

119507

UNITED STATES GENERAL ACCOUNTING OFFICE
Washington, D.C.

FOR EXPECTED RELEASE
Thursday, September 23, 1982

STATEMENT OF
EDWARD A. DENSMORE, DEPUTY DIRECTOR
HUMAN RESOURCES DIVISION
BEFORE THE
HOUSE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SOCIAL SECURITY
ON
SOCIAL SECURITY ADMINISTRATION'S PROPOSAL
TO ISSUE SOCIAL SECURITY CARDS ON
TAMPER-RESISTANT MATERIAL



119507

023467

Mr. Chairman and Members of the Subcommittee, we are here today to provide our views on the Social Security Administration's (SSA's) recently announced proposal to issue social security cards on tamper-resistant material to new applicants and to persons requesting replacement cards. Our views today remain substantially the same as they were in December 1980 when we reported 1/ that issuing social security numbers and cards on tamper-resistant paper would not of itself increase their integrity and prevent misuse because it would not stop people from obtaining them illegally by using false identification documents.

SSA has indicated that issuing a tamper-resistant card would make counterfeiting more difficult and might reduce the cost of issuing replacement cards because the new cards might last longer.

Although issuing a tamper-resistant card might make counterfeiting more difficult, the extent to which the counterfeiting of social security cards would be reduced overall, particularly while the non-tamper-resistant cards are still in use, is unknown.

Even with a tamper-resistant card, most of the misuses occurring today would probably continue to occur. In addition to counterfeiting and tampering, misuse occurs through borrowing, stealing, buying, or selling another person's card. This could continue with a tamper-resistant card. Further, most misuse occurs through improper use of a number, rather than misuse

1/ Reissuing Tamper-Resistant Cards Will Not Eliminate Misuse of Social Security Numbers (HRD-81-20, December 23, 1980)

of the card itself. Most entities needing to obtain an individual's social security number do not check the card, or if they do, check it only to be sure that they accurately record the numbers. Persons can still orally provide fictitious numbers and present other identification or false information in seeking to obtain benefits or employment.

As we recommended in our 1980 report, SSA has been providing training to its field personnel so that they can better detect fraudulent documents presented when persons apply for a social security card. This training is being provided in two phases. The first phase is intended to enable SSA personnel to identify false immigration documents. This training is in progress. The second phase is intended to enhance detection of other types of fraudulent identification. Training for the latter is expected to begin in January 1983 and be completed by July 1983. Although SSA has not set a date for beginning to issue the proposed tamper-resistant card, we believe that SSA should not begin issuing the card until SSA personnel are adequately trained to detect fraudulent identification documents.

SSA estimates the additional cost per card of the new tamper-resistant paper will be about two to three cents. SSA indicated this cost may be offset by the reduced cost of replacing cards that wear out. Whether this would happen is unknown, because SSA does not maintain data on the number of cards that are replaced because they wear out. Of the six to seven million cards replaced each year, many are replaced for reasons other than the card's

durability, such as to recognize changes in the person's name due to marriage. Cards are also replaced because they are lost, stolen, discarded, or because the holder just wants to have an extra one.

Although issuing tamper-resistant cards to new applicants and those requesting replacement cards would make counterfeiting more difficult and may not cost much more than issuing the current card, we believe there are some matters which should be considered if there are to be two types of social security cards in use.

First, anyone desiring to have a counterfeit or otherwise fraudulent social security card could obtain and use one as long as the current version is still acceptable. In other words, while it might be more difficult to obtain a counterfeit tamper-resistant card, it would not be necessary to do so as long as one could obtain a counterfeit of the current card. Furthermore, it would take a very long time--almost a lifetime--to phase out the old cards since most of the new cards issued are to those under age 18.

Second, should tamper-resistant cards be introduced, and, for whatever reason, a significant public perception arises that the new card is more desirable than the old, the demand for replacement cards could grow. For example, S.2222, which passed the Senate and is now under consideration by the House, would require that employers examine social security cards and numbers

prior to hiring. Should this bill become law, or any other eventuality arises which would promote the use of the card as such, rather than just the number, for identification purposes, some fraction of the public might perceive the new type card as more desirable. This might particularly be the case among young people--the 36 million people age 18 and under who hold cards--who might believe they would be expected to hold a new card. If such a perception as to the desirability of a new card arises, an increase in requests for replacement cards would increase SSA's administrative burden because SSA would have to request and review required identification documents of all persons seeking replacement cards.

We believe that before SSA's proposal is implemented, the advantages and benefits of the proposal should be clearly demonstrated and weighed against the potential disadvantages and additional costs that will be incurred.

- - - - -

That concludes our statement. We shall be pleased to respond to any questions you or other members of the Subcommittee may have.