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Comments on S. 214—A Bill to Enhance the Integrity of the Social Security Card

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Subcommittee on Social Security
  and Family Policy
Committee on Finance
United States Senate

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SUMMARY

S. 214 requires the Secretary of HHS to develop a prototype of a counterfeit-resistant social security card. It is intended that the new card would provide a more reliable means for verifying employment under the Immigration Reform and Control Act of 1986 (IRCA). The bill would also require the Secretary to prepare a report that examines different methods for improving the social security card application process. The Attorney General is to assist the Secretary as the latter deems necessary and both the card and the report would be required to be submitted to the Congress within one year of the bill's enactment.

IRCA requires the Nation's employers to verify employee identity and work eligibility. To prove identity, an individual may use any of 21 documents. To prove employment eligibility, any of 17 documents may be used, including a social security card and a birth certificate.

IRCA also provides sanctions against employers who do not comply with the law, and it prohibits discrimination on the basis of national origin and citizenship status. However, as GAO reported last month, IRCA has actually caused discrimination because employers lack confidence in the verification system. They do not understand the law and they are confused as to how to carry out the verification process.

The social security card is only one component in the IRCA validation system and reliability of the system as a whole needs study. Though there are a number of ways to improve the social security card they may have limited impact on providing for a more secure verification system or increasing employer confidence. One approach which we believe is worth additional study is the use of state drivers' licenses with a validated social security number imprinted thereon. Such an approach was suggested by the Secretary of HHS in a 1988 report to the Congress.

The Attorney General and the Secretary of HHS should be required to review and report on the IRCA verification system as a whole, including the possibility of incorporating validated social security numbers on all drivers' licenses. Such report should be submitted to the Congress within one year of enactment.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to testify on S. 214. The bill would require the Secretary of Health and Human Services (HHS) to develop a prototype of a counterfeit-resistant social security card. This card would provide a more reliable means for verifying employment eligibility under the Immigration Reform and Control Act of 1986 (IRCA). The bill also would require the Secretary to issue a report to the Congress that examines different methods for improving the social security card application process.

To achieve the bill's objective, the Attorney General is to provide assistance and information to the Secretary as he deems necessary. Finally, the Secretary is to submit the mandated report, along with the prototype card, to the Congress within 1 year of the bill's enactment.

THE IRCA VERIFICATION PROCESS

The principal thrust of our testimony today is to discuss an improved social security card in the context of IRCA. Each year, millions of people change jobs or seek employment for the first time. IRCA requires the nation's 7 million employers to examine specified documents to be provided by all prospective employees-- including those born in the United States--to verify their identity and eligibility to work in this country. To prove

identity to an employer, an individual may use any of 21
documents, including a driver's license or a voter registration
card. To prove employment eligibility, any of 17 documents may
be used, including a social security card and a birth
certificate. To comply with the law, employers must certify that
they have reviewed the documents and that the documents appear
genuine and relate to the applicant.

IRCA provides for sanctions against employers who do not comply
with the law's requirements, and it prohibits employment
discrimination on the basis of national origin and citizenship
status. However, the employers' lack of understanding of the
law's verification process has actually led to discrimination in
hiring practices. Concerns over discrimination have led to
renewed calls for a system that employers can rely on to verify
worker eligibility. One component of that system is the social
security card and many have called for improving its resistance
to counterfeiting.

There are a number of ways to improve the social security card,
ranging from relatively inexpensive improvements to the current
paper card to integrating advanced electronics into the card
itself. However, changing the social security card does not, by
itself, address the need for a secure verification system. To do
so effectively, we will need to address how verification is

accomplished and how eligibility documents are obtained in
addition to how they are made.

THE VERIFICATION PROCESS AND DISCRIMINATION

Last month we reported that there are three possible reasons why
employer discrimination resulted from the sanctions provision:
(1) lack of understanding of major sections of the IRCA
legislation; (2) confusion and uncertainty of how to determine
eligibility; and (3) alien workers using counterfeit or
fraudulent documents, which contributed to employer uncertainty
over how to verify eligibility. The widespread pattern of
discrimination we found could be reduced by (1) increasing
employer understanding through effective education efforts; (2)
reducing the number of work eligibility documents; (3) making the
documents harder to counterfeit; and (4) requiring that upgraded
documents be issued to all affected members of the population.

IMPROVING THE SOCIAL SECURITY CARD

Making the social security card more counterfeit-proof can play a
role in increasing employer confidence in work eligibility
documentation and could make it more difficult for illegal aliens
to obtain work. Using technologies such as magnetic strips,
integrated circuitry, and lasers could make it easier for
employers to identify counterfeit cards, but these technologies

may be very costly. Less costly approaches could include altering the type of material the card is made of and the type set, colors or design of the card, all of which can aid in making it more difficult to duplicate. These efforts may not have their intended effects in the short run, however, unless the improved social security cards are reissued to all those required to have a social security number.

Notwithstanding the cost of producing the card itself, reissuing 210 million new counterfeit-resistant cards would require an enormous effort on the part of the Social Security Administration (SSA) and the public. The cost and disruption caused by this process needs to be carefully evaluated.

In the past we have been reluctant to recommend wholesale conversion to a new high-tech social security card because of our concern over costs associated with producing and disseminating a new card. These costs could run into billions of dollars. Moreover, we see a need for assessing the social security card within the broader context of the whole IRCA verification system. Along these lines we feel the scope of S. 214 should be broadened to include an assessment of the vulnerabilities of each component in the whole system and to increase the role of the Attorney General.

VULNERABILITY OF THE APPLICATION PROCESS

Counterfeit-resistant cards may make it more difficult to produce a bogus card, but obtaining a real card fraudulently is still problematic. Our work and other studies have shown that a weak link in the system is the fact that over 7,000 state and local offices issue birth certificates which are relatively easy to obtain fraudulently--sometimes simply by request through the mail. Once this "breeder" document is obtained, it can be used to obtain a valid counterfeit-resistant social security card, a driver's license, and a host of other documents.

Steps have already been taken to improve the internal controls over social security card issuance. SSA has started a program for enumeration at birth, and federal tax law requires that all children 2 years old or older who are claimed as a tax exemption must have a social security number. These steps should substantially reduce the number of fraudulently obtained social security cards over time, but will probably have limited impact on current employer problems of verification for aliens and those who have not secured legitimate social security cards.

Because of this current vulnerability, we support the provision of S. 214 that would require the Secretary of HHS to examine the current social security card application process to determine if

improvements can be made. The process is vulnerable to fraud because thousands of different documents can be used in support of an application, many of them can be obtained fraudulently, they are easily counterfeited or altered, and there is no practical way to verify that the applicant is the person named on the document. State and local governments need to improve their processes for issuing birth certificates to make them less vulnerable to fraud.

IMPROVING THE IRCA VERIFICATION PROCESS

A less expensive alternative to issuing new social security cards could be issuing tamper-resistant driver's licenses with validated social security numbers. In a December 1988 report to the Congress the Secretary of HHS suggested a role for drivers' licenses if the law were changed to require employers to contact SSA for social security number validation. He suggested that if all drivers' licenses had social security numbers, state licensing authorities could validate social security numbers with SSA on an automated basis putting less of a strain on their operations than having employers call for verification.

The driver's license is now the most widely used form of identification in the United States, and most states already include social security numbers on them. Each state issues drivers' licenses that contain the driver's photograph, and also

furnishes photo-identification cards for nondrivers who need an
official form of identification. Using the driver's license
could enhance both work eligibility and identification
documentation, however, it should be noted that drivers' licenses
suffer the same vulnerability to fraud as the social security
card. If, however, these vulnerabilities can be controlled, the
improved driver's license could negate the need for major
improvements to the social security card.

CONCLUSION

We believe that focusing on strengthening the social security
card alone, without assessing the IRCA system as a whole, could
have marginal effects on the reliability of the verification
system because the card's reliability may not be critical to the
whole process.

In our view the Attorney General in conjunction with the
Secretary of HHS should review and report on the verification
system as a whole while changes to the social security card are
being studied as required by S. 214. This report should, among
other things, include an assessment of options involving the
incorporation of validated social security numbers on state
driver's licenses. Because of the urgency to affect reductions
in discrimination under IRCA, reports on both the IRCA system and

the social security card should be issued within one year of S. 214's effective date.

Regarding the report on the social security card, it should address for each option--the cost to SSA, employers, and workers; the impact on employers, potential employees, and the public; privacy considerations and the expected benefits. A discussion of benefits should include to what extent an improved card would simplify the employer verification process and reduce fraud and discrimination. We believe such a report would be extremely useful to the Congress as it addresses the various problems with IRCA.