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Committee on Ways and Means
Subcommittee on Social Security

Statement for the Record

First in a Series of Subcommittee Hearings on Social Security Number High-Risk Issues

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Good afternoon, Chairman McCreery, Congressman Levin, and Subcommittee members. It's a pleasure to be with you today. As you may know, I was only recently appointed Deputy Inspector General for the Social Security Administration (SSA), and after more years than I care to admit to as an SSA manager, I am both fascinated and impressed with the view from this new perspective. If you will forgive a momentary infomercial, I'd like to just express in this public forum how dedicated and talented a cadre of professionals you have working on your behalf in the Office of the Inspector General (OIG) at SSA, and to encourage you to make use of that commitment and that talent as issues arise that we may be able to help you with.

The Inspector General Act of 1978 charges all Inspectors General with preventing and detecting fraud, waste, and abuse in the programs and operations of the agency with which they are associated. To enable the IGs to fulfill this very broad mission, Congress provided each IG with equally impressive authority, including the authority to access any and all records of the agency, to issue subpoenas for records, and to turn to Congress for help in the event that the parent agency fails to recognize the IG's authority to conduct audits and investigations. I would be surprised to learn that any IG in the Federal government has a better, more cooperative, or more productive relationship with its Agency than our office does. While we strive to maintain our independence at all times, we consider SSA and the Commissioner to be our partners, and the results we obtain would not be possible were it not for that relationship.

SSA's mandate is a broad one, and it has a direct and critical impact on the lives of almost every American. As such, our work in the OIG takes on many forms. We conduct audits and investigations regarding benefit fraud, employee fraud, contract fraud, operational matters, and myriad other aspects of SSA's many-faceted workload. No area of our work, however, has become more critical to the American people than our work in the area of Social Security number (SSN) integrity and enumeration—the process by which SSNs are issued. The increase in usage of the SSNs grew slowly over the decades, interestingly enough reaching its peak at about the time an OIG was established for SSA in 1995.

When a Treasury Department Ruling, issued close on the heels of the new Social Security Act, mandated the creation of a Social Security account number in 1936, it was never anticipated that the nine-digit number would be used for anything more than its original intended purpose—to track workers' wages and pay them benefits. One by one, however, additional uses were added to

the SSN's burden. In 1943, an Executive Order mandated that all Federal agencies use the SSN exclusively whenever it had to set up a new identification system for tracking individuals. Later, Congress mandated the SSN's use as a taxpayer identification number, then as a Veterans' Administration patient number and a military ID number. In 1970, Congress required all financial institutions to obtain the SSNs of their customers. Soon after, Congress authorized the SSN's use for driver licensing, voting registration, public assistance, tax collection, and food stamps. Next came child support enforcement, alimony, student loans, jury selection, workers' compensation insurance, and on and on. Interestingly, in 1981, President Reagan stated that his administration was "explicitly opposed to the creation of a national identity card," but then almost immediately signed into law a bill requiring the SSN's use for selective service registration and the school lunch program.

This accelerating expansion of uses of the SSN then encountered two catalysts: the Internet and Terrorism, and that's when the playing field changed forever.

The Social Security Program Improvement and Independence Act of 1994 broke SSA loose from the Department of Health and Human Services, and created an Office of Inspector General for the newly independent Agency. Officially, the OIG came into being on March 31, 1995. The Internet was in relative infancy, but growing quickly, and terrorism was still something that happened somewhere else, but not in America. That lasted less than three weeks, until a truck full of explosives pulled up outside of the Murrah Building in Oklahoma City. Sixteen SSA employees were among the 168 people killed when that truck exploded. Timothy McVeigh, we would later learn, used a false Social Security number to rent that truck. A frontal assault had been made on SSA itself, and on America, and an SSN was one of the weapons used. Many speak of September 11, 2001 as America's wake-up call. Believe me when I tell you that this office was already awake. Two and half years before 9/11, this OIG issued a Management Advisory Report on enumeration in which we stated that "In the past, resources have not been devoted to this issue because our staff worked in areas that provided a visible cost benefit to SSA and the trust funds. . . . OIG audits and investigations have clearly identified that the integrity of the Agency's enumeration process materially impacts on fraud, waste, and abuse at SSA."

In the six and a half years since we issued that report, this office has had no greater priority than ensuring the integrity of the Social Security number, and of the enumeration process in particular.

Our audit work illustrates some of the vulnerabilities we have detected in SSA's enumeration system and has provided SSA with the knowledge necessary to reduce and even eliminate these vulnerabilities. Throughout our decade of service to SSA, Congress, and the American people, we have strived to help SSA strike an appropriate balance between customer service and integrity, and that effort is apparent in some of the audit work we have performed in this area. The majority of SSNs are issued either as the result of a U.S. birth or entry of a non-citizen into the U.S., and our audit work has addressed an array of vulnerabilities in both cases.

This longstanding effort became even more critical in the months and years following September 11, 2001, when the balance between integrity and service shifted—integrity had always been an

SSA priority, but the attacks on New York and Washington, and the thwarted attack that ended in Pennsylvania made it clear that there could be no compromises where homeland security was involved. During that period, recommendations that had been met, or which we might have expected would be met, with reticence were embraced and implemented. For example, a recommendation to verify the authenticity of all immigration documents with what was then the Immigration and Naturalization Service before assigning an SSN to a non-citizen was agreed to and implemented by SSA and the new Department of Homeland Security. Discussion about a recommendation limiting the number of replacement Social Security cards that an individual may obtain, both during a single year and over a full lifetime, was accelerated, leading to its inclusion in the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA). Another recommendation, that SSA collaborate more fully with immigration authorities to assess how immigration issues might affect enumeration and SSN concerns was adopted and implemented. These are all areas in which we have worked collaboratively with SSA for many years; the events of September 11 intensified those efforts and highlighted their importance.

The passage of time since September 11 has not slowed our progress, or SSA's, in these areas. Some of our more recent audit work continues to identify areas in which the enumeration process can still be improved.

In 2004, we conducted an audit of SSA's verification of birth records when issuing SSNs to American-born individuals. Prior to 2002, SSA verified birth records for first-time SSN applicants born in the U.S. only if they were over age 18. In 2002, SSA implemented our recommendation and began verifying birth records for all such applicants over the age of one. Our ongoing investigative work had shown several instances in which fraudulent documents had been used to obtain initial SSNs for infants, so we were concerned that despite SSA's change in policy, an integrity issue remained. Our audit uncovered additional instances where this occurred, and GAO agreed that an opportunity existed to further improve the integrity of the enumeration process in this area. As a result, Congress included a provision in the IRTPA requiring independent verification of birth records for all SSN applicants, including children under age one.

The IRTPA also required SSA to conduct a study of SSA's enumeration at birth program, a program by which SSA works with hospitals to enumerate children immediately upon birth. SSA asked us to conduct an audit in this area for its use in preparing the required study, and we have briefed SSA on our preliminary findings. Work continues in this area by both SSA and the OIG, in anticipation of providing the required report, and the required improvements, by June of next year.

In a series of three audits in 2004, we examined SSA's compliance with policies and procedures when processing SSN applications for non-citizens, and estimated that there was a non-compliance rate ranging from 15 to 30 percent. We made recommendations that were adopted by SSA which, coupled with SSA's own improvements, should drastically reduce these rates.

Enumeration at Entry (EAE) is the counterpart to the Enumeration at Birth program, but addresses the other primary group of SSN applicants---foreign-born individuals entering the

United States. EAE is a process whereby certain categories of immigrants may apply for an SSN as a part of the immigration process. SSA has MOUs with the Departments of State and Homeland Security to collect data on these individuals and forward the enumeration-related data to SSA prior to the issuance of the SSN. This reduces the possible acceptance of counterfeit immigration documents by SSA personnel and eliminates multiple contacts immigrants must make with Federal agencies.

In this audit we conducted of the EAE program, we highlighted several vulnerabilities within the process, such as immigrants being assigned multiple SSNs or receiving no SSNs at all due to systems incompatibility issues among the agencies involved. As a result, SSA agreed to work more closely with State and DHS to improve the process.

In another audit, we addressed concerns about vulnerabilities in our immigration system that allow the entry of individuals posing threats to national security. Specifically, we evaluated SSA's policies and procedures for enumerating foreign students to ensure that foreign-born individuals entering the United States with student visas are not misusing the process. Over 500,000 foreign students enrolled in educational institutions in the United States during the 2001-2002 academic year. Given the large number of foreign students who enroll in schools each year, we believe SSA must employ effective controls in its assignment of SSNs.

As part of our review, we visited schools that were providing work authorization letters used to enumerate foreign students, and found that the schools did not always document an offer of actual employment. We recommended, and SSA implemented, a new regulation that would require additional work authorization documentation from schools prior to enumerating foreign students.

We have a number of reviews in progress dealing with enumeration issues, and more contained in our Audit work plan for fiscal year 2006. Reviews planned for 2006 include:

- A review of SSA's process and controls over issuing replacement Social Security cards to prisoners, who may have little evidence to verify their identities.
- A review of the enumeration of international students to ensure that measures taken by the Agency to improve this process are being complied with and are effective
- A review of hospitals' use and protection of SSNs; and
- A review of prisoners' access to SSNs.

Our Office of Investigations has been just as engaged as our Office of Audit in strengthening and protecting SSA's enumeration processes. First and foremost, investigators are an invaluable commodity since no degree of protection can stop every criminal from abusing the system. Our investigative efforts on cases involving enumeration are rewarding not only because we are able to apprehend those responsible, but because such cases often reveal gaps in protection that can be closed to prevent future occurrences.

In one case, an individual was sentenced to 57 months in prison and three years of supervised release after pleading guilty to using fraudulent immigration documents to obtain over 600 valid

Social Security numbers in the Seattle area. The defendant was the leader of an organized ring that traveled to various SSA offices providing false information to SSA and using counterfeit documents to cause the SSA to issue valid SSNs. These SSNs would in turn be sold to undocumented aliens at a price of between \$1,000 and \$2,000. At the time of his arrest, the defendant was in possession of multiple Korean passports, immigration entry and exit documents, 59 Social Security card applications, 22 U.S. Postal forms for private mail boxes, over two dozen mailbox keys to various private mailbox locations in California and Oregon, as well as multiple SSN cards, and photocopies of SSN cards. He was also in possession of internet printouts of SSA office locations in dozens of cities in Kansas, Colorado, Wyoming, New Mexico, California, and Oregon. It is cases such as this that highlight the importance of our document verification efforts.

In August 2005, one individual was sentenced to 18 months' incarceration in the Northern District of Illinois after admitting to submitting more than 200 applications for Social Security Numbers for fictitious children using fraudulent birth certificates from the State of Ohio and other falsified documents. The individual used two identities—one belonging to a woman who had been dead for a year. She sent the applications to different Social Security offices to avoid detection, and to make her applications seem more legitimate, she requested that the Social Security cards be mailed to hospitals where the various children were allegedly being cared for. Several months after these initial applications, she submitted a second round of applications with the same fraudulent documents, but included a note stating that the family had left the hospital without receiving the first Social Security card. Many of these secondary applications listed a mailing address of a Post Office box in Chicago that had been opened by the defendant.

These are just a few of many such cases our investigators bring to U.S. Attorneys for prosecution every year. But the efforts of our Office of Investigations are not limited to investigating violations after a number has already been improperly issued. Our investigators are heavily involved in many efforts, workgroups, and task forces, working with SSA and, in many cases, other government agencies, to further enhance the integrity of the enumeration process and associated government functions, such as immigration, tax, and homeland security.

These efforts include:

- Working with the Bureau of Citizenship and Immigration Services and the Department of State to resolve issues involving the enumeration of non-citizens, including procedures for verifying immigration documents before an SSN is issued;
- Helping to implement the IRTPA requirement that birth records be verified for all original-issue SSNs for U.S. born individuals (including those under the age of one);
- Working with SSA and the U.S. Citizenship and Immigration Services to implement the Systematic Alien Verification for Entitlements, which provides for the verification of authenticity of non-citizens' documents submitted in support of an SSN application;

- Working with SSA to design regulations that now require a face-to-face interview with SSN applicants age 12 or older, to include a determination of why they did not obtain an SSN earlier;
- Working with SSA and the American Association for Motor Vehicle Administrations, including the implementation of new SSA regulations, to eliminate obtaining a drivers license as the sole basis for assigning a non-work SSN to a non-citizen;
- Working with SSA on the creation of Special Enumeration Centers in New York and Las Vegas; and
- Working with SSA to enhance its Modernized Enumeration System to stop the issuance of numbers where information suggesting possible concerns has been received, such as an improbable number of children.

Again, these are only examples of the broad array of workgroups, task forces, and other efforts made by our auditors, investigators, and attorneys to improve the integrity of the enumeration process.

These many efforts became the focus of a special group, the Social Security Number Integrity Protection Team, or SSNIPT, formed within the Office of the Inspector General to combine the talents of our auditors, investigators, computer specialists, analysts, and attorneys. The SSNIPT team not only supports homeland security initiatives, but focuses its efforts on (1) identifying patterns and trends of SSN misuse; (2) locating systemic weaknesses that contribute to SSN misuse, such as in the enumeration and earnings-related processes; (3) recommending corrective actions to ensure the SSN's integrity; and (4) pursuing criminal and civil enforcement provisions for individuals misusing SSNs. The team recently compiled a twenty-seven page list of audits, projects, legislative proposals, workgroups, and other efforts that have been undertaken by, or with the involvement of, the OIG. The team continues to meet to examine the efficacy of these efforts, and to seek new areas in which to focus OIG resources and new ways to enhance the integrity of SSA's enumeration processes. Among the team's successes was convincing the Federal Retirement Thrift Savings Board to mask Federal employees' Social Security numbers on the Thrift Savings Plan website.

I know that there are other issues surrounding the issuance of Social Security numbers and Social Security cards that are of great interest to my office, the Commissioner, and this Subcommittee, and I look forward to exploring them together. Among the most important of these issues is whether the enumeration process and Social Security card itself should be altered to include some form of biometric data to ensure the identity of applicants for Social Security numbers, cards, and benefits. We also look forward to working with you to find legislative solutions to issues uncovered by our audit and investigative work. The Social Security Number Protection Act of 2004 was the product of years of combined effort by you, your staff, my office, and the Social Security Administration, and provides critical safeguards for the Social Security number, as does the Intelligence Reform and Terrorism Prevention Act of 2004.

I stated earlier that no aspect of SSA's operations or of the OIG's mission is more critical than the integrity of the enumeration process, and the dedication of resources and efforts I have described illustrate how seriously we approach this issue. We do so without compromising our efforts in the areas of program fraud, employee fraud, employee safety, and the many other areas of the OIG's operations. We look forward to continuing to work with SSA, with you, and with all interested parties to secure the Social Security number and the processes by which it is issued. Thank you, and I'd be happy to answer any questions that you may have.