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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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Released

B-164031(4)

SEP 17 1979

The Honorable John H. Chafee
United States Senate

Dear Senator Chafee:

Reference is made to Senate Bill S. 1109 which you introduced before the 96th Congress on May 9, 1979, to amend the Social Security Act with respect to the negotiability of Supplemental Security Income (SSI) checks and for other purposes. The bill provides for a 180 day time limit on the negotiability of SSI checks and provides for returning to the Social Security Administration and to the States their respective shares of SSI checks not presented for payment within this timeframe. We support limiting the period of time within which SSI checks can be negotiated and believe the States should be refunded or credited their portion of checks issued to SSI recipients but never cashed.

We believe the negotiability period SSI checks can be honored for payment should take into consideration the total time needed for cashing these checks, whether by recipients or by representative payees or third parties to whom the recipient may have endorsed the check. In this regard, we would recommend that the U.S. Treasury inscribe the negotiability period on the checks. This would serve notice to these individuals that the checks should not be held indefinitely but should be presented for payment within the prescribed time limit. Presently, about 93 percent of all SSI recipients are paid benefits with a check. The remaining 7 percent have their benefits deposited to a bank account.

As discussed with your staff before the bill was introduced, we are developing information concerning the reasonableness of limiting the negotiability period for these checks. Because Treasury systems do not provide information on SSI checks less than 6 months old, we are not able to specifically determine the percentage of checks that remain outstanding during this timeframe thus indicating whether a

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shorter negotiability period may be warranted. According to the U.S. Treasury, over 300,000 SSI checks amounting to approximately \$40 million were over 6 months old as of December 1978. From this universe, we selected a statistical sample of 300 recipients and at our request, SSA will soon be asking these recipients a series of questions that we developed to obtain information on why the checks were not cashed and what period of time is needed for cashing SSI checks. We anticipate having answers to these questions compiled by October 31, 1979, and will apprise your staff of the results.

Subsection 1631(h)(3) of the Social Security Act as proposed in the bill would require the Secretary of the Treasury to credit States for funds resulting from uncashed checks. Presently, Social Security has a system established for charging and crediting States monthly for federally administered State supplemental funds. This activity includes crediting States for checks that are undeliverable and for overpayments that are collected. In our view, the accounting and payment of monies due the States for uncashed checks could be more efficiently and economically handled through this system. Accordingly, we recommend that the bill be revised to require the Secretary of HEW rather than the Secretary of the Treasury to make the appropriate credit or refund to the States for uncashed checks.

Subsection (b) of the bill states that the amendment will be effective with respect to checks issued "on or after" the date of enactment. States participating in the SSI program have repeatedly raised concerns about their monies that are tied up in uncashed SSI checks. We recommend that this provision be revised to include all uncashed checks that are 180 days or older on the date of enactment of the bill so that appropriate credit or refund can also be made to the States for uncashed checks issued prior to date of enactment.

We are providing a copy of these comments to the Senate Committee on Finance and House Committee on Ways and Means. If we can be of further assistance, please let us know.

Sincerely yours,

R.F.KELLER

Deputy Comptroller General
of the United States