DRAFT

Payment Cycling of Social Security Benefits

January 10, 1997

Background
After more than 50 years of paying monthly benefits at the beginning of the month, the Social Security Administration (SSA) plans to change this pattern for two reasons:

1.) to meet the demographic challenge facing SSA over the next 25 years as the beneficiary population grows from 50 million to more than 75 million; and

2.) to enable the Agency to continue to provide high-quality customer service by evenly distributing its workloads.

The Public's View
To learn more about the public's view of changing Social Security payment dates, SSA conducted 10 focus groups in August 1994 with current and future beneficiaries. The focus groups revealed that current beneficiaries did not want their payment date to be changed. Future beneficiaries had no objections to being paid later in the month, providing that they are paid at the same time each month.

With the focus group results in mind, SSA chose to implement payment cycling with future beneficiaries only. Current beneficiaries will continue to receive their benefits at the beginning of the month. Beneficiaries who apply for benefits in May 1997 and later will receive their benefit on the second, third, or fourth Wednesday of the month, depending upon their date of birth.

A second set of nine focus groups was held in December 1995 to determine who should be informed about payment cycling and what the appropriate message should be. The focus groups indicated that there was not a need to directly notify current beneficiaries about the change. To help reduce confusion among our beneficiaries and reduce inquiries to SSA field offices, informational materials developed for the general public must make it clear that current beneficiaries will not be affected.

SSA expects payment cycling to have a positive effect on the entire national economy. By spreading out benefit payments, problems will be alleviated for the Department of the Treasury, Federal Reserve, and the business and financial communities. All of these entities must make available extra resources at the beginning of the month to deal with the large volume of Social Security payments.

In fact, more than 15 financial organizations/institutions, including the National Automated Clearing House Association, the

Independent Bankers Association of America, and the American Bankers Association, wrote to SSA and indicated their support of payment cycling following the publication of the notice of proposed rulemaking earlier this year. Some of their comments are:

- The National Automated Clearing House Association is "encouraged by the SSA's clear intent to move to payment cycling by 1997...Cycling payments throughout the month will allow financial institutions to avoid 'crunch' staffing, better manage automated system capacity requirements, minimize operational risk, and enjoy a more stable cash flow."
- "IBAA (Independent Bankers Association of America) applauds the SSA on their valid and worthwhile effort to streamline the work flow for both the government and the banking industry in order to provide better service to their customers."
- "The American Bankers Association is pleased to support the SSA's adoption of payment cycling. This endorsement reflects our historical position supporting the cycling of payments."

Although the aging advocates have not expressed as overwhelming support as the financial advocates, little opposition exists. The American Association of Retired Persons, the National Council of Senior Citizens and the National Council on Aging have chosen not to take a position on payment cycling. Those that publicly support payment cycling include:

- The National Committee to Preserve Social Security and Medicare which wrote to Commissioner Chater to express that "Leveling the agency's workload will enable you to make better use of these resources (appropriations and staffing). For that reason we believe payment cycling is an excellent recommendation."

The Challenges
While payment cycling is supported by the financial and banking communities, as well as by future beneficiaries, there are several challenges associated with the implementation of this initiative. They are to:

--inform key audiences (financial and banking institutions, aging and consumer organizations, members of Congress, and SSA employees) of SSA plans so that they can respond to questions and can provide accurate information about payment cycling;

--reassure current beneficiaries that they will not be affected;

--inform new beneficiaries about provisions affecting them and to assure them that their payment date will remain constant;

--assist the news media in disseminating factual information about payment cycling;

--stress that payment cycling will help the Agency to continue to provide world-class customer service; and

-- reduce the number of potential payment cycling inquiries to SSA.

The Plan

SSA has developed the attached public information plan that directs timely, carefully crafted messages to target audiences. The goal of this plan is to inform key opinion leaders (who can then provide information to their constituents/members and answer their questions) and to inform Social Security applicants about payment cycling.

From January to mid-April, the objective of the plan will be to maintain a low-key approach to publicizing payment cycling. Throughout this period, information will be distributed only to key opinion leaders. In May and June, information will be distributed to national and local media, as well as new beneficiaries. The main messages during that timeframe will be that only new beneficiaries will be affected and that payment dates will not change, once they are assigned.

We are developing informational materials for key opinion leaders that explain how payment cycling works and how it will allow SSA to provide better service to our beneficiaries. Additionally, a new payment cycling leaflet, including a payment calendar, will be provided to all Social Security beneficiaries who will be affected by payment cycling.

SSA employees are being kept well informed along the process. They have received a set of questions and answers to help them respond to any inquiries. As soon as the regulation is approved, we will send all employees an electronic message informing them about the implementation plans. Training materials and operating instructions will be sent to them starting in March 1997.

Contingencies

SSA has identified three milestones at which extensive communications efforts may be needed. If necessary, SSA is prepared to step up its communications efforts at each of these milestones. Social Security's Regional Commissioners and field office managers will be supplied with background information to allow them to quickly respond to the media with accurate information about payment cycling.

The first milestone occurs at the publication of the final regulation (approximately January 20, 1997). If negative press ensues, the Agency is prepared to:

- Hold a national press conference
- Hold regional press conferences in each of SSA's ten regions
- Have local field office managers (1,300 around the country) contact local media seeking to place news stories and offer to appear on local talk/radio shows.

The second point occurs on May 1, 1997, when Social Security applicants are informed about changes in the payment date, and the third point occurs in June when the first cycled payments are made. Prior to May 1, SSA will issue a press release to the major media outlining how payment cycling works, who will be affected, and how it benefits Social Security beneficiaries. If we see a trend of negative press developing at either point of time, we will again be prepared to:

- Hold a national press conference
- Hold regional press conferences in each of SSA's ten regions
- Have local field office managers contact local media seeking to place news stories and offer to appear on local talk/radio shows

We will also be ready to:

- Issue a video news release
- Offer the media a factsheet detailing the results of our focus groups and including quotes of support from advocates
- Arrange for interviews with financial institutions and aging advocates that support payment cycling.

Because of the broad-based support we have for payment cycling, we expect to be able to counter any negative press that may arise.

OUTLINE OF PUBLIC INFORMATION PLAN FOR PAYMENT CYCLING

Audience	**Message**	**Media**	**Date**
SSA Regional Public Affairs Officers	Brief them on PI plan	Teleconference	January 1997
Financial institutions	Technical/ operating information	Informational kit	The kit was distributed in early 1996; an update will be distributed to about 50,000 financial institutions in February 1997.
Consumer organizations (grocery chains, check-cashing companies)	Technical/ operating information	Informational kit	The kit was distributed in early 1996; an update will be distributed in February 1997.
SSA Employees	General information to plan inquiry workloads, respond to questions from public; instructional materials	-- Q&A's -- E-mail message -- Training materials -- Public information bulletin -- Employee magazine	Completed January 1996 January 1997 March 1997 April 1997 April 1997
National organizations, large employers, Members of Congress	Assure current beneficiaries of no change; inform prospective new beneficiaries of provisions	-- Dear colleague letters -- Internet	February/March 1997

Audience	Message	Media	Date
Current Beneficiaries New Applicants General population	Assure them of no change Inform them how cycling affects them Informational	--Media materials for field office placement --New leaflet for applicants --Video news release --*Social Security Today* newsletter to groups/organi-zations	March/April 1997