act for child support purposes:
  - ◊ the agent or attorney of a State having a duty or authority to collect child and spousal support (section 453(c));
  - ◊ a court or agent of the court with authority to issue an order against a noncustodial parent for child support, or to serve as the initiating court in an action to seek a child support order, or to establish, modify, or enforce child support obligations (section 453(c));
  - ◊ a resident parent, legal guardian, attorney or agent of a child not receiving Title IV-A (TANF) benefits (section 453(c));
  - ◊ State Child Support agencies (section 453(c)) and section 453(j)(3)).

## USES OF THE NATIONAL DIRECTORY OF NEW HIRES

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### II. Location of an individual who has or may have parental rights to a child:

- ◆ A State child welfare agency operating under Titles IV-B or IV-E may submit a request through the SPLS for this purpose. (section 453(c)).

### III. Enforcement or determination of child custody pursuant to section 463 of the Act, which includes:

- ⇒ making or enforcing a child custody or visitation determination; and
- ⇒ enforcing any Federal or State law regarding the unlawful taking or restraint of a child.
- ◆ The following authorized persons may submit a request through the SPLS pursuant to section 463 of the Act for these purposes:
  - ◇ agents or attorneys of a State who have the duty or authority to investigate, enforce, or prosecute the unlawful taking of a child, or to enforce a child custody or visitation determination; and
  - ◇ a court or agent of the court with jurisdiction to make or enforce a child custody or visitation determination (section 463(d)(2) and section 463(a)).
  - ◇ agents or attorneys of the United States who have the authority or duty to investigate, enforce, or prosecute the unlawful taking or restraint of a child, may submit a request for information directly to the FPLS. (section 463(d)(2) and section 463(a))

### IV. Administration of the Title IV-A Program:

- ◆ State IV-A agencies may receive information from the NDNH in the form of a data match from the FPLS when the Secretary determines that such a match would assist in carrying out the purposes of the Title IV-A program (section 453(j)(3)).

### V. Verification purposes:

- ◆ The Social Security Administration may receive information directly from the Secretary of HHS for the purpose of verification of names, social security numbers, and birth dates of individuals on the NDNH (section 453(j)(1)).

### VI. Administration of the Social Security Program

## USES OF THE NATIONAL DIRECTORY OF NEW HIRES

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- ◆ The Social Security Administration may receive information directly from the NDNH for purposes of determining entitlement and/or continuing eligibility for Title II and Title XVI benefits. Beginning in October of 1998, SSA will match NDNH wage and unemployment compensation data against its Title XVI payment file to detect unreported changes in income. (section 453(j)(4)).

### VII. Tax Purposes:

- ◆ The Secretary of the Treasury may receive information, through data matches, directly from the NDNH for the purpose of the administration of Federal tax laws. (section 453(h)(3) and section 453(i)(3)).

### VIII. International child abduction purposes:

- ◆ The United States Central Authority under the Hague Convention on international child abduction may receive information directly from the FPLS, upon request, for the purpose of locating any parent or child on behalf of an applicant to the Central Authority in a child abduction case. (section 463(e)).

### IX. Research purposes:

- ◆ Researchers may receive data directly from the FPLS, without personal identifiers, for research purposes found by the Secretary to be likely to contribute to achieving the purposes of the Title IV-A or Title IV-D programs. (section 453(j)(5)).

## CONCLUSION

Information contained in the NDNH, a component of the FPLS, may only be disclosed for purposes authorized by Federal legislation, and to legislatively specified persons. Applicable Federal statutes, Office of Management and Budget (OMB) Bulletins, Federal Information Processing Standard Publications, and HHS policies establish specific requirements for confidentiality, integrity, and availability of information in the expanded FPLS. Safeguards that support legislation are in place to ensure the accuracy of the expanded FPLS information and to restrict access to authorized persons only, for authorized purposes.

3/17/99  
Generally, the flexibility enables Bush to potentially spend more than Steve Forbes, the publishing magnate who unleashed his personal wealth on Republican Bob Dole four years ago, to the tune of \$40 million and is preparing to do the same to Bush.

Bush will have the resources to strike back. "If Forbes were to come out with an ad on Tuesday night that said George Bush eats worms, by Wednesday night Bush would have a worm testifying it's not true," said Charlie Black, a campaign adviser to the Texan.

Matching funds come from the optional \$3 check-off on federal income tax forms. Candidates who receive sufficient financial support from around the country qualify for this public subsidy, which supplements their campaign coffers. In forgoing the taxpayer support, Bush is banking on the hope that he can boost the record \$37 million he raised through June 30 to more than \$50 million by year's end.

If he abided by the limits, he would be allowed to spend only \$40 million on his campaign.

Unless funds suddenly dry up, that \$50 million goal should be a breeze. On Wednesday alone, Bush swung through Maryland and Virginia and raised \$1.9 million about as much as some rivals have collected all year long.

A review of the FEC data conducted for the Times and CNN by the non-partisan Campaign Study Group shows that more than half of Bush's donations during the first six months of 1999 came from just three states: Texas (31.5 percent), California (11.6 percent) and Florida (8.4 percent).

The average contribution to the Bush campaign was \$466.69, but the vast majority of donors gave the maximum \$1,000. In contrast, Gore's average contribution was \$114.

Bush received \$57,350 from residents of Hong Kong which is legal as long as the givers are U.S. citizens a sum that exceeded Elizabeth Dole's take in 37 states.

Other highlights from the reports, which flesh out figures released two weeks ago:

Most of the 10-candidate Republican field lacks the resources to participate in the spending spree between Bush and Forbes. Particularly troublesome for some candidates was cash on hand. Former Vice President Dan Quayle reported \$129,000 cash on hand, along with debts totaling roughly \$629,000.

Forbes also reported more debts than receipts, but he can keep his campaign solvent with personal checks. Already, Forbes has pumped \$6.6 million of his own money into the contest.

Just more than a third of Bradley's contributions came from just three states: New York, New Jersey and Connecticut where many voters would have followed his career as a New York Knicks basketball star. He also represented New Jersey for three terms in the Senate.

Bradley's ability to raise \$11.7 million in the first half of the year and conserve the vast majority of it contrasts with Gore's campaign, which spent more than \$8 million of his \$19.5-million take.

"This continues the concern that the vice president's campaign is not all that steady," said one Democratic strategist, noting the heavier overhead of Gore's operation.

The Gore campaign, however, said it was pleased with its financial position. "We've hit our goals, we're on our plan and on our budget," said spokeswoman Kiki Moore. Bush's decision to forgo matching funds and avoid federal constraints could have the most dramatic effect in the early-voting states of Iowa and New Hampshire. The spending caps are based on voting-age population; in California, even Bush and Forbes would be hard-pressed to spend the full \$12.5 million allowed.

But even relatively poor candidates can quickly find themselves pushing against the limits in Iowa with a \$1.1 million ceiling and New Hampshire's limit.

Bush's decision also could increase the likelihood of future candidates bypassing the system of presidential campaign spending limits instituted after the Watergate scandal.

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### Consumer Prices Remain Level for Second Consecutive Month By Peter G. Gosselin Los Angeles Times

WASHINGTON In a convincing show of the United States' ability to dodge the troubles that usually plague economic expansions, the government said Thursday that consumer prices stood still in June for a second consecutive month.

Government officials said falling gasoline and airline ticket prices offset rising medical and tobacco prices to keep the Consumer Price Index, the nation's most widely watched inflation measure, from budging even the small amount that analysts had predicted.

Although the overall rate remained unchanged, the core inflation rate which excludes volatile energy and food prices rose 0.1 percent, the same as in May. But even that was below forecasts; analysts had thought it would go up 0.2 percent.

Coming atop a string of other reports that show Americans continuing to work, earn and spend at a robust rate, the new inflation numbers make it increasingly likely that the 1990s' economy will clinch the record for the longest boom in U.S. history early next year.

Most immediately, analysts said, the numbers leave the Federal Reserve with little new reason for raising interest rates to keep prices from taking off. The central bank nudged rates up two weeks ago, warning that wages and prices might be about to climb.

"It's hard to find even an inkling of inflation in these numbers or even see where it would come from," said William Cheney, chief economist with John Hancock Financial Services in Boston.

Americans have grown accustomed to getting sunny economic news, but the latest reports still contain some surprises. Although car sales climbed 8 percent in the three-month quarter ended in June to record highs, prices fell 0.1 percent on the retail level and 1.3 percent at the wholesale level in June alone.

"Can you imagine that? They actually declined," said Kathleen Camilli, chief economist with Tucker Anthony Inc. in New York.

Or take the nation's service sector, long considered insulated from the global competition thought to be holding down product prices. Although the new CPI report shows service prices rose 2.4 percent over the last year, that was the slowest annual increase in three decades.

"These are surprisingly good numbers, especially given the exceptionally tight labor markets," said Rajeev Dhawan, the economic forecasting director with the University of California, Los Angeles' Anderson School. "Normally, with markets tight and wages rising, you would expect higher prices, but we are not seeing them."

In fairness, inflation has not vanished altogether and by some measures may be picking up steam. So far this year, consumer prices have risen at a 2.2 percent annual rate, compared to a 1.6 percent rate in 1998, their slowest pace since the mid-1980s.

However, the core inflation rate shows signs of slowing. Core inflation has risen at a 1.6 percent annual rate this year, compared to a 2.4 percent rate in 1998, and is on track to rise at its slowest pace since 1965, according to government officials.

Energy, especially gasoline, prices have played a crucial role in freezing the overall inflation rate in recent months. After jumping a record 15 percent in April, gas prices reversed course and tumbled 2.7 percent in May and another 3.2 percent last month. Airfares, which are closely tied to energy costs, followed a similar pattern. Fares, which rose 12.5 percent in the five months ended in April, fell 4.8 percent in both May and June.

But analysts warned that the energy price decline has ended in recent weeks, and that a renewed rise in gasoline and oil costs are likely to nudge July's inflation rate.

"June is the last month we'll see flat inflation. Next month's number will be up because energy will be up," said Mark Zandi, chief economist with Dismal Sciences Inc. in West Chester, Pa.

The near absence of inflation in recent months has helped push up working Americans' purchasing power. A separate government report Thursday showed that workers' average weekly earnings after inflation rose 0.7 percent in June, their largest gain in 17 months and more than double May's 0.3 percent increase.

Flat inflation has also been a boon to American investors, but only modestly so Thursday. Both the Standard & Poor's 500 index and the Nasdaq Composite Index rose slightly, ending the day at record levels.

The S&P gained 11.45 points, or 0.8 percent, to close at 1409.62. The technology-heavy Nasdaq was up 21.24, or 0.8 percent, to 2839.37. The Dow Jones Industrial average remained below its record high, closing up 38.31 points, or 0.3 percent, at 11186.41. Bonds remained largely unchanged.

Analysts said that investor caution was explained partly by recent energy price increases, which some see as signaling a comeback of depressed Asian nations that will begin competing again shortly with the United States for resources and markets. They said it may also be because a portion of the apparent improvement in inflation is the result of changes in the way Washington measures price trends, rather than an actual slowing of price rises.

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### Privacy Rights Clash With Child Support Collections By Edmund Sanders Los Angeles Times

LOS ANGELES Scores of California banks, thrifts, credit unions and life insurers have begun turning over confidential information about their customers including account balances and Social Security numbers to state officials in an effort to comply with new a federal law designed to catch parents who fail to pay child support.

The program, which took effect this spring, requires financial institutions nationwide to help locate so-called "deadbeat parents" by searching their customer databases every three months for matches against state-provided lists of child-support debtors. If matches are found, the names, account balances, and other information must be given to state officials, who can then seize the assets.

But in California, many small community banks and credit unions say they can not afford the time or the technology necessary to check millions of customer records regularly, and unlike some other states, California is not helping financial institutions shoulder the costs. As a result, about half of the participating institutions are taking advantage of a provision that enables them to simply hand over the names and account balances of all their customers, forcing the state to look for matches itself.

In California home to some of the nation's toughest laws protecting individual privacy from government intrusion the new program is raising red flags.

"This is a further impingement on the confidential nature of those records," said Beth Givens, project director of the Privacy Rights Clearinghouse in San Diego. "The option of allowing a bank to provide its entire customer database to the state should never have been allowed."

Though Givens said she is sympathetic to efforts to collect delinquent child support, she worries that the program will compromise the privacy of millions of Californians who have done nothing wrong.

The goal of law known as the Financial Institution Data Match program is to stem the rising problem of delinquent child support. In 1998, California parents failed to pay \$8.7 billion in court-ordered child support.

Under the program, bank account information is sent to the state Franchise Tax Board. Though the tax agency already collects some information about taxpayers' bank accounts, the new program significantly broadens the scope of individual financial information the tax board receives, and provides the data on a more timely basis.

Officials at the tax board said they would only use the new information for the purposes of collecting past-due child support. The agency says it will keep the data confidential and vowed not to use it for tax collection purposes, such as verifying tax returns or identifying tax dodgers.

"We deal with all kinds of very personal information already," said Denise Azimi, a spokeswoman for the tax board. "It's very secure and we could not use it for tax administration purposes."

The law, however, does require the tax board to share the information with local district attorneys who also are working to collect delinquent child support. But Azimi said the tax board only would give the DA offices bank account information about individuals who owe child-support and not release the more comprehensive customer lists it receives.

So far, 191 of the state's participating financial institutions are screening their records themselves and 197 are turning over their entire customer database to the state.

## Public Distrust Casts a Cloud Over Biofoods' Progress

By Paul Jacobs

Los Angeles Times

A new wave of genetically engineered crops could bring about a second Green Revolution to feed a growing world population, but public distrust and a movement to ban the foods threaten to stop the new technology in its tracks, according to research published in Thursday's edition of Science.

In a survey of consumer attitudes, the researchers probed a growing fear of genetically engineered foods, particularly in Europe where several supermarket chains, responding to public distrust, have pledged to rid their shelves of the first generation of such products.

In contrast, U.S. consumers have generally ignored protests from some environmentalists and accepted the genetically engineered crops. A majority of the soybeans and a substantial share of the corn planted this year contain genes from other species such as bacteria.

The difference in attitudes underlies growing trade tensions across the Atlantic. A number of European governments have called for labeling and the issue could become the center of another food-

based trade dispute. Earlier this year, the U.S. declared it would impose sanctions on European goods because of a ban on hormone-raised American beef.

Why the divergent attitudes on the two sides of the Atlantic?

Americans are more ignorant of the science; get less news of the issue; and are more trusting of government regulators than their European counterparts, conclude researchers at the London School of Economics and London's Science Museum who conducted public opinion surveys in 1996 and 1997 in the United States and 17 European countries.

The Europeans may see genetically modified food as "menacing" because of a variety of food safety scares in Europe including an outbreak of mad cow disease in British beef, which led to the large-scale destruction of beef herds in parts of the United Kingdom. And they were less likely to trust their own country's regulatory agencies than environmental groups, which have led protests against genetically engineered crops.

Americans, however, indicated a high degree of confidence in U.S. regulatory bodies that have declared biotech foods safe. 84 percent of responders said they had at least some confidence in the Food and Drug Administration and 90 percent in the Department of Agriculture.

The studies in Science describe new techniques in biotechnology that allow an increase in the nutritional properties of common foods by taking genes from one species and implanting them in another.

American farmers have already embraced the first wave of products, mostly changes in a single gene, producing plants that contain their own pesticides or that survive spraying with a common weedkiller.

However, scientists are reporting success in more complicated genetic transformations that alter the quality of the finished food products themselves boosting the protein content of grains, improving the quality of vegetable oils, and introducing nutrients that may prevent cancer and heart disease. In developing countries, agricultural biotechnology could bring crops that can be grown on marginal land crops that are resistant to droughts and pests and require little fertilizer.

With an eye toward what has happened in Europe, the biotechnology industry has gone on the offensive pointing out the benefits of the genetically engineered crops and rebutting safety issues raised by some scientists and environmentalists.

Earlier this week, U.S. Secretary of Agriculture Dan Glickman, defended the American regulatory review that has led to approval of about 50 genetically altered plant varieties. However, acknowledging growing consumer distrust, he announced that he would establish an independent scientific review of biotech plants and genetically modified livestock.

And Glickman seemed to accept the inevitability of some kind of labeling of genetically modified products, a position opposed by the industry. "Many observers, including me, believe some type of informational labeling is likely to happen," he said. "But I do believe that it is imperative that such labeling does not undermine trade."

## Longshore Workers, Shipping Companies Agree to New Labor Contract

By Dan Weikel

Los Angeles Times

Longshore workers and shipping companies agreed to a new labor contract late Thursday, clearing the way for the resumption of normal cargo operations at West Coast ports that have been plagued by work stoppages and slowdowns for the last 10 days.

After almost two months of bargaining in San Francisco, the powerful International Longshore and Warehouse Union and the Pacific Maritime Association concluded a new three-year contract that will affect more than 10,000 dock workers in California, Oregon and Washington.

With tensions running high, there had been considerable fear that the West Coast was headed toward its first dock strike since 1971. West Coast ports, which now handle cargo worth an estimated \$280 billion every year, are critical to the nation's economy.

Details of the new agreement were unavailable Thursday, but negotiators said it offered increases in pay, health insurance, and pension benefits for future as well as current longshore retirees, some of whom now have pensions as low as \$240 a month.

"I think this is a very good agreement for the ILWU and the Pacific Maritime Association," said Joseph N. Miniace, president of the West Coast's largest shipping association. "We had almost two weeks of work slowdowns, and we've been working until 3 a.m. the

7.15 Privacy / SSA / WHDB

SSA comp about 95% accurately  
'high risk' by GAO

Currently - do quarterly matches  
w/ MDMH

Sept match - \$24 mi savings

Real Time

0 employment (65) out of 296.  
~ 325-350 due to wages

Real time

- use @ application + re-determination
- test Sept/Oct
- evaluate Nov/Dec
- bill to us

SSDI?

### No Browsing

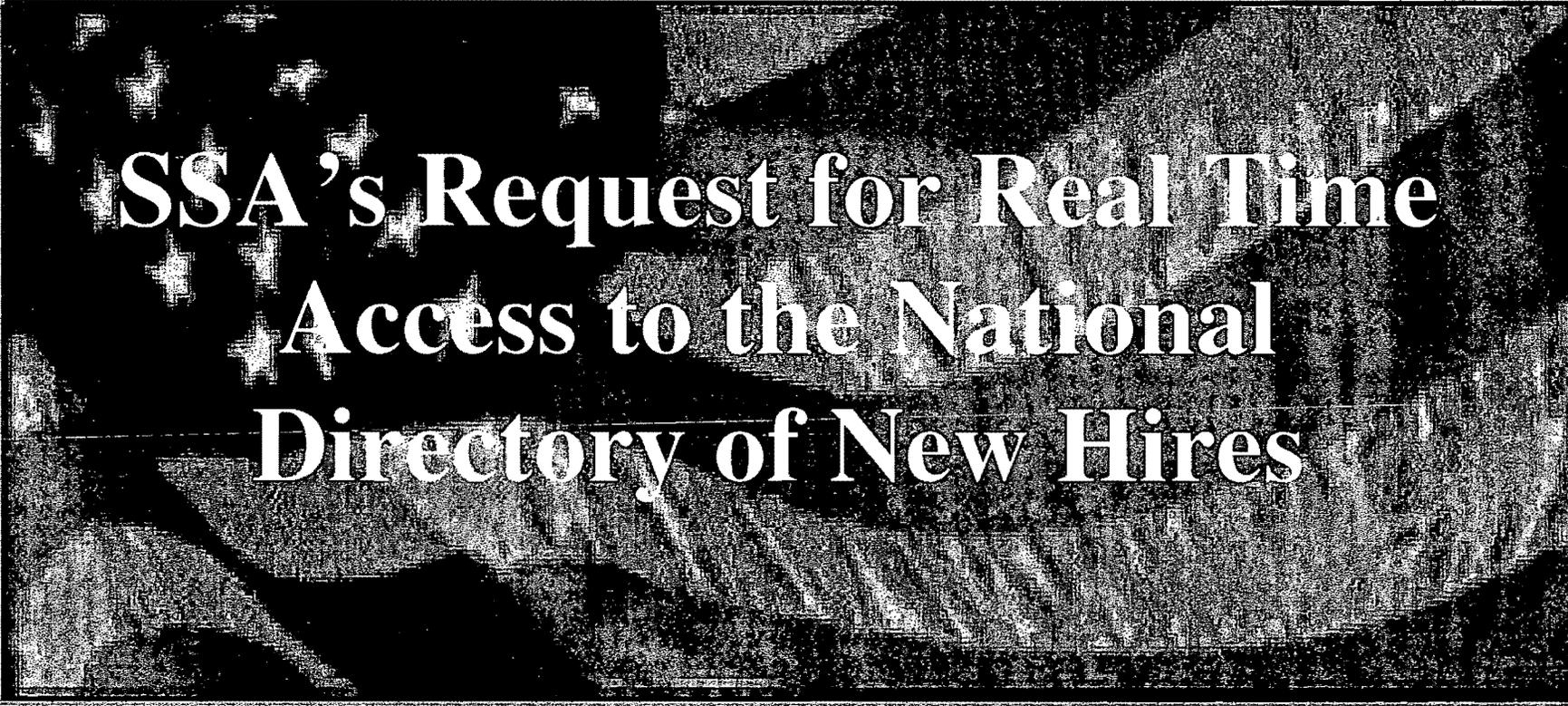
→ can't look up info unless  
case on the system

→ can open new case ~~but~~ then  
look @ NDMH, but can't close  
case (supervisor must)

### Suites against employees

- ① suspensions + termination rebalance
- ② if bounce + discharge susp + term
- ③ if discharge + rebalance effect

### Quota of lost year



**SSA's Request for Real Time  
Access to the National  
Directory of New Hires**

Joint Presentation by OCSE and SSA

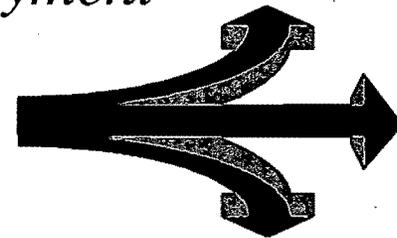
Office of Management and Budget

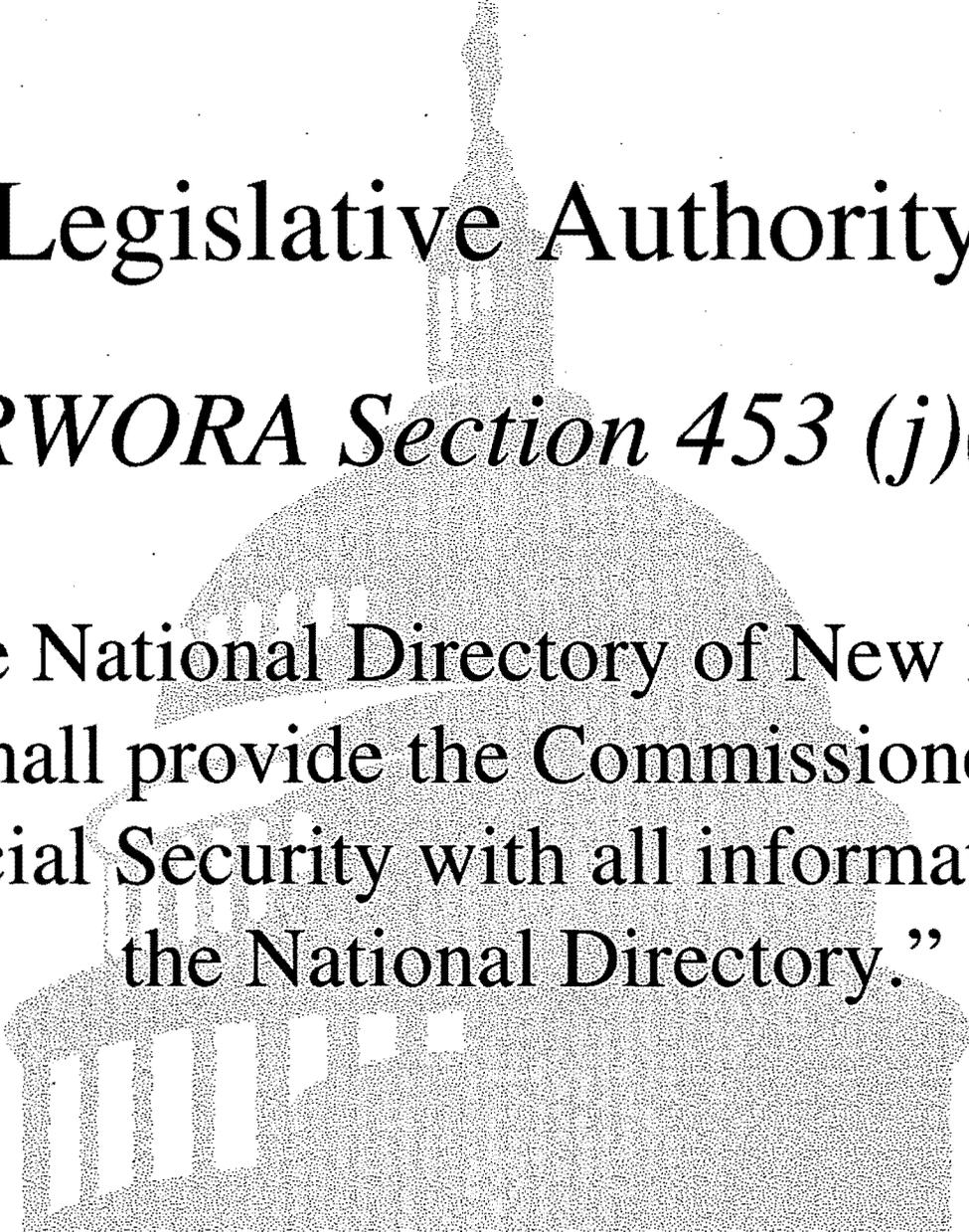
July 15, 1999

# Federal Parent Locator Service (FPLS)

FPLS System Consists of:

1. National Directory of New Hires (*New Hire, Quarterly Wage, and Unemployment Data*)
2. Federal Case Registry (FCR)
3. Multi State Financial Institution Data Match (MSFIDM)





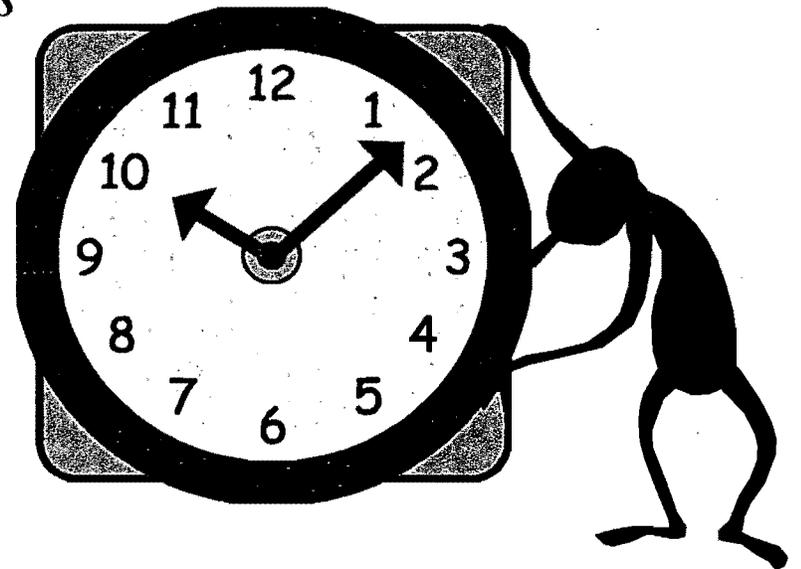
# Legislative Authority

## *PRWORA Section 453 (j)(4)*

“The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory.”

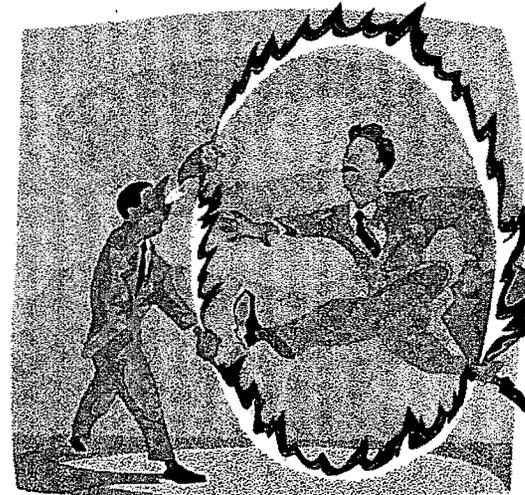
# Why We're Here

- Discuss SSA's Request for Real Time Access to the National Directory of New Hires (NDNH)
  - *Does SSA have adequate measures to protect data?*
  - *Will over-exposure threaten the NDNH?*
  - *Will precedent create other requests for real time access?*
  - *Will management and performance of NDNH be impacted?*



# Background

- SSA Management Identifies SSI Program as High Risk
- SSA Must:
  - *Improve Payment Accuracy*
  - *Prevent Overpayments*
  - *Eliminate Fraud*
- Pressure from GAO to use NDNH



# Current Computer Matches with NDNH by SSA

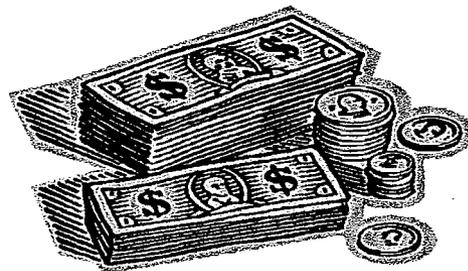
- 4 Computer Matches Conducted

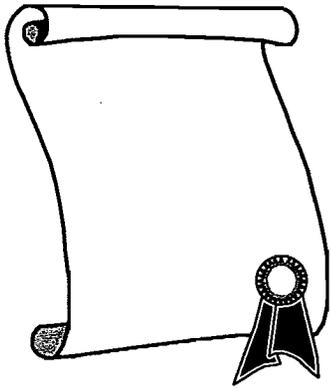
<i>September 1998</i>	<i>QW</i>	-	<i>150,711 Alerts</i>
	<i>UI</i>	-	<i>8,715 Alerts</i>
<i>December 1998</i>	<i>QW</i>	-	<i>126,337 Alerts</i>
	<i>UI</i>	-	<i>7,310 Alerts</i>
<i>March 1999</i>	<i>QW</i>	-	<i>71,805 Alerts</i>
	<i>UI</i>	-	<i>6,460 Alerts</i>
<i>June 1999</i>	<i>QW</i>	-	<i>121,862 Alerts</i>
	<i>UI</i>	-	<i>8,478 Alerts</i>

- Data (Alerts) returned to SSA field offices for further investigation

# Why Real Time Access?

- GAO encourages use of online data checks
- GAO report recommends use of NDNH
- \$100 million in annual overpayments due to unreported wages
- Only real time access can help *prevent* overpayments



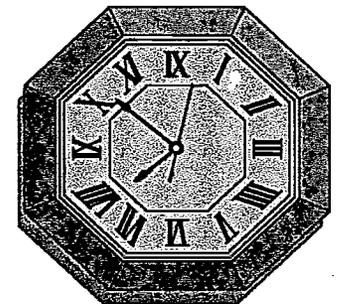


# SSA's Proposal for Real Time Access

- Current computer matches are good at identifying irregularities on existing SSI cases.
- Real time access would assist in verifying information on new applicants and requests for changes by applicants.

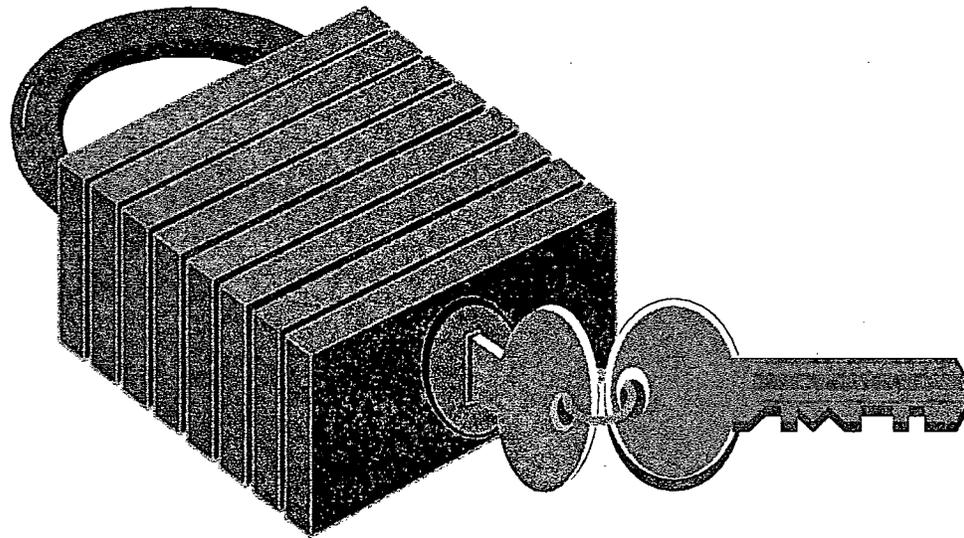
# SSA's Proposal for Real Time Access

- Conduct real time pilot in 50 SSA field offices for 60 days
- Evaluate results
- If successful, roll out to all 1,300 field offices
- Provide access to 20,000 employees.



# OCSE Concern

- Does SSA have adequate measures to protect the security and privacy of NDNH data?



# Response to Privacy & Security Issues

OCSE has reviewed SSA security measures

- “Notable Improvements” since 1997 Price Waterhouse Report
- Aggressive and sophisticated state of the art security system
- Anomaly detection, audit trails and exception reporting mechanisms alert management to questionable activity

# Response to Privacy & Security Issues (continued)

- “No Browsing” capability built into NDNH online system
- Strong sanctions in place for misuse of data
- Data privacy is an SSA agency culture
- Full participation by OCSE in monitoring and/or audit

# OCSE Concern

- Could the over exposure of the NDNH by SSA threaten its existence?
  - *“Online Access” perception*
  - *Concern by privacy advocates*
  - *Washington Post article*
  - *On-going scrutiny*

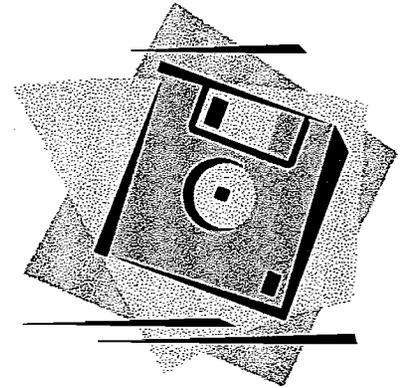


# OCSE/SSA Response

- Congress authorized SSA to access NDNH
- SSA has met OCSE's security requirements
- Balance benefits versus privacy concerns
- Minimal reaction to the Washington Post article

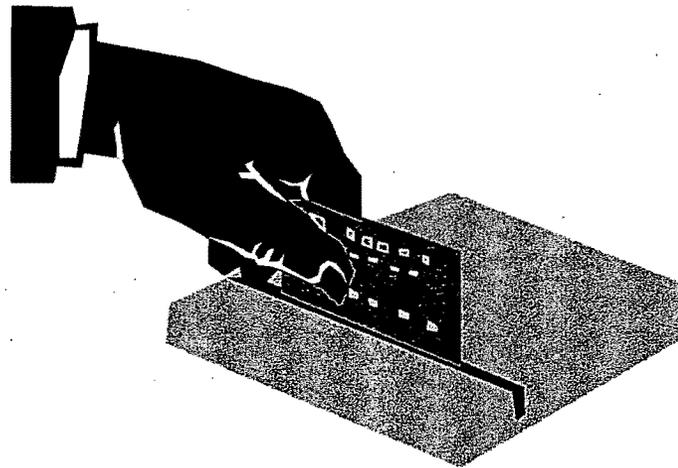
# OCSE Concern

- What precedence does this set for other agencies who have or want online access to NDNH?
  - *Child Support Enforcement Agencies, IRS, Department of Education*
  - *Security Implications*



# OCSE/SSA Response

- OCSE is developing strong security requirements that agencies must meet before they will be granted access



# OCSE Concern

- What impact will this have on the overall performance of the FPLS system?
  - *Degradation*

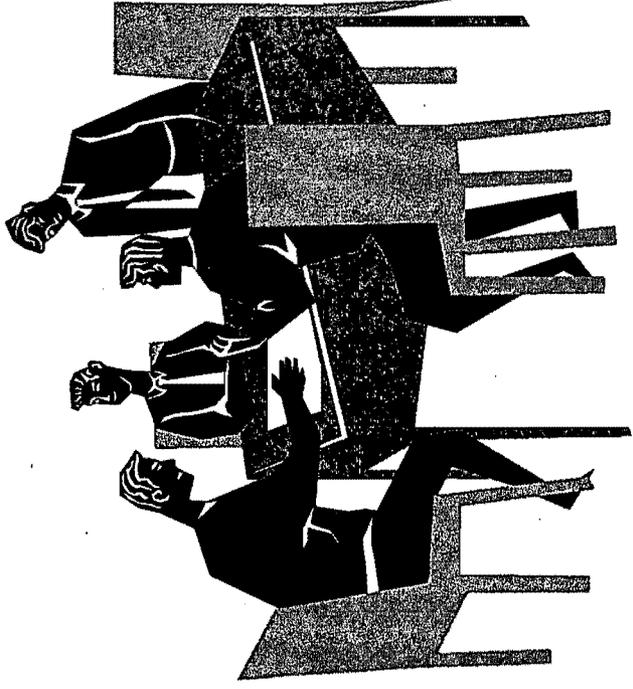


# OCSE/SSA Response

- SSA and OCSE agree that OCSE's needs are a priority
- This provision is included in the SSA/OCSE MOU

# Discussion

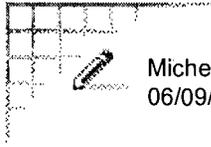
- Should SSA be given online access to NIDNH?



# Further Steps Needed?

- Brief Domestic Policy Council
- Congressional Staff





Michele Ahern  
06/09/99 04:09:09 PM

Record Type: Record

To: Peter P. Swire/OMB/EOP@EOP  
cc: See the distribution list at the bottom of this message  
Subject: GAO Reports on Data Security

According to HHS, GAO issued two short reports in December 1998 related to NDNH. Both reports were required by the 1998 Child Support Performance and Incentive Act. The first one might be what O'Harrow cited. I will fax both reports to you.

1. Child Support Enforcement: Information on Federal and State Databases - GAO was required to report on the purposes and manner in which the information maintained in the Federal Parent Locator Service and the State Directory of New Hires had been used, and also to examine whether these databases have adequate safeguards to protect the privacy of individuals.

The report cites concerns with the security of SSA's computer center that were identified by a public accounting firm under contract to SSA's IG in November 1998. The report cites HHS as stating that it will continue to work with SSA to ensure that expanded FPLS data are handled securely.

2. Child Support Enforcement: Issues in Establishing an Instant Check System on Child Support Orders - This report looks at the feasibility of a system which requires employers to automatically check new hires against a federal child support case registry, as an alternative to the NDNH. The Administration had initially considered such a system, but decided against because of some problems that it posed.

HHS believes that Congress requested this report around the time that the 1998 Child Support Performance and Incentive Act was being debated and questions of NDNH data retention were raised. (This law, which was passed in July, established the requirement that the NDNH data be destroyed after two years.)

Message Copied To:

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Cynthia A. Rice/OPD/EOP@EOP  
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**Lorenzo Rasetti**

**06/09/99 12:32:PM**

Record Type: Record

To: Peter P. Swire/OMB/EOP@EOP  
cc: See the distribution list at the bottom of this message  
Subject: ED Budget proposal on NDNH

Attached is a set of Q&As from EIML on expanding the use of NDNH. Although we do not expect O'Harrow to inquire about the FY2000 budget proposal to use NDNH for defaulted loan collections, the attached document provides background to answer such a question.

Please provide comments and suggestions



New\_NDNH\_use.w

Message Copied To:

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**Q: Is the Administration proposing to expand the uses of the National Directory of New Hires (NDNH)?**

**A:** In the FY 2000 Budget, the Administration has proposed to improve collections on defaulted Federal student loans through carefully constructed and controlled data matches of the Department of Education's delinquent debtor database with the National Directory of New Hires. The matching program is estimated to generate savings of nearly \$1 billion over five years.

**Q: Does the additional use of NDNH imperil the privacy safeguards developed by the Department of Health and Human Services?**

**A:** No. This legislative proposal builds upon the existing safeguards and carefully protects the rights of individuals. The data from the matches with the National Directory of New Hires (NDNH) will enhance the Department of Education's ability to secure voluntary repayments by borrowers and, as a last resort, to implement wage garnishment.

Under the proposal, the Education will provide its delinquent debtor database to the Department of Health and Human Services (HHS) for matching purposes. Education or its representatives may only use information resulting from data matches for debt collection purposes. Education may also use data from NDNH to conduct student loan default analyses where data is not identifiable by individual.

Any unauthorized use or disclosure of information by HHS, Education, Federal contractors, or guaranty agencies would be subject to the civil remedies, including actual damages sustained by an individual plus costs and attorney fees, and misdemeanor criminal penalties of up to \$5,000. In addition, unauthorized use or disclosure of NDNH data by an officer or employee of the United States is subject to civil penalties of \$1,000.

The proposed matching will be subject to existing requirements for data integrity. Matches must be independently verified before ED takes any action against an individual. Furthermore, the Data Integrity Boards of both HHS and ED must review and approve the matching program to ensure data is of high quality and reliability.

**Q: Would the rights of student loan holders be protected?**

**A:** Under the proposal, existing regulation and practice protect debtors rights. For example, debtors must be given written notice 30 days prior to initiating any enforcement action, including wage garnishment. This notice must include informing debtors of their right to enter into repayment (which is negotiable and which will not cause extreme financial hardship to the debtor), the right to inspect the record and to review the loan file, and the right to request and be given a hearing. No contact can be made with an employer until the 30 day period has expired without a response from the debtor. No wage garnishment action can be taken unless an individual has been employed for at least 12 months after having been involuntarily separated from employment. Additionally, the Higher

Education Act limits non-Federal wage garnishment to a maximum rate of 10 percent of disposable pay (net of deductions required by law).

Finally, the matching program will have no effect on lowest income groups. Education will only use NDNH matches to pursue delinquent borrowers with estimated annualized wages exceeding \$16,000, or twice the level of ED's existing garnishment minimum.

Through these requirements, the Administration will ensure that the data used in pursuing defaulted student loan borrowers is used in a manner that is consistent with applicable laws and protects the privacy of individuals.

**Q&A on Child Support and Privacy**  
**6/9/99 DRAFT -- DPC**

**Q: How are collections and uses of financial data for the New Hire Database child support enforcement consistent with the President's policy, expressed in his May 4 speech on financial privacy? [The President announced the principle of "notice and choice" for treatment of financial information.]**

**A:** Individuals can and should have a choice about what information they share with a bank or other financial institution. To make that choice effective, consumers should have notice about how their sensitive personal information is handled. If people don't like a company's privacy policy, they can take their business elsewhere.

By contrast, individuals don't have a choice about whether to pay taxes or court-ordered child support. That's just the law. The 1996 welfare reform act contained a number of proposals made by the President to help locate delinquent parents and garnish wages and bank accounts for the child support they owe. These new efforts identified 1.2 million deadbeat parents during their first year of operation and contributed to a record \$14.4 billion in child support collections in 1998, up 80 percent since 1992. The National Directory of New Hires has played a key role in increasing child support collections by 80 percent since 1992, to a record \$14.4 billion last year. Over a million deadbeat parents have been identified through the Directory, providing much-needed resources to the children of America.

The Directory Data used to collect child support deserve ~~deserves~~, and has, extremely strict limits on access. No use is permitted without a specific Act of Congress. Security measures range from armed guards around the data center to regular audits from the GAO, IRS, and major accounting firms. Data ~~is~~ are transmitted only over secure lines. Personnel undergo background checks. And strict new civil and criminal penalties exist for any unauthorized access, disclosure, or use of this information. ~~violations.~~

The President, in his recent speech on financial privacy, said that the Framers of our Constitution knew that "definitions of fundamental things like liberty and privacy would change, and that circumstances would require people to rise to the challenges of each new era by applying the old values in practical ways." The Directory supports Our child support collection efforts support our ~~our~~ needy children and ensure their parents follow the law while preserving the strictest security and privacy of our data, truly applying the old values in practical ways.

**Q: Which data do the federal government collect for child support purposes?**

**A:** The 1996 welfare reform act contained a number of proposals made by the President to help strengthen child support enforcement. One of these provisions is the expanded federal parent locator service, which enables child support officials to locate delinquent parents and deduct the child support they owe right from their paychecks. This service includes a national directory of new hires, an employee database which went on line

October 1, 1997 and helped locate 1.2 million delinquent parents in its first year of operation, as well as a national directory of parents who owe child support. This expanded parent locator service was proposed by the President in 1994 based on recommendations from a national bipartisan commission and consultations with experts and was enacted in 1996 with overwhelming support in both the House and Senate. This is one of a series of Administration initiatives which have helped increase child support collections by 80 percent since 1992, to a record \$14.4 billion last year. As the President said in a speech last June, "Before we created this database, deadbeat parents found it easy to avoid paying up by skipping from job to job or state to state. But with this database there is no where to run."

**Q: Does the federal parent locator service maintain everyone's financial records, such as bank accounts?**

**A: No, the federal government is not collecting or storing everyone's financial records. The Department of Health and Human Services (HHS) provides banks with lists of individuals who owe past-due child support, and the banks tell HHS whether those individuals have accounts that could be garnished. Only the records of delinquent parents are sent back to HHS, which then transmits the records, within 48 hours, to the appropriate state, which will collect the child support. After 90 days, HHS destroys the match account records. Some smaller banks work directly with states to provide them with account information.**

**Q: How long are child support data maintained by HHS?**

**A: No wage data are kept for more than 24 months and, as noted above, financial data are kept only long enough to transfer the information to the state collecting child support.**

**Q: Tell me more about the safeguards that protect these data.**

**A: Federal law requires agencies using child support data to establish and implement safeguards against unauthorized use or disclosure of confidential information. HHS, which maintains the data, has put in place a series of security measures including:**

Physical Security

- Data are stored at the Social Security Administration's high security data facility.
- Only authorized users are permitted to enter the operations center.
- HHS tracks transmissions incoming from and outgoing to State child support enforcement agencies, and State employment security agencies.

Personnel Security

- Background investigations are being conducted for key staff members.
- HHS conducts security awareness training for personnel.

Network Security

- Data transmissions occur only over secured lines;
- Procedures and policies undergo ongoing security assessments by an independent contractor as well as IRS, SSA, and GAO auditors.

HHS has also hired experts to train state staffs, and has the authority to withhold federal child support funds from any state that has not implemented proper safeguards. Potential violations would be reported to the HHS Inspector General for investigation.

---

A new provision enacted last July as part of the Child Support Performance and Incentive Act requires new penalties up to and including dismissal from employment and fines of \$1,000 for each act of unauthorized access, use or disclosure of the new hire data.

**Q&A on Child Support and Privacy**  
**6/7/99 DRAFT**

**Q: Why does the federal government have a national child support database?**

**A:** No parent should be able to switch jobs or cross state lines to avoid paying child support. One third of child support cases involve parents living in different states, and the 1996 welfare reform act contained a number of proposals made by the President to help track deadbeat parents across state lines. One of these provisions is the expanded federal parent locator service, which enables child support officials to locate delinquent parents and deduct the child support they owe right from their paychecks. This service includes a national directory of new hires, an employee database which went on line October 1, 1997 and has already helped locate over XX million delinquent parents, as well as a national directory of parents who owe child support. This expanded parent locator service was proposed by the President in 1994 after being recommended by a national bipartisan commission and was enacted in 1996 with overwhelming support in both the House and Senate. This is one of a series of Administration initiatives which have helped increase child support collections by 80 percent since 1992, to a record \$14.4 billion last year. As the President said in a speech last year, "Before we created this database, deadbeat parents found it easy to avoid paying up by skipping from job to job or state to state. But with this database there is no where to run."

**Q: Aren't there privacy concerns raised by these child support databases?**

**A:** There are strong safeguards in place, required by federal law and enforced by the Department of Health and Human Services (HHS), to protect privacy and ensure that child support data are used only by authorized persons for authorized uses. These privacy protections were put in place on a bipartisan basis as part of the 1996 welfare law and penalties for violating these protections were strengthened as part of legislation enacted last July.

**Q: What are the safeguards that protect these data?**

**A:** Federal law requires agencies using child support data to establish and implement safeguards against unauthorized use or disclosure of confidential information. HHS, which maintains the data, has put in place a series of security measures including:

- 1) Housing the data at the Social Security Administration's high security data facility;
- 2) Transmitting data only over secured lines;
- 3) Requiring staff working with data to undergo background checks and sign non-disclosure forms;
- 4) Undergoing ongoing security assessments by an independent contractor as well as IRS, SSA, and GAO auditors.

HHS has also hired experts to train state staffs, and has the authority to withhold federal child support funds from any state that has not implemented proper safeguards. Potential violations would be reported to the HHS Inspector General for investigation.

A new provision enacted last July as part of the Child Support Performance and Incentive Act requires new penalties up to and including dismissal from employment and fines of \$1,000 for each act of unauthorized access, use or disclosure of the new hire data.

**Q: What data are collected in this national database?**

**A:** Employers report six types of data on all new employees – employee name, address, Social Security number and employer name, address, and federal employer identification number. These data are matched against records of parents who owe child support, providing the information the child support agency needs to locate the parent and garnish his paycheck.



Michele Ahern  
06/09/99 10:03:16 AM

Record Type: Record

To: Peter P. Swire/OMB/EOP@EOP  
cc: See the distribution list at the bottom of this message  
bcc:  
Subject: Re: Draft Q&A on New Hire Database and financial privacy

Just a few comments on the Q and A.

1. Since we want to distinguish between the New Hire Database and the matching of financial institution data (for which no data is maintained), I suggest editing the question as follows.

Q: How are collections and uses of ~~financial~~ data for the New Hire Database consistent with the President's policy, expressed in his May 4 speech on financial privacy? [The President announced the principle of "notice and choice" for treatment of financial information.]

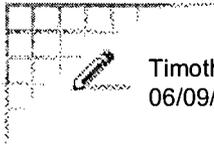
Also, Eric Gould is drafting a separate Q and A to clarify how the financial institution match will operate.

2. In the third paragraph, you refer to new civil and criminal penalties. My understanding is that the new penalties for misuse of NDNH are only civil penalties. Are there new criminal penalties under the Privacy Act, perhaps not specific to NDNH? If not, I suggest deleting "new" in this sentence.

Message Copied To:

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j. eric gould/opd/eop@eop  
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Timothy R. Fain  
06/09/99 10:57:41 AM

Record Type: Record

To: Peter P. Swire/OMB/EOP@EOP  
cc: See the distribution list at the bottom of this message  
Subject: Re: Draft Q&A on New Hire Database and financial privacy

Peter:

The paragraph about the key role of NDNH in child support enforcement is great -- but could be a bit misleading.

NDNH was created as a result of the 1996 "Welfare Reform" (PRWORA) legislation. Your statement says "Since 1992..." -- how did you come up with that date? You may be referring to the Federal Parent Locator Service (FPLS) which was called for in legislation passed in 1975 but may not have been implemented until 1992. NDNH is part of what is now known as the Enhanced FPLS.

Message Copied To:

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amy squires/omb/eop@eop  
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neera tanden/who/eop@eop  
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Peter P. Swire  
06/08/99 08:19:37 PM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc: See the distribution list at the bottom of this message  
Subject: Draft Q&A on New Hire Database and financial privacy

At a meeting this afternoon I was asked to draft a Q&A for use with Robert O'Harrow of the Post, for the upcoming story on the New Hire Database. Comments please by noon Wednesday, to give to the reporter Wednesday p.m. We have also developed a package of background materials for anyone who is interested and has not yet received it.

Q: How are collections and uses of financial data for the New Hire Database consistent with the President's policy, expressed in his May 4 speech on financial privacy? [The President announced the principle of "notice and choice" for treatment of financial information.]

A: Individuals can and should have a choice about what information they share with a bank or other financial institution. To make that choice effective, consumers should have notice about how their sensitive personal information is handled. If people don't like a company's privacy policy, they can take their business elsewhere.

By contrast, individuals don't have a choice about whether to pay taxes or court-ordered child support. That's just the law. The National Directory of New Hires has played a key role in increasing child support collections by 80 percent since 1992, to a record \$14.4 billion last year. Over a million deadbeat parents have been identified through the Directory, providing much-needed resources to the children of America.

The Directory deserves, and has, extremely strict limits on access. No use is permitted without a specific Act of Congress. Security measures range from armed guards around the data center to regular audits from the GAO, IRS, and major accounting firms. Data is transmitted only over secure lines. Personnel undergo background checks. And new civil and criminal penalties exist for any violations.

The President, in his recent speech on financial privacy, said that the Framers of our Constitution knew that "definitions of fundamental things like liberty and privacy would change, and that circumstances would require people to rise to the challenges of each new era by applying the old values in practical ways." The Directory supports our needy children while preserving the strictest security and privacy of our data, truly applying the old values in practical ways.

Message Sent To:

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Joshua Gotbaum/OMB/EOP@EOP  
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**THE CLINTON-GORE PLAN FOR  
FINANCIAL PRIVACY AND CONSUMER PROTECTION IN THE 21<sup>st</sup> CENTURY**  
*May 04, 1999*  
**DETAILED PROPOSAL SUMMARY**

## INTRODUCTION

Technology and competition in financial services give Americans more complex choices than ever before. Innovations in the financial marketplace offer millions of consumers new, ever increasing choices for investing their savings and obtaining credit. But new products have brought new risks and new abusive practices. We must update our consumer protection laws to give consumers the power, information and protection they need to profit from our 21<sup>st</sup> Century financial system.

Members of Congress, including Ranking Members Sarbanes and LaFalce, have sponsored important legislation to modernize our consumer financial protection laws. We applaud their leadership and look forward to working with Congress on a consumer protection agenda.

Set forth below is a series of actions that the Clinton Administration believes should be part of this agenda. The list is not exhaustive, and we will continue to look for constructive ideas in these and other areas. Among the issues deserving further scrutiny are lending practices such as "pay day" loans (short-term loans which can carry interest rates of 400%) and bank check processing practices that may be designed to maximize bounced check fees. We will work with the states and the FTC wherever possible. Secretary Cuomo is making important efforts to address abusive mortgage lending practices.

## PROTECT FINANCIAL PRIVACY

**Require institutions to inform consumers of plans to share or sell their financial information, and give the consumer the power to stop it.** Although consumers put great value on the privacy of their financial records, our laws have not caught up to technological developments that make it possible and potentially profitable for companies to share financial data in new ways. Current law does provide some privacy protections: for example, the Fair Credit Reporting Act (FCRA) requires a form of notice and opt-out before certain information about consumers (e.g., information provided on an account application) can be shared. But there are no limits on the sharing of information about consumers' transactions (e.g., account balances, who they write checks to) within a financial conglomerate, or even on the sale of that information to a third party. We support legislation to give consumers control over the use and sharing of all their financial information.

**Impose special restrictions on any sharing of medical information within a financial conglomerate.** One of our greatest privacy concerns involve medical information. Yet, cross-industry mergers and consolidation have given banks unprecedented access to consumers' medical records. We support legislation requiring that medical information, such as that

gathered from life insurance records, not be shared within financial services conglomerates (e.g., between banking and insurance affiliates) or with third parties, except for narrowly defined purposes. Consumers who undergo physical exams to obtain insurance, for example, should not have to fear that the information will be used to lower their credit card limits or deny them mortgages.

**Give bank regulators the authority they need to ensure compliance with existing privacy protections.** Currently, bank regulators may not examine for compliance with existing privacy protections, but must wait for a consumer complaint. Congress should give regulators broader authority to monitor compliance.

**Publicize best practices in the privacy area.** Even in the absence of legislation, many responsible banks have begun posting their privacy practices on the Internet and otherwise informing customers about how their data is handled. The Office of Thrift Supervision has issued guidance in this area. Today, the Office of the Comptroller of the Currency is publishing best practices in this area, so that additional institutions can be encouraged to inform their customers and do so in the most effective way possible.

**Coordinate privacy policy in the financial and other sectors.** We must ensure that a proper balance is struck between information flows and personal privacy, for financial services and more broadly. To coordinate the Administration's privacy policy, we have created the new position of Chief Counselor for Privacy, in the Office of Management and Budget.

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FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

“(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

“(1) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

“(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

“(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

“(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

“(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counter-intelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.”

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

“(B) the Federal Parent Locator Service established under section 453;”

(B) Section 454(13) (42 U.S.C. 654(13)) is amended by inserting “and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan” before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking “Secretary of Health, Education, and Welfare” each place such term appears and inserting “Secretary of Health and Human Services”;

(B) in subparagraph (B), by striking “such information” and all that follows and inserting “information furnished

under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;”;

(C) by striking “and” at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

“(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and”.

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

“(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

“(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

“(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

“(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

“(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

“(3) For purposes of this subsection—

“(A) the term ‘wage information’ means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

“(B) the term ‘claim information’ means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual’s current (or most recent) home address.”

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

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Act of 1996), the State equal to the State share in fiscal year 1995. e an amount

(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—At State option, this section shall not apply to any amount collected on behalf of a family as support by the State (and paid to the family in addition to the amount of assistance otherwise payable to the family) pursuant to a plan approved under this part if such amount would have been paid to the family by the State under section 402(a)(28), as in effect and applied on the day before the date of the enactment of section 302 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. For purposes of subsection (d), the State share of such amount paid to the family shall be considered amounts which could be retained by the State if such payments were reported by the State as part of the State share of amounts collected in fiscal year 1995.”

(b) CONFORMING AMENDMENTS.—

(1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking “section 457(b)(4) or (d)(3)” and inserting “section 457”.

(2) Section 454 (42 U.S.C. 654) is amended—

(A) in paragraph (1)—

(i) by striking “(11)” and inserting “(11)(A)”; and

(ii) by inserting after the semicolon “and”; and

(B) by redesignating paragraph (12) as subparagraph

(B) of paragraph (11).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on October 1, 1996, or earlier at the State's option.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (b)(2) shall become effective on the date of the enactment of this Act.

### SEC. 303. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 301(b) of this Act, is amended—

(1) by striking “and” at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting “; and”; and

(3) by adding after paragraph (25) the following new paragraph:

“(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

“(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

“(B) prohibitions against the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

“(C) prohibitions against the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997. 42 USC 654 note.

### SEC. 304. RIGHTS TO NOTIFICATION OF HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 302(b)(2) of this Act, is amended by inserting after paragraph (11) the following new paragraph:

“(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State plan, or who are parties to cases in which services are being provided under the State plan—

“(A) with notice of all proceedings in which support obligations might be established or modified; and

“(B) with a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997. 42 USC 654 note.

## Subtitle B—Locate and Case Tracking

### SEC. 311. STATE CASE REGISTRY.

Section 454A, as added by section 344(a)(2) of this Act, is amended by adding at the end the following new subsections:

“(e) STATE CASE REGISTRY.—

“(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the ‘State case registry’) that contains records with respect to—

“(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

“(B) each support order established or modified in the State on or after October 1, 1998.

“(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

“(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on case status) as the Secretary may require.

“(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

“(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

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(g) REPORT AND RECOMMENDATIONS REGARDING THE ENFORCEMENT OF QUALIFIED MEDICAL CHILD SUPPORT ORDERS.—Not later than 8 months after the issuance of the report to the Congress pursuant to subsection (a)(5), the Secretary of Health and Human Services and the Secretary of Labor shall jointly submit to each House of the Congress a report containing recommendations for appropriate legislation to improve the effectiveness of, and enforcement of, qualified medical child support orders under the provisions of subsection (f) of this section and section 609(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)).

(h) TECHNICAL CORRECTIONS.—

(1) AMENDMENT RELATING TO PUBLIC LAW 104-266.—

(A) IN GENERAL.—Subsection (f) of section 101 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(f)) is repealed.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall take effect as if included in the enactment of the Act entitled “An Act to repeal the Medicare and Medicaid Coverage Data Bank”, approved October 2, 1996 (Public Law 104-226; 110 Stat. 3033).

(2) AMENDMENTS RELATING TO PUBLIC LAW 103-66.—

(A) IN GENERAL.—(i) Section 4301(c)(4)(A) of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66; 107 Stat. 377) is amended by striking “subsection (b)(7)(D)” and inserting “subsection (b)(7)”.

(ii) Section 514(b)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144(b)(7)) is amended by striking “enforced by” and inserting “they apply to”.

(iii) Section 609(a)(2)(B)(ii) of such Act (29 U.S.C. 1169(a)(2)(B)(ii)) is amended by striking “enforces” and inserting “is made pursuant to”.

(B) CHILD DEFINED.—Section 609(a)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)) is amended by adding at the end the following:

“(D) CHILD.—The term ‘child’ includes any child adopted by, or placed for adoption with, a participant of a group health plan.”.

(C) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall be effective as if included in the enactment of section 4301(c)(4)(A) of the Omnibus Budget Reconciliation Act of 1993.

(3) AMENDMENT RELATED TO PUBLIC LAW 105-33.—

(A) IN GENERAL.—Section 609(a)(9) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(9)) is amended by striking “the name and address” and inserting “the address”.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall be effective as if included in the enactment of section 5611(b) of the Balanced Budget Act of 1997.

SEC. 402. SAFEGUARD OF NEW EMPLOYEE INFORMATION.

(a) PENALTY FOR UNAUTHORIZED ACCESS, DISCLOSURE, OR USE OF INFORMATION.—Section 453(l) of the Social Security Act (42 U.S.C. 653(l)) is amended—

(1) by striking “Information” and inserting the following:

“(1) IN GENERAL.—Information”; and  
(2) by adding at the end the following:

“(2) PENALTY FOR MISUSE OF INFORMATION IN THE NATIONAL DIRECTORY OF NEW HIRES.—The Secretary shall require the imposition of an administrative penalty (up to and including dismissal from employment), and a fine of \$1,000, for each act of unauthorized access to, disclosure of, or use of, information in the National Directory of New Hires established under subsection (i) by any officer or employee of the United States who knowingly and willfully violates this paragraph.”

(b) LIMITS ON RETENTION OF DATA IN THE NATIONAL DIRECTORY OF NEW HIRES.—Section 453(i)(2) of such Act (42 U.S.C. 653(i)(2)) is amended to read as follows:

“(2) DATA ENTRY AND DELETION REQUIREMENTS.—

“(A) IN GENERAL.—Information provided pursuant to section 453A(g)(2) shall be entered into the data base maintained by the National Directory of New Hires within two business days after receipt, and shall be deleted from the data base 24 months after the date of entry.

“(B) 12-MONTH LIMIT ON ACCESS TO WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The Secretary shall not have access for child support enforcement purposes to information in the National Directory of New Hires that is provided pursuant to section 453A(g)(2)(B), if 12 months has elapsed since the date the information is so provided and there has not been a match resulting from the use of such information in any information comparison under this subsection.

“(C) RETENTION OF DATA FOR RESEARCH PURPOSES.—Notwithstanding subparagraphs (A) and (B), the Secretary may retain such samples of data entered in the National Directory of New Hires as the Secretary may find necessary to assist in carrying out subsection (j)(5).”

(c) NOTICE OF PURPOSES FOR WHICH WAGE AND SALARY DATA ARE TO BE USED.—Within 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall notify the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate of the specific purposes for which the new hire and the wage and unemployment compensation information in the National Directory of New Hires is to be used. At least 30 days before such information is to be used for a purpose not specified in the notice provided pursuant to the preceding sentence, the Secretary shall notify the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate of such purpose.

(d) REPORT BY THE SECRETARY.—Within 3 years after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the accuracy of the data maintained by the National Directory of New Hires pursuant to section 453(i) of the Social Security Act, and the effectiveness of the procedures designed to provide for the security of such data.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2000.

Governor Halts Sale Of State Wage Data  
Action would violate right to privacy, he says  
Robert B. Gunnison, Chronicle Staff Writer  
Saturday, June 5, 1999 P. A15  
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Governor Gray Davis ordered the state Department of Employment Development yesterday to withhold sales of personal wage and salary information to a private firm.

The new governor acted in response to a law that took effect January 1 that allows a little-known Southern California company direct access to sensitive salary information maintained by the department. That company planned to sell the information to banks and other lenders.

"I believe a state agency entrusted with confidential personal information on millions of its citizens -- information that was gathered for the purpose of carrying out a government service -- has a responsibility to protect the privacy of those citizens," Davis said.

"The wholesale distribution of such information on the open market, in my view, would violate that trust and the privacy of those individuals," the governor said in a letter to Michael Bernick, director of the department.

Davis said the department should take no steps to implement the law, signed in September by former Governor Pete Wilson. The measure passed the Legislature with no opposition.

Davis' letter came as the department was considering whether to sell the information. Bernick, Davis' new employment department director, said Thursday that no decision had been made on whether to sell the sensitive information.

Private personal information on nearly 14 million state residents, approximately 85 percent of the state workforce, is on file with the Department of Employment Development. Self-employed people are exempt because their income information is not sent to the department.

The department receives the personal wage information directly from employers, who are mandated by state law to turn over salary and wage information on each employee so that the state can accurately calculate unemployment benefits.

Privacy groups raised concerns about the state selling such tightly held personal information to a private business, contending that the data could wind up in the wrong hands and be used in unintended ways.

They also questioned the propriety of the state making money from the sale of personal and confidential information.

The idea behind the law was to provide the mortgage industry with an efficient way of verifying the income and employment of potential borrowers. Similar laws are used in Iowa, Minnesota, Texas and North Carolina.

Typically in California, employment verification can take more than a week as lenders wait for employers to respond to their written requests.

If a deal had gone through, it would be administered by VIE, a joint venture of Norwest Mortgage of Des Moines, Iowa, and First American Financial Corp. of Santa Ana.

VIE President William Skowronnek has said the system's information would not "go to everybody."

"It cannot go to marketers and collection agencies and can only be used for credit-granting purposes," he said.

Under Skowronnek's proposed system, VIE would purchase the salary and wage information directly from the state and then act as a clearinghouse for lenders looking for an employment verification.

Lenders would pay VIE between \$5 and \$10 for each transaction to access its system to confirm income.

1999 San Francisco Chronicle

# Form W-4 (1999)

**Purpose.** Complete Form W-4 so your employer can withhold the correct Federal income tax from your pay. Because your tax situation may change, you may want to refigure your withholding each year.

**Exemption from withholding.** If you are exempt, complete only lines 1, 2, 3, 4, and 7, and sign the form to validate it. Your exemption for 1999 expires February 16, 2000.

**Note:** You cannot claim exemption from withholding if (1) your income exceeds \$700 and includes more than \$250 of unearned income (e.g., interest and dividends) and (2) another person can claim you as a dependent on their tax return.

**Basic instructions.** If you are not exempt, complete the Personal Allowances Worksheet. The worksheets on page 2 adjust your withholding allowances based on itemized

deductions, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply. They will help you figure the number of withholding allowances you are entitled to claim. **However, you may claim fewer allowances.**

**Child tax and higher education credits.** For details on adjusting withholding for these and other credits, see Pub. 919, Is My Withholding Correct for 1999?

**Head of household.** Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See line E below.

**Nonwage income.** If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form 1040-ES. Otherwise, you may owe additional tax.

**Two earners/two jobs.** If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding will usually be most accurate when all allowances are claimed on the Form W-4 prepared for the highest paying job and zero allowances are claimed for the others.

**Check your withholding.** After your Form W-4 takes effect, use Pub. 919 to see how the dollar amount you are having withheld compares to your estimated total annual tax. Get Pub. 919 especially if you used the Two-Earner/Two-Job Worksheet and your earnings exceed \$150,000 (Single) or \$200,000 (Married).

**Recent name change?** If your name on line 1 differs from that shown on your social security card, call 1-800-772-1213 for a new social security card.

## Personal Allowances Worksheet

**A** Enter "1" for yourself if no one else can claim you as a dependent . . . . . **A** \_\_\_\_\_

**B** Enter "1" if: } 

- You are single and have only one job; or
- You are married, have only one job, and your spouse does not work; or
- Your wages from a second job or your spouse's wages (or the total of both) are \$1,000 or less.
 . . . . . **B** \_\_\_\_\_

**C** Enter "1" for your spouse. But, you may choose to enter -0- if you are married and have either a working spouse or more than one job. (This may help you avoid having too little tax withheld.) . . . . . **C** \_\_\_\_\_

**D** Enter number of dependents (other than your spouse or yourself) you will claim on your tax return . . . . . **D** \_\_\_\_\_

**E** Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above) . . . . . **E** \_\_\_\_\_

**F** Enter "1" if you have at least \$1,500 of child or dependent care expenses for which you plan to claim a credit . . . . . **F** \_\_\_\_\_

**G Child Tax Credit:** • If your total income will be between \$20,000 and \$50,000 (\$23,000 and \$63,000 if married), enter "1" for each eligible child. • If your total income will be between \$50,000 and \$80,000 (\$63,000 and \$115,000 if married), enter "1" if you have two eligible children, enter "2" if you have three or four eligible children; or enter "3" if you have five or more eligible children . . . . . **G** \_\_\_\_\_

**H** Add lines A through G and enter total here. **Note:** This amount may be different from the number of exemptions you claim on your return. ▶ **H** \_\_\_\_\_

For accuracy, complete all worksheets that apply. } 

- If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.
- If you are single, have more than one job and your combined earnings from all jobs exceed \$32,000, OR if you are married and have a working spouse or more than one job and the combined earnings from all jobs exceed \$55,000, see the Two-Earner/Two-Job Worksheet on page 2 to avoid having too little tax withheld.
- If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.

Cut here and give the certificate to your employer. Keep the top part for your records.

Form <b>W-4</b> Department of the Treasury Internal Revenue Service	<b>Employee's Withholding Allowance Certificate</b>	OMB No. 1545-0010 <b>1999</b>
▶ For Privacy Act and Paperwork Reduction Act Notice, see page 2.		
1 Type or print your first name and middle initial	Last name	2 Your social security number
Home address (number and street or rural route)	3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. <i>Note: If married, but legally separated, or spouse is a nonresident alien, check the Single box.</i>	
City or town, state, and ZIP code	4 If your last name differs from that on your social security card, check here. You must call 1-800-772-1213 for a new card <span style="float: right;">▶ <input type="checkbox"/></span>	
5 Total number of allowances you are claiming (from line H above or from the worksheets on page 2 if they apply)	6 \$	7
7 I claim exemption from withholding for 1999, and I certify that I meet BOTH of the following conditions for exemption: • Last year I had a right to a refund of ALL Federal income tax withheld because I had NO tax liability AND • This year I expect a refund of ALL Federal income tax withheld because I expect to have NO tax liability. If you meet both conditions, write "EXEMPT" here <span style="float: right;">▶</span>		
Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate, or I am entitled to claim exempt status.		
Employee's signature (Form is not valid unless you sign it) ▶		
Date ▶		
8 Employer's name and address (Employer: Complete 8 and 10 only if sending to the IRS)	9 Office code (optional)	10 Employer identification number

### Deductions and Adjustments Worksheet

**Note:** Use this worksheet only if you plan to itemize deductions or claim adjustments to income on your 1999 tax return.

<b>1</b>	Enter an estimate of your 1999 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes (but not sales taxes), medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 1999, you may have to reduce your itemized deductions if your income is over \$126,600 (\$63,300 if married filing separately). Get Pub. 919 for details.)	<b>1</b>	\$ _____
<b>2</b>	Enter: $\left\{ \begin{array}{l} \$7,200 \text{ if married filing jointly or qualifying widow(er)} \\ \$6,350 \text{ if head of household} \\ \$4,300 \text{ if single} \\ \$3,600 \text{ if married filing separately} \end{array} \right\}$	<b>2</b>	\$ _____
		<b>3</b>	\$ _____
		<b>4</b>	\$ _____
		<b>5</b>	\$ _____
<b>6</b>	Enter an estimate of your 1999 nonwage income (such as dividends or interest)	<b>6</b>	\$ _____
<b>7</b>	Subtract line 6 from line 5. Enter the result, but not less than -0-	<b>7</b>	\$ _____
<b>8</b>	Divide the amount on line 7 by \$3,000 and enter the result here. Drop any fraction	<b>8</b>	_____
<b>9</b>	Enter the number from Personal Allowances Worksheet, line H, on page 1	<b>9</b>	_____
<b>10</b>	Add lines 8 and 9 and enter the total here. If you plan to use the Two-Earner/Two-Job Worksheet, also enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4, line 5, on page 1.	<b>10</b>	_____

### Two-Earner/Two-Job Worksheet

**Note:** Use this worksheet only if the instructions for line H on page 1 direct you here.

<b>1</b>	Enter the number from line H on page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet)	<b>1</b>	_____
<b>2</b>	Find the number in Table 1 below that applies to the <b>LOWEST</b> paying job and enter it here	<b>2</b>	_____
<b>3</b>	If line 1 is <b>GREATER THAN OR EQUAL TO</b> line 2, subtract line 2 from line 1. Enter the result here (if zero, enter -0-) and on Form W-4, line 5, on page 1. <b>DO NOT</b> use the rest of this worksheet	<b>3</b>	_____

**Note:** If line 1 is **LESS THAN** line 2, enter -0- on Form W-4, line 5, on page 1. Complete lines 4-9 to calculate the additional withholding amount necessary to avoid a year end tax bill.

<b>4</b>	Enter the number from line 2 of this worksheet	<b>4</b>	_____
<b>5</b>	Enter the number from line 1 of this worksheet	<b>5</b>	_____
<b>6</b>	Subtract line 5 from line 4	<b>6</b>	_____
<b>7</b>	Find the amount in Table 2 below that applies to the <b>HIGHEST</b> paying job and enter it here	<b>7</b>	\$ _____
<b>8</b>	Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding amount needed	<b>8</b>	\$ _____
<b>9</b>	Divide line 8 by the number of pay periods remaining in 1999. (For example, divide by 26 if you are paid every other week and you complete this form in December 1998.) Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck	<b>9</b>	\$ _____

**Table 1: Two-Earner/Two-Job Worksheet**

Married Filing Jointly				All Others			
If wages from <b>LOWEST</b> paying job are—	Enter on line 2 above	If wages from <b>LOWEST</b> paying job are—	Enter on line 2 above	If wages from <b>LOWEST</b> paying job are—	Enter on line 2 above	If wages from <b>LOWEST</b> paying job are—	Enter on line 2 above
\$0 - \$4,000	0	40,001 - 45,000	8	\$0 - \$5,000	0	65,001 - 80,000	8
4,001 - 7,000	1	45,001 - 54,000	9	5,001 - 11,000	1	80,001 - 100,000	9
7,001 - 12,000	2	54,001 - 62,000	10	11,001 - 16,000	2	100,001 and over	10
12,001 - 18,000	3	62,001 - 70,000	11	16,001 - 21,000	3		
18,001 - 24,000	4	70,001 - 85,000	12	21,001 - 25,000	4		
24,001 - 28,000	5	85,001 - 100,000	13	25,001 - 40,000	5		
28,001 - 35,000	6	100,001 - 110,000	14	40,001 - 50,000	6		
35,001 - 40,000	7	110,001 and over	15	50,001 - 65,000	7		

**Table 2: Two-Earner/Two-Job Worksheet**

Married Filing Jointly		All Others	
If wages from <b>HIGHEST</b> paying job are—	Enter on line 7 above	If wages from <b>HIGHEST</b> paying job are—	Enter on line 7 above
\$0 - \$50,000	\$400	\$0 - \$30,000	\$400
50,001 - 100,000	770	30,001 - 60,000	770
100,001 - 130,000	850	60,001 - 120,000	850
130,001 - 240,000	1,000	120,001 - 250,000	1,000
240,001 and over	1,100	250,001 and over	1,100

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may also subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or

records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping 46 min., Learning about the law or the form 10 min., Preparing the form 1 hr., 10 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the tax form to this address. Instead, give it to your employer.



OMB Q and A's  
(June 8, 1999)

**Q** How does the Multistate Financial Institution Data Match process work? How long will OCSE retain the matched account records?

**A** During March, 1999, OCSE, with the assistance of the American Banking Association, the Credit Union National Association and the Security Industry Association identified and notified 1320 Multistate Financial Institutions (those operating in 2 or more states) of the PRWORA requirements for a quarterly data match of financial institution accounts and the availability of the OCSE process. Multistate institutions were informed that they may elect to participate in the OCSE process or with the states in which they do business. OCSE Election Forms were mailed to all identified institutions during February. Institutions have been requested to respond by June 30<sup>th</sup>.

The Multistate Financial Institution Data Match begins when states update the Federal Tax Offset File on a weekly basis to add and delete delinquent cases and revise amounts owing families. Weekly, OCSE will edit the File to eliminate any duplicate names (such as obligors who have debts to families in two states) and will pass the File against a file maintained at SSA to insure the accuracy of the Social Security Number and Name match. If the SSN and name do not match, the case is eliminated from the FIDM file sent to Financial Institutions.

The OCSE will prepare an Inquiry File consistent with the record layout in the OMB approved Data Match Specifications Handbook and send, via FedEx, that Inquiry Record to Multistate Financial Institutions who have elected to participate in the OCSE process. Basically, the Inquiry Record contains the name, address and SSN of the obligor. It does not contain the amount of debt incurred by the obligor.

Financial Institutions will have up to 45 days to match the OCSE Inquiry against their file of account holders and to return the matched account information to OCSE in a manner consistent with the OMB approved Data Match Specifications. Financial Institutions are also required to return the OCSE Inquiry Record along with their matched accounts record.

OCSE will forward the data obtained from the matched records to the appropriate states via Connect:direct (the FCR dedicated line) within 48 hours of receipt. States will receive matched records only associated with the names that are on their current Federal Tax Offset file submittal. Where duplicates occur (two states with the same obligor), both states will receive the same data at the same time.

OCSE will maintain the match account records for up to 90 days. Records (cassettes, CDs) will then be destroyed. No data file of matched accounts is being built and maintained at OCSE.

States, consistent with state law and state administrative policies, may then take action the identified accounts.

**Q. What were the Test File Results?**

**A.** OCSE provided Wells Fargo Bank and Nations Bank with a Multistate Financial Institution test file of over 3.1 million obligors who's name and social security numbers were obtained from the Federal Tax Offset File.

Wells and Nations matched the OCSE test record against their account hold files to determine the total number of obligors, and the total value of their matched accounts. These matches were made against the "unmerged" institution. Wells maintained accounts in 12 states, Nations in 13.

The Wells Fargo test files resulted in 72,193 matched obligors with accounts worth \$69,065,927.

Nations Bank test files resulted in 74,245 matched obligors with accounts worth \$92,130,736.

**Q. How many institutions have agreed to participate to date?**

**A. As of June 7, 1999:**

391 Multistate Financial Institutions have agreed to participate in the OCSE process.

164 Multistate institutions have elected to participate with the states in which they operate.

Generally, these are institutions that operate in 2 states; the OCSE file is too large to process.

Of the 391 institutions electing to participate in the OCSE process:

190 are security firms

95 are credit unions

105 are banks

## NDNH RETENTION

**1. How long is quarterly wage (QW) information retained?**

QW information, provided pursuant to section 453A(g)(2) of the Social Security Act, shall be deleted from the database 24 months after the date of entry. However there is a 12-month limit on access to QW Information for child support enforcement purposes unless it has resulted in a match.

**2. How long is new hire (W4) information retained?**

W4 information, provided pursuant to section 453A(g)(2) of the Social Security Act, shall be deleted from the database 24 months after the date of entry.

**3. How long is unemployment insurance (UI) information retained?**

UI information, provided pursuant to section 453A(g)(2) of the Social Security Act, shall be deleted from the database 24 months after the date of entry. However there is a 12-month limit on access to UI Information for child support enforcement purposes unless it has resulted in a match.

**4. Is NDNH information retained for research purposes?**

In accordance with section 453(j)(5) of the Act, the Secretary of Health and Human Services is authorized to retain samples of data without personal identifiers entered in the NDNH to assist in carrying out research activities.

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	Federal Parent Locator Service Security White Paper (12 pages)	06/08/99	b(2)

**This marker identifies the original location of the withdrawn item listed above.  
For a complete list of items withdrawn from this folder, see the  
Withdrawal/Redaction Sheet at the front of the folder.**

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**COLLECTION:**

Clinton Presidential Records  
Domestic Policy Council  
Cynthia Rice (Subject Files)  
OA/Box Number: 15428

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**FOLDER TITLE:**

Child Support-Federal Parent Locator [1]

rx16

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**RESTRICTION CODES**

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

June 8, 1999

New Hire Database Meeting

Background:

1. Current uses of National Directory of New Hires (NDNH).
2. Proposed additional uses of NDNH data -- Education.
3. HHS statements to O'Harrow for the article.

Action Items:

1. What statements should be made this week? Who should make them?
2. Prepare Q&A's and accompanying package of materials for possible release after this week.
3. Consider any other policy responses, if appropriate.

Attachments:

1. OMB Q&A's from HHS on Multistate Financial Institution Data Match.
2. NDNH Retention -- data destroyed within 24 months.
3. "Ensuring the Privacy and Security of the Federal Parent Locator Service."
4. "Uses of the National Directory of New Hires," HHS Report to Congress, 10/98. Note the transfers to Treasury for "administration of the tax laws" on page 5.
5. Excerpts from The Clinton-Gore Plan for Financial Privacy and Consumer Protection in the 21<sup>st</sup> Century, May 4, 1999.
6. "Governor Halts Sale Of State Wage Data, Action would violate right to privacy, he says," San Francisco Chronicle, June 5, 1999.
7. *W-4 Form*. Should any reference to the NDNH be included in the discussion of routine uses at the bottom of the second page?
8. Education Proposal, with budget scoring, as transmitted to Congress May 17, 1999.

① Should there be a notice on W-4?

② Mission creep  
→ Treasury

③ → Admin support for use of NHDB for student loans

③ State Loopholes  
→ states can sell VI data

④ Answer

(a) we've placed it well

(b) child support is very important

(c)

Report Date: June 8, 1999

<b>National Directory of New Hires (NDNH)</b>		
<b>Reporting Period: 10/01/97 to 5/21/99</b>		
	<b>Number of States/Agencies Submitting Data</b>	<b>Number of Records Posted to NDNH</b>
<b>New Hire</b>	52 States/Territories & 127 Federal agencies	80,061,365
<b>Quarterly Wage</b>	52 States/Territories & 141 Federal agencies	777,877,031
<b>Unemployment Insurance</b>	52 States/Territories	36,672,466
<b>TOTAL # of Records Posted to NDNH</b>	894,610,862	

Territories not reporting NDNH data: Guam and Virgin Islands

<b>Federal Case Registry (FCR)</b>	
<b>Reporting Period: 10/1/98 to 6/8/99</b>	
<b>Number of States/Territories reporting to FCR</b>	49
The following States & Territories have not reported to the FCR: CA, DC, ND, Guam, & Virgin Islands	
<b>Number of Cases Posted</b>	11,853,767

Kharten

O'Harrow

6/8

- unprecedented amt of info,  
for a good purpose
- where does it go to for other purposes
- how much do individuals know?  
[notification]
- employee database
  - includes <sup>many</sup> people  
not involved in case
- financial info
  - limited to those people who owe \$
  - not restored cause by funds go
- who has the info?
  - not fed (only get those owed)
  - but @ state level
    - banks giving all info  
+ state
    - or other way around
- ? How long do they hold it??

O'Hanrahan

Two approaches

→ benefits to child support

→ privacy side

What interests him

→ not one part of quit for its own use

→ But fr

1.2 million ~~in~~ in first year  
located →

will have new stats

Reporter has  
March 8, 1999

Fed Register 1101-1102

Reporter has asked

Two Types

→ Systems of Periodic Notice

→ Notice to Individuals

Oct 2 1997

Aug 24 98

Mar 8 99



Fed register notices

Q = Do banks notify their clients?

Reporter is asking

6/8

# Matches Estimate

- ① State request  
→ and then match
- ② Auto matches  
→

UIS Commission on Interstate Child Support  
~~Interstate Commission on Child Support~~

- issued report Aug. 1992
- 192 fed registry of child support cases  
= 192 data matching between states  
(not nationwide)

~~Workgroup~~ in dev 1994 bill  
Consulted widely w/  
→ ~~selected~~ States

- employers
- courts
- other federal agencies

~~Not a formal workgroup~~

Before it was passed (1994) Washington state  
only one that had new hire database

After 1994 rec → states started  
25 states in place by 1996 EO Jan 18, 1996

# Financial Institutions

'96 had every state doing matches w/ financial institutions

Nationbank → 50 states  
Required state to pass laws to do matches

198 legislation chad support computers

~~HTIS required~~ ~~state choice~~ ~~which~~ ~~match~~  
on behalf of state

→ Multi-state must match (extra w/ 50 states or)

→ HTIS take list of delinquent HTIS  
→ ~~owe prior year~~

→ query bank

→ Bank does match

→ sends back info to HTIS

→ account

→ names

→ not kept / then destroyed

→ HTIS sends it back to state

Use tax offset file

→

---

? Reporter thinks ~~the~~ fed govt has database of all

→

→ Need Q+A

New Hire Data

→ Keep for 2 years

Quarterly Wage Data

→ Keep for 1 year

---

Will start up in early July

One bank 72,000 cases matches

Another bank 74,000 case

---

New penalties

→

→ National Institute of Standards  
following them

---

All data processing (1) SSA

→ very strong sophisticated  
monitoring system

→ under constant scrutiny

~~the~~ → Big 8 accounting firms

→ Dedicated lines

(not encrypted)

CI

→ password protected (in data set  
(top secret) → know who it's  
flowing to + from)

→ Security office on site

→ OCSE

- formal security training
- background checks
- Special room
- Formal security plan in place
- Analyzing data

→ National Institute of Standards

Summary

- Non military govt authority on security
- reviewing all policies & procedures
- will develop training modules for HHS to use at state level

Hired independent contractors  
to do

Also

IRS

SSA

GAO

} audits Lockheed

ISSO

↳ Information Security Office

Also security manager on site

---

Who

# Contractor mess

→ Q+A

→ all sign non disclosure others

## Stats

↳ required to have problems in place  
↳ Howb have a

↳ to get computer certification  
(then that are not sign  
you're # of days)

↳ Law very specific who's an  
authorized user + what  
authorized purposes

| Any penalties?

No infractions

[ IRS audits ] → states

Central data for safeguards

→ know if people try to log  
on over or

from different providers

Research areas

→ no personal identifiers

→ authorized by statute

## Subtitle \_\_—National Directory of New Hires

### SEC. \_\_. MATCHING AGAINST NDNH WITH RESPECT TO DEFAULTED LOANS AND OVERPAYMENTS OF GRANTS UNDER THE HIGHER EDUCATION ACT OF 1965.

(a) AMENDMENT TO HIGHER EDUCATION ACT OF 1965.—Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is amended by inserting after section 488A (20 U.S.C. 1095a) the following new section:

#### “SEC. 488B. DATA MATCHING WITH RESPECT TO DEFAULTED LOANS AND OVERPAYMENTS OF GRANTS UNDER THIS TITLE.

“(a) AUTHORITY TO MATCH DEBTOR INFORMATION WITH NATIONAL DIRECTORY OF NEW HIRES.—The Secretary shall furnish to the Secretary of Health and Human Services, on a quarterly basis or at such less frequent intervals as may be determined by the Secretary, information in the custody of the Secretary for comparison with information in the National Directory of New Hires established under section 453(i) of the Social Security Act, in order to obtain the information in such directory with respect to individuals who—

“(1) are borrowers of loans made under this title that are in default; or

“(2) owe an obligation to refund an overpayment of a grant awarded under this title.

“(b) REQUIREMENT TO SEEK MINIMUM INFORMATION NECESSARY.—The Secretary shall seek information from the National Directory of New Hires pursuant to this section only to the extent essential to improving collection of the debt described in subsection (a).

“(c) USE OF INFORMATION OBTAINED IN DATA MATCHES.—The Secretary may use information resulting from a data match pursuant to this section only—

“(1) for the purpose of collection of the debt described in subsection (a) owed by an individual whose annualized wage level (determined by taking into consideration information from the National Directory of New Hires) exceeds \$16,000; and

“(2) after removal of personal identifiers, to conduct analyses of student loan defaults.

“(d) DISCLOSURE OF INFORMATION OBTAINED IN DATA MATCHES.—

“(1) DISCLOSURES PERMITTED.—The Secretary may disclose information resulting from a data match pursuant to this section only to—

“(A) a guaranty agency holding a loan made under part B on which the individual is obligated;

“(B) a contractor or agent of the guaranty agency described in subparagraph (A);

“(C) a contractor or agent of the Secretary; and

“(D) the Attorney General.

“(2) PURPOSE OF DISCLOSURE.—The Secretary may make a disclosure under paragraph (1) only for the purpose of collection of the debts owed on defaulted student loans, or overpayments of grants, made under this title.

“(3) RESTRICTION ON REDISCLOSURE.—An entity to which information is disclosed under paragraph (1) may use or disclose such information only as needed for the purpose of collecting on defaulted student loans, or overpayments of grants, made under this title.

“(4) PENALTIES FOR MISUSE.—The use or disclosure of such information by an officer or employee of the United States, a guaranty agency or a contractor in violation of this section shall be subject to the civil remedies and criminal penalties set forth in the Privacy Act, 5 U.S.C. 552a.

“(e) PAYMENT OF COSTS OF DATA MATCHES.—

“(1) REIMBURSEMENT OF HHS COSTS.—The Secretary shall reimburse the Secretary of Health and Human Services, in accordance with section 453(k)(3) of the Social Security Act, for the additional costs incurred by the Secretary of Health and Human Services in furnishing the information requested under this section.

“(2) FEES CHARGED TO GUARANTY AGENCIES.—The Secretary may impose fees on guaranty agencies for information disclosed in accordance with subsection (d), based on the reasonable costs to the Secretary of obtaining such information through data matches under this section. Amounts derived from such fees shall be available for payment to the Secretary of Health and Human Services pursuant to paragraph (1). Fees authorized under this paragraph shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations acts. Such fees are authorized to be appropriated to remain available until expended.”

(b) AMENDMENTS TO SOCIAL SECURITY ACT.—

(1) MATCHING AND DISCLOSURE AUTHORITY.—Section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended by adding at the end the following new paragraph:

“(6) INFORMATION COMPARISONS AND DISCLOSURE FOR ENFORCEMENT OF OBLIGATIONS ON HIGHER EDUCATION ACT LOANS AND GRANTS.—

“(A) IN GENERAL.—The Secretary, in cooperation with the Secretary of Education, shall compare information in the National Directory of New Hires with information in the custody of the Secretary of Education, and disclose information in that Directory to the Secretary of Education, in accordance with section 488B of the Higher Education Act of 1965, for the purposes specified in such section.

“(B) CONDITION ON DISCLOSURE.—The Secretary shall make disclosures in accordance with subparagraph (A) only to the extent that the Secretary determines that such disclosures do not interfere with the effective operation of the program under this part. Support collection under section 466(b) shall be given priority over collection of any defaulted student loan or grant overpayment against the same income.”

(2) PENALTY FOR MISUSE OF INFORMATION.—Section 453(l)(2) of that Act

(42 U.S.C. 653(l)(2)) is amended by inserting "or any other person" after "officer or employee of the United States".

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1999.

(d) EFFECT OF ENACTMENT. Upon enactment of this section, the provisions of this section that would have been estimated by the Director of the Office of Management and Budget as changing direct spending and receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, in each fiscal years 2000, 2001, 2002, 2003, and 2004, shall be treated as if enacted in an appropriations act pursuant to Rule 3 of the Budget Scorekeeping Guidelines set forth in the Joint Explanatory Statement of the Committee of Conference accompanying Conference Report No. 105-217 (105th Congress).

**Table S-5. MANDATORY AND REVENUE PROPOSALS—Continued**  
(In millions of dollars)

	Estimate						Total 2000-2004
	1999	2000	2001	2002	2003	2004	
Eliminate unwarranted benefits .....	-334	-4,744	-6,859	-7,090	-7,303	-7,390	-33,386
Subtotal, offsets not designated for discretionary .....	-484	-7,063	-12,242	-11,890	-11,743	-12,591	-55,529
Subtotal, proposals subject to pay-as-you-go .....	327	-609	-62	-107	-151	-171	-1,100
<b>Proposals not subject to pay-as-you-go:</b>							
<b>Education:</b>							
Family education loans modification transfer .....		468	-110	-111	-97	-80	70
<b>Labor:</b>							
UI integrity .....		-118	-160	-160	-160	-160	-758
<b>Social Security Administration:</b>							
Return to work proposals (DI portion) .....		10	25	41	45	46	167
Program integrity proposal (DI portion) .....		-7	-11	-13	-12	-13	-56
Impact of Medicare buy-on on OASI .....			64	113	144	153	474
<b>FDIC:</b>							
Interest payments related to State exam fees .....		-2	-7	-12	-17	-23	-61
<b>Morris K. Udall Scholarship Foundation:</b>							
Receipt of federal payments to the foundation .....		-3	-3	-3	-3	-3	-15
<b>Undistributed offsetting receipts:</b>							
Redefine wage base for military pay covered by Social Security .....		264	271	261	260	261	1,317
<b>Revenues:</b>							
Clergy open season for OASDHI coverage (off-budget portion) .....		-3	-7	-9	-9	-10	-38
Subtotal, proposals not subject to pay-as-you-go .....		609	62	107	151	171	1,100
Subtotal, proposals not designated for discretionary .....	327						
<b>Offsets designated for discretionary:</b>							
<b>Outlays:</b>							
<b>Education—student loans:</b>							
NDNH savings .....		-876	-19	-25	-26	-25	-971
Recall additional federal fund reserves .....		-788					-788
<b>HHS:</b>							
Health care savings .....		-1,100	-920	-1,030	-980	-1,070	-5,100
Freeze TANF supplemental growth at FY99 level .....		-45	-87	-48	-41	-20	-241
<b>Corps of Engineers:</b>							
Harbor services fund user fees .....		-966	-963	-960	-996	-1,014	-4,899
<b>Undistributed offsetting receipts:</b>							
Change in military retirement .....		-849	-1,058	-1,159	-1,231	-1,270	-5,567
<b>Allowances:</b>							
Tobacco recoupment policy .....				-1,794	-3,318	-3,998	-9,110
<b>Revenues:</b>							
Superfund tax extensions .....	-109	-1,532	-1,207	-1,219	-1,242	-1,259	-6,459
Repeal of existing harbor maintenance excise tax .....		472	505	541	578	619	2,715
FAA user fees .....		-1,122	-1,184	-1,091	-1,007	-910	-5,314
Federal tobacco taxes .....	77	-7,987	-7,105	-6,589	-6,418	-6,400	-34,499
Subtotal, offsets designated for discretionary .....	-32	-14,793	-12,038	-13,374	-14,681	-15,347	-70,233
<b>TOTAL, mandatory and revenue proposals .....</b>	<b>295</b>	<b>-14,793</b>	<b>-12,038</b>	<b>-13,374</b>	<b>-14,681</b>	<b>-15,347</b>	<b>-70,233</b>
<b>MEMORANDUM:</b>							
Total tobacco recoupment policy savings shown above .....			-2,824	-3,917	-4,553	-4,688	-15,982
Total health care savings shown above .....		-1,326	-2,031	-2,296	-2,525	-2,685	-10,863