

**Statement of
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House Oversight and Government Reform,
Subcommittee on Government Management, Organization and
Procurement
Hearing on E-Verify**

Madam Chairwoman and Members of the Subcommittee:

Thank you for the opportunity to discuss the Social Security Administration's (SSA) role in helping the Department of Homeland Security (DHS) administer the E-Verify system. This system allows employers to verify the employment eligibility of newly-hired employees.

We are pleased you are holding this hearing today to discuss the history of the system, the activities we conduct in helping DHS administer it, and the system's ability to grow to serve the increasing number of employers registering to use it.

Before I discuss our supporting role in the E-Verify system, I would like to take a moment to explain our mission and how our records have developed over the years.

OUR MISSION & OUR RECORDS

We administer the Nation's social insurance programs and the Supplemental Security Income (SSI) program—one of the Nation's largest means-tested income maintenance programs. Social Security and SSI benefits play a significant role in the economic security of all Americans. Each year, we send benefits totaling about \$700 billion to approximately 60 million beneficiaries.

The Old-Age, Survivors, and Disability Insurance programs benefit workers, their dependents, and survivors at critical junctures in their lives: when they retire, when they become disabled, and when a

family's wage-earner dies. Through the SSI program, we assist some of the most vulnerable members of our society.

To effectively administer our programs, we created the Social Security number (SSN). Assigning SSNs and issuing SSN cards remains one of our core workloads. Since the inception of the program we have assigned over 455 million SSNs.

The SSN functions as a record-keeping mechanism that allows employers to uniquely identify and accurately report a worker's earnings. Names alone cannot assure accurate reporting, but the combination of a name and an SSN provides a system for accurately reporting and recording wage information.

Each year, employers file a Form *W-2, Wage and Tax Statement*, for each of their employees. These *W-2s* include the employees' names and SSNs. We process the *W-2s*, crediting the wage amounts to the permanent earnings record that we maintain for each worker. We also send the information to the Internal Revenue Service since that agency needs the information for tax purposes. Each year, we process approximately 245 million *W-2s* from employers, covering approximately 154 million workers.

Properly crediting earnings to the correct SSN ensures that we can determine eligibility for retirement, survivors, and disability benefits and that we pay the proper benefit amount. If a worker's earnings are not properly recorded, he or she may not qualify for Social Security benefits or the benefit amount may be wrong.

While the SSN has a very limited purpose, the role of the SSN card is even narrower. It is simply a record of the number assigned to the worker so that he or she can provide the correct number to the employer. The SSN card was never intended, and does not serve, as a personal identification document. Although we have made many changes over the years to make the card counterfeit-resistant and continue to work to strengthen its security, the card does not contain information that would allow it to be used as proof of identity. The card does not establish that the person presenting it is actually the person whose name and SSN appear on the card.

Originally, all SSNs were assigned, and cards were issued, based solely on applicants' allegations of name, date of birth, etc. No evidence was required. Today, applicants for an SSN and SSN card must submit evidence of age, identity, and U.S. citizenship or current immigration status. Applicants for replacement cards must submit evidence of identity and, if a non-citizen, of current immigration status. We verify the birth records for U.S. citizens requesting an original card and the immigration documents presented by non-citizens requesting original or replacement cards.

We have great confidence in the integrity of our SSN records. For our program purposes, the SSN serves us well. In fact, in a December 2006 report presented to Congress, SSA's Office of Inspector General (OIG) commended the accuracy of the information in our Numident, which is our electronic master file of all SSNs.

The personally identifiable information associated with an SSN in our electronic database reflects the information provided on the application for an SSN. The SSN record acts as a snapshot in time. We update or correct our records whenever a person applies for a replacement card, applies for benefits, or requests a change to the record, such as a name change.

Although a person is not required to notify us of changes in his or her information, we encourage doing so. The instructions attached to each Social Security card state that the person should contact us if his or her name, citizenship, or status as an alien changes because these changes may affect current or future Social Security benefits.

A person has a number of opportunities to verify his or her name and SSN on our records and to inform us of any updates or errors. For example, since 1990 we have issued annual *Social Security Statements* to workers age 25 and older. The *Statement* is a concise, easy-to-read personal record of the earnings on which the worker has paid Federal Insurance Contributions Act tax. We encourage workers to review the earnings and name on their *Statement* and to contact us if any of the information is inaccurate or out-of-date.

Since the early 1980s we have offered employers a free SSN verification service. Today, we have a number of free verification

services and a variety of access methods, including telephone and internet access. Through these services, we verify whether a worker's name and SSN match our records. We encourage employers to use any of these services to improve the accuracy of their wage reports so that we can properly credit employees' earnings.

With this brief background on our programs and the records we maintain to assist us in administering these programs, let me describe our role in supporting the Department of Homeland Security's E-Verify program. It is important to note that the E-Verify program is not one of our core workloads, and as I describe later, Social Security Trust Funds may not be used to finance the E-Verify program.

THE HISTORY OF THE CURRENT EMPLOYMENT VERIFICATION SYSTEM

The Immigration Reform and Control Act (IRCA) of 1986 required employers for the first time to examine workers' documents to verify the employment eligibility of newly hired employees. Ten years later, in 1996, Congress enacted the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA), which required testing three alternative methods of providing an effective, nondiscriminatory employment eligibility confirmation process; E-Verify was one of the three methods. The law required that the voluntary E-Verify pilot be implemented in at least five of the seven States with the highest estimated population of non-citizens who were not lawfully present in the United States. The five states selected were California, Florida, Illinois, New York, and Texas.

In March 1999, Nebraska was added to assist employers in the meat packing industry. Employers in these six states were also allowed to use the system to verify the employment eligibility of new hires at their work sites located in other states. In 2002, Congress extended authorization for the system for an additional two years. In 2003, Congress again extended E-Verify through 2008 and expanded the voluntary program to include employers in all 50 States. In the past year, Congress again extended the program, and it is currently set to expire at the end of September 2009.

Employer use of E-Verify has grown significantly over the last five years. Before the nationwide expansion, less than 3,000 employers participated. As of July 11, more than 137,000 employers participate at more than 517,000 sites, and participation is growing by an average of 1,000 employers each week. As the number of participating employers has grown, so has the number of queries we handle. In fiscal year (FY) 2006, we handled about 1.7 million queries; in FY 2007, we handled about 3.3 million, and that number doubled to about 6.6 million in FY 2008. So far this fiscal year, we have already handled over 6.3 million queries.

THE E-VERIFY PROCESS

Employers participate voluntarily and register with DHS to use the automated, web-based system to verify a newly-hired employee's SSN and work authorization status. The employer inputs information from the new hire's Form I-9, the Employment Eligibility Verification Form, into the web-based system. DHS then sends this information to us electronically to verify that the newly-hired employee's SSN, name, and date of birth match the information in our records. For employees alleging United States citizenship, we also confirm citizenship status for DHS, thereby allowing DHS to confirm work authorization. For any naturalized citizen whose U.S. citizenship we cannot confirm, DHS will verify naturalization status and, thus, authorization to work. For all non-citizens, if there is a match with our records, DHS then determines the current work authorization status.

Within three to five seconds, the E-Verify system notifies the employer of the verification result. The DHS notification informs employers whether the new hire is authorized to work. If the new hire's information could not be confirmed, the DHS notification explains that the new hire has been tentatively non-confirmed—that is, that the new hire must take additional steps to be verified to work under the system.

E-Verify automatically confirm the work-authorization of 96.9 percent of queries. If E-Verify cannot confirm that the information matches our records or cannot confirm United States citizenship, DHS notifies the employer of the tentative non-confirmation. The employer, in turn, must notify the new hire of the tentative non-confirmation and give the new hire the opportunity to contest the finding. If the new hire contests

the tentative non-confirmation, he or she has eight days to contact one of our field offices or in some situations a DHS office, with the required documents to correct the record. Once the record has been corrected, the employer must check the E-Verify system to determine whether the tentative non-confirmation has been resolved.

E-VERIFY ENHANCEMENTS

Since the inception of E-Verify, we have worked collaboratively with DHS to improve the operation of the system—to make it work more efficiently and more smoothly for employers and their new hires. I would like to highlight a few of the more significant improvements.

In 2007, we worked with DHS to implement the E-Verify SSA Tentative Non-confirmation Automated Response system (EV-STAR). Through EV-STAR, our field office representatives input directly to E-Verify all actions taken to resolve a tentative non-confirmation. As a result, employers can now determine the status of pending cases by querying E-Verify. Previously, the new hire had to carry paperwork from our agency back to the employer in order to resolve a tentative non-confirmation.

In 2007 and 2008, we worked with DHS to make several significant changes that reduced the number of new hires receiving a tentative non-confirmation. In September 2007, DHS modified the front-end of the E-Verify system to do a "pre-tentative non-confirmation check." This pre-check verifies the data entered into the system, and if any information does not match, asks employers to double check the data. In this way, the pre-check acts as a fail-safe against employers' mistakes, keying errors, and misread information on the Form I-9.

In May 2008, DHS updated the E-Verify system to include naturalization data, a project known as "Natz Phase I." Years of experience with E-Verify had shown that naturalized citizens who had not yet reported their citizenship changes to Social Security constituted not only a primary source of error in the Numident, but also one of the largest categories of work-authorized new hires who initially receive a tentative non-confirmation. By including DHS naturalization data in the initial electronic verification process, naturalized citizens are more likely to be automatically confirmed through E-Verify.

At the same time, DHS also changed the process for contesting tentative non-confirmations based on citizenship mismatches. Under the new process, known as “Natz Phase II,” naturalized citizens who receive a tentative non-confirmation can call DHS directly to resolve the issue. New hires still have the option of resolving the mismatch in person at one of our field offices. This new process provides better, more convenient service to the public and helps reduce the number of visitors coming to our field offices to change their records.

These enhancements have increased the automation of the E-Verify system and have helped ensure that employers can promptly and accurately confirm the work authorization status of new hires. We are committed to working with DHS to make E-Verify an even better tool for employers and to ensure that the system protects the jobs of all work-authorized employees.

Isolated Environment

Next month, we will complete a much-anticipated improvement to our systems that support E-Verify. We currently use the same system developed in the 1990s to support what was then a small pilot program operating in just five States. The new system is the result of months of collaboration with DHS to determine how best to meet both of our agencies’ requirements.

We refer to the upgrade as the “Isolated Environment,” since it will isolate our E-Verify workloads from our mission critical workloads. Under the current system, the processing of our core workloads takes precedence over E-Verify. The new system, however, will ensure that there is no interference between our own mission critical workloads and E-Verify workloads. No other workloads will run in the new isolated E-Verify environment, thus insulating E-Verify against the effects of unrelated workloads and system outages and our own workloads against E-Verify issues or spikes in the volume of E-Verify queries. Additionally, we designed the system to include redundancy measures to ensure that E-Verify does not experience outages.

The more robust design of the new system increases our capacity for E-Verify queries. With the new system, we can handle substantially

heavier volumes of verifications. In coordination with DHS, we designed the system to accommodate 60 million queries a year because United States' employers hire about 60 million workers each year. In time, we may need to add additional capacity, but we expect our systems to be able to handle potential expansions of E-Verify. The new isolated environment will provide the most stable environment possible to the employer and employee communities and will help us provide prompt, efficient, and accurate service to those seeking employment as well as to the millions of Americans who depend on our programs.

We continue to look for ways to reduce the number of tentative non-confirmations and the resulting burden on our field offices. Although we are in the initial stages of discussions with DHS, we may add more checks to the system that, based on feedback from employers, will address some common obstacles to the employment eligibility verification process.

E-VERIFY WORKLOADS

Over the last 10 years, as E-Verify evolved from a small pilot program to a service used by over one hundred thousand employers nationwide, we have overcome a number of challenges and have worked with DHS to improve the efficiency and effectiveness of the program. Our primary focus with respect to the program continues to be reducing the need for workers to visit field offices to resolve non-confirmations.

Workload

We respond to every query run through the system, and we are the primary point of contact for new hires contesting a tentative non-confirmation. E-Verify is a vital tool designed to prevent unauthorized non-citizens from obtaining employment. However, any action we take to assist a new hire in resolving a tentative non-confirmation is time our employees cannot use to assist applicants for a Social Security benefit. E-Verify tentative non-confirmations create an additional workload for our already strained local offices.

We must verify that new hires contesting tentative non-confirmations are who they say they are. In almost every situation, we must conduct a face-to-face interview, during which the new hire presents documentation to support his or her request for an update or correction to the Numident. We estimate that it takes about 20 minutes to complete just one face-to-face interview and update the EV-STAR system and the Numident when a person requests a change to his or her record.

Sometimes the new hire may not have the documentation required to support a change in our records, and he or she must request the document from the custodian of record or issuing agency. These record requests can add weeks to the process. For example, a new hire may not have the original or a certified copy of his or her marriage certificate and may need to request the original from the State. In other cases, the new hire has the document, but we must verify it with the custodian of the record, another step that can add additional time to the process. Thus, changing a Numident record may, in the most complex cases, require multiple visits to one of our field offices. These steps are critical to the integrity of our records and of the E-Verify system, but can be inconvenient for new hires who are trying to change their records. It also creates a workload burden for our field offices.

The changes our agencies have made to the E-Verify system have helped us control the workload effects on our offices and have increased the efficiency and effectiveness of E-Verify. In FY 2007, for every 100 E-Verify queries, we handled about 2.6 contacts. In FY 2008, we reduced that to about 1.5 contacts per 100 queries. For FY 2009, we estimate that we will handle about 0.75 contacts for every 100 queries.

As noted earlier, one of the primary reasons for an SSA tentative non-confirmation had been a non-citizen's failure to notify us of a change in his or her citizenship status. According to a recent DHS report, as result of Natz Phase I, over the last 14 months E-Verify found more than 58,000 new hires to be employment-authorized. This change saved these workers from having to visit our offices to resolve the tentative non-confirmation. This improvement has greatly reduced the E-Verify-related work in our field offices. Under Natz Phase II, over

3,000 new hires received the revised tentative non-confirmation notice that provides new hires the option to call DHS to resolve the citizenship discrepancy. Over 91 percent of these citizens were able to resolve the discrepancy by phone with DHS and become employment authorized under E-Verify. Only 259 new hires came to SSA for resolution of this type of issue.

In total, since May 2008, Natz Phases I and II have resolved more than 61,000 citizenship mismatches. We will continue to work with DHS and to assess our policies and procedures looking for ways to better serve the public and reduce the number of new hires who visit our field offices to resolve tentative non-confirmations produced by the E-Verify process.

Funding

Since E-Verify began, Congress has appropriated funds to DHS to administer the program. Each year, we negotiate and sign agreements with DHS to cover our costs in supporting E-Verify. These costs include our operational costs—which are systems costs to respond to E-Verify queries and the costs of assisting new hires who visit our field offices to contest a tentative non-confirmation. This fiscal year, our reimbursable agreement included more than \$21 million, about \$4 million for the operational and on-going systems costs, and about \$17.8 million for the isolated environment discussed earlier. We are happy to report that we will implement this new system next month—on schedule and within budget.

SSA cannot use Trust Fund dollars to finance this employment eligibility verification program. DHS ensures timely and adequate reimbursement for our E-Verify work. Our own mission critical workloads are increasing at an alarming rate. We will receive and process more claims this year than in any prior year. Due to the aging of the baby boomers and the current economic downturn, we expect to process over 300,000 more retirement claims, 30,000 more disability claims, and nearly 75,000 more hearing requests this fiscal year compared to FY 2008. Based on the newest economic assumptions and actuarial projections we received just a few days ago, we now estimate nearly 250,000 more retirement claims and 350,000 more disability claims in FY 2010 than we projected in the President's FY

2010 Budget delivered to Congress in May 2009. Our field offices are under strain to keep pace with the growing workloads, and any additional field office visitors related to E-Verify will only add additional challenges in delivering the level of service the public expects and deserves.

We are grateful for the funding the Congress provided to us in the *American Recovery and Reinvestment Act of 2009* and in our FY 2009 appropriation. Our ability to deliver service to the American public depends upon sustained, timely, and adequate funding. We look forward to your continued support so that we may continue to fulfill our core mission and also support DHS' E-Verify program.

I want to thank the Chairwoman and members of the Subcommittee for inviting me here today. On behalf of SSA, we look forward to your continued support for the Agency and for our mission.

I will be happy to answer any questions you may have.