



Office of the General Counsel

B-276223

February 25, 1997

The Honorable William V. Roth, Jr.
Chairman
The Honorable Daniel Patrick Moynihan
Ranking Minority Member
Committee on Finance
United States Senate

The Honorable Bill Archer
Chairman
The Honorable Charles Rangel
Ranking Minority Member
Committee on Ways and Means
House of Representatives

Subject: Social Security Administration: Cycling Payment of Social Security Benefits

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Social Security Administration (SSA), entitled "Cycling Payment of Social Security Benefits" (RIN: 0960-AE31). We received the rule on February 12, 1997. It was published in the Federal Register as a final rule on February 11, 1997. 62 Fed. Reg. 6114.

The final rule establishes additional days throughout the month on which Social Security benefits will be paid. Currently, all payments are issued by the third of each month. This payment schedule has led to a deterioration of service that SSA has been able to provide for recipients, either over the telephone or in face-to-face meetings, because of the workload peak. Spreading the payments out over the course of a month will alleviate this problem. The rule change does not affect current beneficiaries.

Enclosed is our assessment of the SSA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the SSA complied with the applicable requirements.

If you have any questions about this report, please contact James Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the Social Security Administration is Jane Ross, Director, Income Security Issues. Ms. Ross can be reached at (202) 512-7215.

Robert P. Murphy
General Counsel

Enclosure

cc: Mr. Brian Coyne
Chief of Staff
Office of the Commissioner
Social Security Administration

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY
THE SOCIAL SECURITY ADMINISTRATION
ENTITLED
"CYCLING PAYMENT OF SOCIAL SECURITY BENEFITS"
(RIN: 0960-AE31)

(i) Cost-benefit analysis

The Social Security Administration prepared an assessment of the benefits and costs attributable to the final rule. The benefits, according to the assessment, will include better service for social security beneficiaries, the business and banking communities will not have to have the capacity (in both personnel and data processing capability) to handle the current first week of the month surge of 47 million benefit payments and the operational risk of processing that number of payments in a 1 to 4 day window will be reduced.

The assessment found that the costs were difficult to quantify because of the gradual enrollment of new beneficiaries. Some banks may modify the time of the month the banks issue monthly statements and the manner in which they offer electronic bill payment services. SSA expects no additional program costs associated with final rule and that the administrative costs will be minimal, less than \$1 million.

The social security trust fund will accrue additional interest because the benefits will be disbursed later in the month. This interest is expected to result in an annualized transfer to the trust funds between 1997-2001 of \$155 million with the May 1, 1997, effective date of the final rule.

Finally, the assessment discusses three alternatives which were considered and the reasons why they were rejected and the approach expressed in the final rule was taken.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607 and 609

Recipients of Social Security benefits are not small entities within the definition of the Regulatory Flexibility Act and therefore, the final rule will not have a significant impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

Provisions of final rules that relate to Social Security benefits are excluded from the Unfunded Mandates Reform Act of 1995 by section 4 of the Act. 2 U.S.C. § 1503(7).

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

The rule was promulgated using the notice and comment procedures of 5 U.S.C. § 553. On January 26, 1996, SSA published a notice of proposed rulemaking in the Federal Register. 61 Fed. Reg. 2654.

SSA received 17 comments in response to the notice and responds to the comments in the preamble to the final rule. SSA clarified the final rule in response to a comment to make clear that all Old-Age, Survivors, and Disability Insurance beneficiaries whose Medicare premiums are paid by the state in which they live are excluded from payment cycling.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule does not impose any information collections which are subject to the Paperwork Reduction Act.

Statutory authorization for the rule

Sections 205(a) and 702(a)(5) of the Social Security Act, 42 U.S.C. §§ 405(a) and 902(a)(5), permit the Commissioner to make rules and regulations and establish procedures to carry out the Social Security Act.

Executive Order No. 12866

The final rule was determined to be a "significant regulatory action" under Executive Order No. 12866 requiring review by the Office of Information and Regulatory Affairs, Office of Management and Budget (OIRA). OIRA approved the final rule on December 9, 1996, as complying with the requirements of the order based on the information supplied by SSA, including a planned regulatory action document describing the reason for the rule and an assessment of the costs and budgetary impact of the rule.

SSA did not identify any other statute or executive order imposing procedural requirements relevant to the final rule.