
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**UNAUTHORIZED WORK
SOCIAL SECURITY NUMBERS
AT THE DEPARTMENT OF DEFENSE**

September 2005

A-03-05-25127

AUDIT REPORT



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- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
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By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.



SOCIAL SECURITY

MEMORANDUM

Date: September 20, 2005

Refer To:

To: The Commissioner

From: Inspector General

Subject: Unauthorized Work Social Security Numbers at the Department of Defense
(A-03-05-25127)

OBJECTIVE

Our objectives were to determine whether: (1) employees of the Department of Defense (DOD) reported earnings under nonwork Social Security numbers (SSN) during Tax Years (TY) 1999 to 2003 to the Social Security Administration (SSA) and (2) SSA has programs to assist DOD in identifying those employees.

BACKGROUND

SSA assigns nonwork SSNs to noncitizens lacking Department of Homeland Security (DHS) work-authorization and who have valid nonwork reasons for the SSNs.¹ In recent years, SSA has strictly limited the assignment of these numbers.² Despite the fact that such SSNs are not to be used for work purposes, some noncitizens continue to work with these numbers and SSA posts the earnings reported under these nonwork SSNs.³ Furthermore, SSA annually sends DHS an electronic data file, called the Nonwork Alien (NWALIEN) file, providing information on noncitizens who have earnings

¹ For example, a nonwork SSN can still be issued to an individual if he/she is entitled to a federally-financed benefit requiring an SSN, or is legally present in the United States and entitled to a State or local public assistance benefit, which requires an SSN.

² SSA has placed greater restrictions on the issuance of nonwork SSNs to help prevent unauthorized employment. For example, SSA no longer issues nonwork SSNs for the purpose of getting a driver's license.

³ Individuals can use the earnings under nonwork SSNs to become eligible for SSA benefits. See SSA Office of the Inspector General (OIG) report, *Congressional Response Report: Social Security Administration Benefits Related to Unauthorized Work* (A-03-03-23053), March 2003. Congress placed greater restrictions on benefits related to nonwork SSNs issued after January 1, 2004. See section 211 of the Social Security Protection Act of 2004, Pub. L. No. 108-203.

recorded under SSNs assigned for nonwork purposes.⁴ This file is sent 6 to 18 months after the earnings occur.

DOD's primary mission is to protect and advance the security and national interests of the United States, to deter aggressors and, if deterrence fails, to defeat any adversary.⁵ In addition, DOD performs critical humanitarian, peacekeeping, law enforcement, and disaster assistance missions, all of which are important to protecting the national security of the United States.⁶ To accomplish its mission, DOD employs individuals having public responsibilities and positions of trust. As of Fiscal Year 2003, DOD employed 1.4 million men and women in active duty, another 1.2 million in the reserve and guard components, and approximately 680,000 civilians. According to a DOD-contracted study, approximately 35,000 noncitizens are serving in the active military, with an additional 12,000 serving in the Guard and Reserve.⁷ See Appendix B for information on how qualified military personnel can become U.S. citizens through an expedited process.

We reviewed the NWALIEN files using the 36 Employer Identification Numbers (EIN) used by the DOD components during TYs 1999 to 2003 to determine (1) the number of *Wage and Tax Statements* (Form W-2) submitted with a nonwork SSN and the associated wages in DOD's payroll records for this period, (2) whether the noncitizens reported a change in their work status to the Agency during or after their DOD employment, and (3) what SSA programs may be available to assist DOD in identifying employees who are working under nonwork SSNs. We provide a full description of our scope and methodology in Appendix C.

RESULTS OF REVIEW

For TYs 1999 to 2003, we found that 5,192 DOD employees were working under SSNs that were originally issued as nonwork SSNs. For these 5,192 employees, DOD components submitted 19,777 W-2s totaling approximately \$573 million in wages.⁸ Approximately 69 percent of these DOD employees were born in 10 foreign countries – the top 3 countries being the Philippines, Taiwan, and China. SSA provided the names of these employees to DHS as part of the NWALIEN file because their wages were

⁴ Section 414 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Pub. L. No. 104-208).

⁵ For the purpose of our review, the DOD components consist of the Army, Navy, Marine Corps, Air Force and DOD agencies (i.e. Defense Finance and Accounting Service (DFAS)). We also included the U.S. Coast Guard because it is a special component of the Navy in wartime; otherwise, it is a bureau under the DHS.

⁶ *DoD Performance and Accountability Report*, Management Discussion and Analysis, DOD, Fiscal Year 2003.

⁷ *Non-citizens in Today's Military*, CNA Corporation, CRM D0011092.A2/Final, April 2005.

⁸ DOD "wages" in this report reflect total compensation, which include wages, tips, etc.

reported with SSNs that were assigned to noncitizens for nonwork purposes. It is possible that many of these employees were authorized to work in the U.S. economy because DHS does not routinely inform SSA when it changes a person's employment status from unauthorized to authorized. Unless the person informs SSA directly of such a change, SSA's records will continue to show the person as not authorized for employment and input his or her earnings on the NWALIEN file. DHS has also placed additional requirements on employers to verify the work-authorization of new employees, allowing employees to prove their legal right to work in the United States regardless of the type of SSN issued by SSA. DOD has agreements with SSA and DHS to verify some DOD employees. Further, SSA and DHS have a voluntary program in place called the Basic Pilot to assist employers in verifying the SSN and work-authorization of employees. This program was designed to assist employers in verifying employment eligibility of newly hired employees. While the Army and Coast Guard are registered users of the Basic Pilot, SSA staff told us these two components have not verified any employees through the program. Furthermore, we did not find evidence that the remaining DOD components were even registered users.

EMPLOYEES WORKING UNDER NONWORK SSNs

For TYs 1999 to 2003, we found that 5,192 DOD employees were working under SSNs that were originally issued as nonwork SSNs. For these 5,192 employees, DOD components submitted 19,777 W-2s totaling approximately \$573 million in wages. The average annual earnings was about \$28,975 and the median was \$25,894 (see Appendix D for more on the wage distribution). Of the 6 components, the Navy had the highest concentration of wage items reported under nonwork SSNs, totaling about 46 percent of all DOD wage items in the NWALIEN file (see Table 1).

We analyzed SSA's Numident⁹ records for the 5,192 employees with nonwork SSNs to determine if they reported a work-authorization change to SSA after their earnings were reported to the NWALIEN file.¹⁰ We found:

- For 4,224 (81 percent) employees, SSA had not issued them a work-authorized SSN at the time of the review.¹¹ Unless these individuals informed SSA directly of their status change, SSA's enumeration records will continue to show them as not authorized for employment.

⁹The Numident is a record of identifying information (such as name, date of birth, date of death, mother's maiden name, etc.) provided by the applicant on his or her *Application for a Social Security Card* (SS-5 Form) for an original SSN and subsequent applications for replacement SSN cards.

¹⁰We did not verify the employment authorization status recorded in SSA's records with DHS.

¹¹Currently, 20 of the 4,224 workers are now deceased on SSA's records.

- For 968 (19 percent) employees, they were subsequently issued a work-authorized SSN.¹²

Table 1: Department of Defense Employees with Nonwork SSNs (Tax Years 1999-2003)

DOD Components	Earners	Wage Items	Percent of Wage Items	Wages Reported	Average	Median
Navy	2,179	9,101	46.0%	\$241,943,345	\$26,584	\$26,234
DFAS	1,641	5,292	26.8%	\$248,053,173	\$46,873	\$48,220
Army	909	3,467	17.5%	\$48,319,583	\$13,937	\$7,951
Air Force	332	1,190	6.0%	\$22,653,515	\$19,037	\$15,145
Marines	207	650	3.3%	\$10,579,097	\$16,276	\$13,615
Coast Guard	22	77	0.4%	\$1,499,186	\$19,470	\$16,698
Total:	5,290	19,777	100%	\$573,047,899	\$28,975	\$25,894

Note: The 5,290 figure represents 5,192 distinct employees as some individuals worked for multiple DOD components during TYs 1999–2003.

Characteristics of Employees Using Nonwork SSNs

We were interested in the characteristics of the 5,192 employees working under nonwork SSNs. Therefore, we reviewed the Numident and Master Earnings File (MEF)¹³ records for 125 randomly selected DOD employees and found:¹⁴

- The employees were originally enumerated with a nonwork SSN between 1974 and 2002.¹⁵
- Twenty-one of the employees' work-authorized status changed from unauthorized to authorized. The card legend for the remaining 104 employees still appears as "NOT VALID FOR EMPLOYMENT."
- On average the employees were employed by DOD for about 12 years, with the longest being 27 years.¹⁶

¹² When an individual becomes authorized to work, SSA does not assign a new SSN, but rather issues a new card with the appropriate legend.

¹³ The MEF contains all earnings data reported by employers and self-employed individuals. The data is used to calculate the Social Security benefits due an individual with an earnings record.

¹⁴ The work histories for the 125 sample employees may be understated in our review because DFAS did not begin reporting wages until 1991, the year it was established. Prior to 1991, some of the military services may have reported their employees' wages using EINs that are no longer active.

¹⁵ In March 1974, SSA first published regulations authorizing the issuance of nonwork SSNs. See 20 Code of Federal Regulations § 422.104(b) and (c).

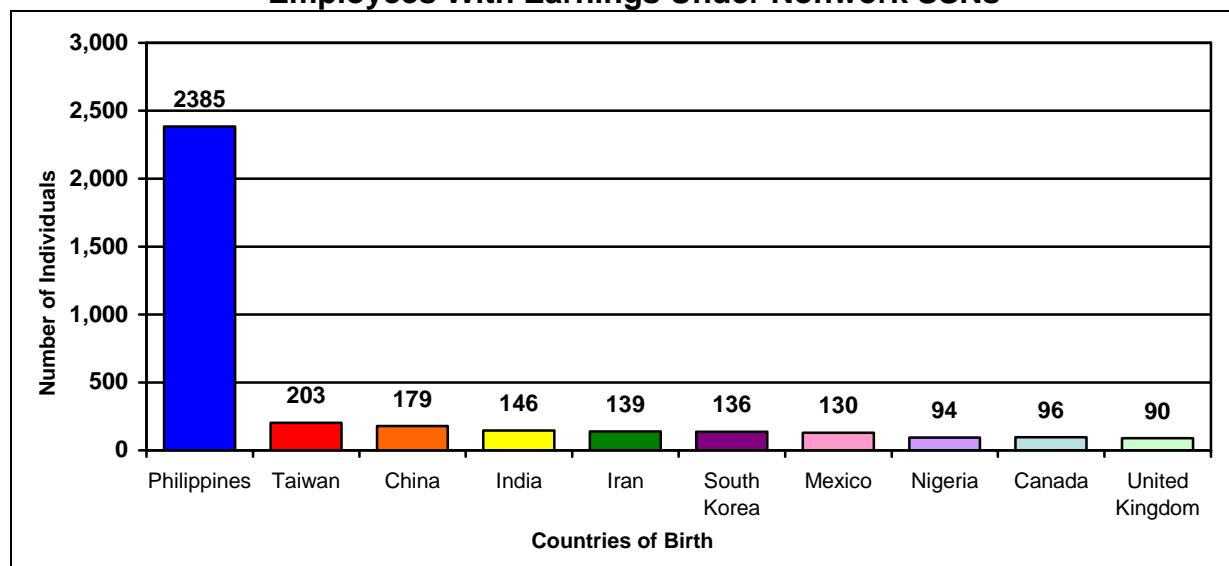
¹⁶ For those 36 EINs we could locate in SSA's MEF, TYs 1974 and 1975 were not included in the employment history because the details for the 2 years were not available.

- Approximately 76 percent of the employees were still employed by DOD in TY 2004.

TOP TEN COUNTRIES WITH UNAUTHORIZED WORKERS

We found that 3,598 (69 percent) of the 5,192 DOD employees were born in 10 different foreign countries—the Philippines, Taiwan, China, India, Iran, South Korea, Mexico, Nigeria, Canada, and the United Kingdom¹⁷ (see Figure 1). For these employees, DOD reported approximately 13,988 wage items during the 5-year period.¹⁸ The remaining 1,594 employees (31 percent) were born in 184 other countries/regions and represent 5,789 wage items.¹⁹

Figure 1: Top Ten Countries of Birth for DOD Employees With Earnings Under Nonwork SSNs



Note: This figure shows information related to the 3,598 individuals born overseas. However, we discuss 3,661 employees in Appendix E of this report since individuals worked for multiple DOD components during TYs 1999–2003.

WORK STATUS AND THE NONWORK SSN

SSA will issue work-authorized SSNs to noncitizens who were originally issued nonwork SSNs when the Agency learns DHS has changed their work status.²⁰ However, SSA

¹⁷ The United Kingdom includes England, Northern Ireland, Scotland, and Wales.

¹⁸ A majority of the 13,988 unauthorized wage items were from the Philippines—9,936 wage items totaling about \$269 million in wages (see Appendix E).

¹⁹ We used SSA's Program Operations Manual System, Section SM 01005.632, *AR Field Coding*, to determine the number of countries/regions in our population.

²⁰ When an individual becomes authorized to work, SSA does not assign a new SSN, but rather issues a new card with the appropriate legend.

does not always learn of such changes. DHS has also placed additional requirements on employers to verify the work-authorization of new employees.

Reporting Work Status Changes to SSA

While SSA is required to notify DHS of potentially unauthorized employment,²¹ DHS does not routinely inform SSA when it changes a person's employment status from unauthorized to authorized.²² In addition, noncitizens do not always report changes in their work-authorization status to SSA. For example, SSA staff told us that prior to 2002 SSA did not explicitly request that noncitizens report their change in status so they could be issued a work-authorized SSN.²³ As a result, unless the individual informs SSA directly of their status change, SSA's enumeration records will continue to show the person as "not authorized for employment" and will record his/her earnings to the NWALIEN file. SSA does not inform the employee or the employer that a nonwork SSN was used for the reported wages, so both parties may not become aware of the situation unless DHS pursues the matter. Of the 5,192 DOD employees working under nonwork SSNs, 4,366 employees (84 percent) received their nonwork SSN prior to 2002. Therefore, SSA may not have advised them to report any changes to their work-authorization status.

Employment Eligibility Verification Forms

DOD, as with all employers, is required to have additional hiring controls in place to ensure that new employees are authorized to work in the United States. As a result, employees may be able to prove their legal right to work in the United States regardless of the type of SSN issued by SSA.

The Immigration Reform and Control Act of 1986 (IRCA)²⁴ requires employers to certify whether their employees are authorized to work in the United States and makes it illegal

²¹ Section 414 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Pub. L. No. 104-208).

²² In a 2002 OIG audit, *Work Activity for Social Security Numbers Assigned for Nonwork Purposes in the State of Utah* (A-14-01-11048), March 2002, we recommended enhanced controls over nonwork SSNs as well as greater coordination between SSA and other Federal agencies to discourage illegal employment. In the report, we noted data compatibility problems between SSA and DHS that needed to be resolved to improve the information in both Agencies' databases. Currently, SSA is trying to assist DHS in resolving the data compatibility problems by sending them two file formats of the NWALIEN file, per their request.

²³ Today a noncitizen receives a statement from SSA with the issued Social Security card, which states "You should contact us to update your Social Security number records if your name, your U.S. citizenship status, or your status as an alien in the U.S. changes. You will need to file an application for a corrected Social Security card and provide proof of your identity and we may request certain other evidence supporting the change...If you are an alien without permission to work in the U.S., your Social Security card will be marked 'NOT VALID FOR EMPLOYMENT.' We will notify U.S. immigration officials if you use the number to work."

²⁴ Pub. L. No. 99-603, Section 101.

for employers to knowingly hire unauthorized noncitizens. IRCA also states that an employee's documents should be accepted if they are allowed by law, appear to be genuine on their face, and relate to the person. The employer is to maintain a DHS-issued *Employment Eligibility Verification Form* (Form I-9) for each employee.

Presently, up to 25 types of documents²⁵ issued by various Federal, State, and local awarding agencies are valid for completing the Form I-9. However, as we noted in a 2001 audit,²⁶ the variety of acceptable identification may discourage employers from verifying these documents. Acceptable records include but are not limited to:

(1) DHS identity and work-authorization documents; (2) U.S. passports; (3) Social Security cards;²⁷ (4) State and local government records; and (5) records from schools, medical facilities, and the military services.

We reviewed the 125 DOD employees in our earlier sample to determine how many began work at DOD prior to 1986. According to SSA's earnings records, 41 of these workers (33 percent) show earnings for TY 1986 and earlier. Hence, these 41 employees may not have been subject to the I-9 procedures to verify their work-authorization status.

VERIFICATION PROGRAMS AND AGREEMENTS

DOD is party to a number of programs and agreements with SSA and DHS to confirm the citizenship status of its employees. However, we were unable to confirm the extent of DOD's use of each verification program. In addition, the various agreements and programs appeared to overlap each other and/or cover only some DOD employees. The Basic Pilot appears to be the most complete verification program, though not all DOD components were registered to use this program.

Memoranda

In our discussions with SSA and DOD staff, we learned DOD coordinates with DHS and SSA to verify the citizenship status of DOD employees. A February 2003 memorandum of understanding was signed between DOD and the then Immigration and Naturalization Service (now a bureau of DHS) to use DHS' Systematic Alien Verification Entitlements

²⁵ See Appendix F for a sample Form I-9 showing a list of acceptable documents. Although the form shows a list of 29 acceptable documents, DHS later reduced the number of acceptable work eligibility documents from 29 to 25.

²⁶ SSA OIG, *Management Advisory Report: Review of Service Industry Employer with Wage Reporting Problems* (A-03-00-10022), September 2001.

²⁷ The SSN card is only one of many documents that can be presented, so an employee does not need to submit a nonwork Social Security card, which would clearly show the label "NOT VALID FOR EMPLOYMENT" prohibiting its use for work.

(SAVE) program.²⁸ This program provides the DHS citizenship and work-authorization information. On June 22, 2004, a memorandum of agreement (MOA) was signed between SSA and DOD which provides for the verification of name/SSN combinations, date of death, and citizenship/work status of new and existing DOD employees. This MOA appears to be limited to military employees and does not cover DOD civilian employees.

We were unable to determine the volume of employees being verified under each program. In addition, the MOA between DOD and SSA is silent on whether DOD is expected to (1) request that the employee visit SSA to update his or her citizenship status or (2) confirm noncitizen employee information with DHS. The MOA does not share information now being provided with newly issued Social Security cards, which states noncitizens should provide updated citizenship and/or work status information. If DOD does encounter inconsistencies between work status and the legend on the Social Security card, the employee should be informed that he/she needs a replacement Social Security card with the appropriate legend. In addition, the noncitizen information from SSA's Numident should be confirmed with DHS since, as we noted earlier, SSA's records may not have the most current work-authorization status. In fact, within the MOA SSA states "...the SSA citizenship data may be less than 50 percent current."

The Basic Pilot Program

SSA and DHS have developed a voluntary program, the Basic Pilot, to assist employers in verifying their employees' authorization to work in the U.S. economy.²⁹ However, we found that this program was not designed to assist employers in verifying the employment eligibility of existing employees who may not have authorization to work in the United States. The Basic Pilot only provides verification of employment eligibility for newly-hired employees.

Under the Basic Pilot, employers submit information on newly-hired employees to SSA and DHS, if needed. This information is initially run against SSA's Numident to verify the name, SSN, and date of birth of the employees, regardless of citizenship. When the Numident shows the newly-hired employee is a U.S. citizen or permanent resident alien, SSA confirms that the employee is eligible to work in the United States. When SSA cannot confirm employment eligibility, the employee information is verified against DHS' automated systems. DHS informs the employer about the employees' work-authorization status. We determined that Army recruiting offices and the Coast Guard

²⁸ The SAVE program provides a method of document verification within an automated environment. This automated verification process is available to SSA to verify DHS documents presented as evidence of lawful immigration status or work-authorization in the United States. Verification is keyed to a noncitizen's Alien Registration Number or the number on the *Arrival-Departure Record* (Form I-94). See Appendix G for more on these DHS numbers.

²⁹ The President signed the Basic Pilot Program Extension and Expansion Act of 2003 (Pub. L. No. 108-156), into law on December 3, 2003. This law extended the operation of the pilot for an additional 5 years (to a total of 11 years) and expanded the operation to all 50 States not later than December 1, 2004.

are registered users of the Basic Pilot; however, SSA staff told us these two components have not verified any employees through the program. Furthermore, we did not find evidence that the remaining DOD components were registered users. We believe the use of the Basic Pilot among all components could assist DOD in reducing the number of new employees working under nonwork SSNs and also assist SSA in reducing the size of the NWALIEN file. In addition, unlike the memoranda between DOD and SSA/DHS, the Basic Pilot automatically ensures that a DOD employee is subject to both SSA's verification of their name/SSN combination³⁰ and DHS's verification of their current citizenship/work-authorization status. See Appendix G for more details.

CONCLUSION AND RECOMMENDATIONS

While SSA is required annually to report to DHS potential unauthorized employment by noncitizens who were issued nonwork SSNs, DHS does not routinely inform SSA when it changes a person's employment status from unauthorized to authorized. Therefore, it is possible that many of the 5,192 DOD employees were authorized to work during the period of review, but just failed to inform SSA of their work status change. Nonetheless, it is also possible DOD components were employing individuals who are not authorized to work in the United States. DOD has agreements with SSA and DHS for the verification of some DOD employees. Furthermore, SSA has a joint program with DHS to verify for employers the identity and work-authorization status of their newly-hired employees, but the voluntary program is not designed for verification of work-authorization of existing employees.

To assist SSA in achieving its goal to increase the accuracy of its records, we recommend SSA:

1. Work with DOD and DHS, as appropriate, to share information on all existing employees, military and civilian, working under nonwork SSNs so SSA's records can reflect changes in an employee's work-authorization.
2. Encourage all DOD components to participate in the expanded Basic Pilot so they can verify the identity and work-authorization of new employees against both SSA and DHS records.

AGENCY COMMENTS

The Agency agreed in part with recommendation one and in full with recommendation two. In regards to the first recommendation, SSA noted that they do not have the legal authority to disclose nonwork status to employers, including DOD. SSA's comments are included in Appendix I.

³⁰ We reviewed DOD employee name/SSN mismatches in our March 2005 report *Department of Defense Wage Items in the Earnings Suspense File* (A-03-04-14041).

OIG RESPONSE

We appreciate the Agency's response to our recommendations as well as the assistance of SSA staff throughout this review. In terms of the first recommendation, SSA already has the ability to initiate discussions with DOD based on the June 22, 2004 MOA. The MOA between SSA and DOD provides for the verification of name/SSN combinations, date of death, and citizenship/work status of new and existing DOD military employees. Such discussions could also clarify DOD's role, including (1) requesting that the employee visit SSA to update his or her citizenship status and (2) confirming noncitizen employee information with DHS.



Patrick P. O'Carroll, Jr.

Appendices

[**APPENDIX A**](#) – Acronyms

[**APPENDIX B**](#) – Relevant Laws that Govern Citizenship for Military Personnel

[**APPENDIX C**](#) – Scope and Methodology

[**APPENDIX D**](#) – Wage Items Reported Under Nonwork Social Security Numbers

[**APPENDIX E**](#) – Top Ten Countries of Birth Among Department of Defense Employees with Nonwork Social Security Numbers

[**APPENDIX F**](#) – Form I-9 Required Documentation

[**APPENDIX G**](#) – The Basic Pilot Program

[**APPENDIX H**](#) – Prior Audit Reports

[**APPENDIX I**](#) – Agency Comments

[**APPENDIX J**](#) – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

DFAS	Defense Finance and Accounting Service
DHS	Department of Homeland Security
DOB	Date of Birth
DOD	Department of Defense
EIN	Employer Identification Number
EVS	Employee Verification Service
INA	Immigration and Nationality Act
IRCA	Immigration Reform and Control Act
MEF	Master Earnings File
MOA	Memorandum of Agreement
NWALIEN	Nonwork Alien
OIG	Office of the Inspector General
Pub. L. No.	Public Law Number
SAVE	Systematic Alien Verification for Entitlements
SSA	Social Security Administration
SSN	Social Security Number
TY	Tax Year
USCIS	U.S. Citizenship and Immigration Services

Forms

“A” Number	Alien Registration number
Form DS-1350 or FS-545	Certificate of Birth
Form I-197	United States Citizen Identification Card
Form I-327	Re-entry Permit
Form I-551	Alien Registration Receipt Card
Form I-571	Refugee Travel Document
Form I-688	Temporary Resident Card
Form I-688 A or I-688 B	Employment Authorization Document
Form I-9	Employment Eligibility Verification Form
Form I-94	Arrival/Departure Record
Form N-560 or N-561	Certificate of United States Citizenship
Form N-550 or N-570	Certificate of Naturalization
Form SS-5	Application for a Social Security Card
Form W-2	Wage and Tax Statement

Relevant Laws that Govern Citizenship for Military Personnel

Recent changes in relevant sections of the Immigration and Nationality Act (INA) (Sections 328 and 329)¹ make it easier for qualified military personnel² to become U.S. citizens if they choose to file a naturalization application. In addition, U.S. Citizenship and Immigration Services (USCIS) has created a streamlined process specifically for military personnel serving in active-duty status or recently discharged. Below is some basic information about the laws that govern citizenship for military personnel.

SECTION 328, INA

This section applies to all members currently serving in the U.S. Armed Forces or those who have already been discharged from service. Individuals may qualify if:

- ✓ They have served honorably for a total of 1 or more years.
- ✓ They are a lawful permanent resident.
- ✓ They filed their application for naturalization while still in service or within 6 months of being discharged.

SECTION 329, INA

This section applies to members of the U.S. Armed Forces who served in active-duty status during authorized periods of conflict as outlined in the INA or any additional period designated by the President in an Executive Order.³ Individuals may qualify if:

- ✓ They served honorably in the U.S. Armed Forces during an authorized period of conflict.
- ✓ After enlistment, they were lawfully admitted as a permanent resident of the United States, or at the time of enlistment, reenlistment, or induction they were physically present in the United States or qualifying territory.

¹ *Naturalization Information for Military Personnel*, USCIS, Department of Homeland Security (see <http://uscis.gov/graphics/services/natz/MilitaryBrochurev7.htm>).

² There are general requirements and qualifications that must be met to become a U.S. citizen. These include demonstrating (1) good moral character, (2) knowledge of the English language, (3) knowledge of U.S. government and history ("civics") and (4) attachment to the U.S. by taking an oath of allegiance to the U.S. Constitution.

³ The President signed Executive Order #13269, *Expedited Naturalization of Aliens and Noncitizen Nationals Serving in An Active-Duty Status During the War on Terrorism*, allowing noncitizens who were serving honorably in the U.S. military beginning on September 11, 2001 to apply for expedited citizenship.

POSTHUMOUS BENEFITS

The INA allows for the awarding of posthumous citizenship to active-duty military personnel who die while serving in the armed forces. In addition, surviving family members seeking immigration benefits are given special consideration.

Scope and Methodology

To accomplish our objective, we:

- Reviewed pertinent sections of the Social Security Administration's (SSA) policies and procedures as well as other relevant Federal laws and regulations.
- Reviewed Office of the Inspector General (OIG) and Government Accountability Office reports and other relevant documents.
- Obtained a data extract from SSA's Nonwork Alien (NWALIEN) file for the 36 Employer Identification Numbers (EIN)¹ used by the Department of Defense (DOD) during Tax Years 1999 through 2003.²
- Summarized the NWALIEN file data containing the wage items reported by DOD employees using a nonwork Social Security number (SSN). We determined how many employees were related to the wage items. We also determined their current work-authorization status within SSA's systems.
- Randomly selected 125 employees with earnings under a nonwork SSN and reviewed SSA's records—the Numident and Master Earnings File—to determine (1) when the individuals were enumerated, (2) their work history, and (3) their current work status at DOD.
- Summarized the employees in the NWALIEN file by country of birth.
- Reviewed documentation related to existing SSA employee verification programs. We also were provided with employee verification agreements between DOD and SSA as well as DOD and the Department of Homeland Security (DHS).
- Discussed the following with SSA staff: (1) Social Security card features, (2) employer verification programs, and (3) other payroll issues.
- Discussed DOD's new hire programs and policies with staff from the DOD's OIG.

¹ The EIN is a 9-digit number assigned by the Internal Revenue Service to sole proprietors, corporations, partnerships, estates, trusts, and other entities for tax filing and reporting purposes.

² We did not include DOD contractor employees in our review.

In our review, we compared the NWALIEN file data to SSA's records and determined that the NWALIEN file data was sufficiently reliable to accomplish our objectives. However, we did not verify each employees' work-authorization status with DHS. The entity audited was SSA's Office of Earnings Operations and Administrative Systems under the Office of the Deputy Commissioner for Systems. We conducted our audit between January 2004 and June 2005 in Philadelphia, Pennsylvania. We conducted our audit in accordance with generally accepted government auditing standards.

Appendix D

Wage Items Reported Under Nonwork Social Security Numbers

Our review found that 5,192 Department of Defense (DOD) employees were working under nonwork Social Security numbers (SSN) during Tax Years (TY) 1999 to 2003. For these employees, DOD components submitted 19,777 wage items totaling approximately \$573 million in wages that were recorded to the Social Security Administration's (SSA) Nonwork Alien (NWALIEN) file. See Table below for a breakout of these wages.

Table – Breakout of DOD Employee Earnings Under Nonwork SSNs

Greater than or Equal to Lower Limit	Less than Upper Limit	Wage Items	Percent of Items	Total Wages	Percent of Wages
\$0	\$25,000	9,351	47.28%	\$116,880,375	20.40%
\$25,000	\$50,000	7,351	37.17%	\$241,752,492	42.19%
\$50,000	\$75,000	2,259	11.42%	\$138,293,708	24.13%
\$75,000	\$100,000	658	3.33%	\$55,004,266	9.60%
\$100,000	\$125,000	128	0.65%	\$13,898,435	2.43%
\$125,000	\$150,000	24	0.12%	\$3,220,340	0.56%
\$150,000	\$225,000	5	0.03%	\$896,583	0.16%
\$225,000	\$3,200,0000	1	0.01%	\$3,101,700	0.54%
Totals:		19,777	100%	\$573,047,899	100%

Source: SSA's NWALIEN file

We found that the Navy reported one wage item in TY 2000 of \$3.1 million. We reviewed the *Wage and Tax Statements* for this wage item and believe there was a formatting error (i.e. improper use of decimal points). Furthermore, the individual's Master Earnings File revealed that the wage earner had never received a wage item from the same employer before totaling more than \$31,000. We referred this case to SSA for resolution.

Top Ten Countries of Birth Among Department of Defense Employees with Nonwork Social Security Numbers

Our review found that 5,192 Department of Defense (DOD) employees were working under nonwork Social Security numbers during Tax Years (TY) 1999 to 2003. For these employees, DOD components submitted 19,777 wage items totaling approximately \$573 million in wages that were recorded to the Social Security Administration's (SSA) Nonwork Alien (NWALIEN) file. We found that of 3,598 (69 percent) of the 5,192 DOD employees were born in 10 different foreign countries—the Philippines, Taiwan, China, India, Iran, South Korea, Mexico, Nigeria, Canada, and the United Kingdom.¹

Table – Summary of Department of Defense Employees with Earnings under a Nonwork SSN (Tax Years 1999 - 2003)¹

Countries	DOD	Navy	DFAS ¹	Army	Air Force	Marines	Coast Guard	Totals
Philippines	Wage Earners	1,838	416	93	66	18	2	2,433
	Wage Items	7,871	1,386	383	234	59	3	9,936
Taiwan	Wage Earners	11	170	11	8	2	1	203
	Wage Items	26	529	34	26	6	5	626
China	Wage Earners	10	136	23	7	5	-	181
	Wage Items	29	384	84	13	15	-	525
India	Wage Earners	8	119	10	6	4	-	147
	Wage Items	24	415	31	18	12	-	500
Iran	Wage Earners	5	109	15	9	3	-	141
	Wage Items	44	382	69	42	8	-	545

Note 1: In this chart, Defense Finance and Accounting Service (DFAS) includes civilian employees who worked for the military departments as well as DOD agencies.

¹ The United Kingdom includes England, Scotland, Wales, and Northern Ireland.

Countries	DOD	Navy	DFAS	Army	Air Force	Marines	Coast Guard	Totals
South Korea	Wage Earners	4	67	49	11	7	-	138
	Wage Items	17	219	146	40	25	-	447
Mexico	Wage Earners	29	12	53	11	25	-	130
	Wage Items	78	38	160	33	67	-	376
Nigeria	Wage Earners	14	39	38	5	3	-	99
	Wage Items	63	128	174	17	11	-	393
Canada	Wage Earners	18	20	41	9	8	1	97
	Wage Items	64	49	150	33	28	2	326
United Kingdom	Wage Earners	16	25	28	10	11	2	92
	Wage Items	45	72	117	37	37	6	314

Source: SSA's NWALIEN file

Total Wage Earners	3,661 ²
Total Wage Items	13,988

Note 2: The 3,661 figure represents 3,598 distinct employees as some individuals worked for multiple DOD components during TYs 1999–2003.

Form I-9 Required Documentation

When completing the *Employment Eligibility Verification* document (Form I-9), an employer is required to examine one document from List A or examine one document from List B and one from List C.¹

List A Documents that Establish Both Identity and Employment Eligibility	List B Documents that Establish Identity	List C Documents that Establish Employment Eligibility
1. U.S. Passport (unexpired or expired)	1. State driver's license or identification card with photo and personal information	1. Social Security card issued by the Social Security Administration (other than a card stating it is not valid for employment)
2. Certificate of U.S. Citizenship (USCIS Form N-560 or N-561)	2. Federal, State, local Government agencies identification card with photo and personal information	2. Certificate of Birth Abroad issued by State Department (Form FS-545 or Form DS-1350)
3. Certificate of Naturalization (USCIS Form N-550 or N-570)	3. School identification card with photo	3. Birth Certificate issued by State, county, municipal authority or U.S. possession
4. Unexpired foreign passport, with I-551 stamp or attached Form I-94 indicating unexpired employment authorization	4. Voter's registration card	4. Native American tribal document
5. Permanent Resident Card or Alien Registration Receipt Card with photograph (USCIS Form I-151 or I-551)	5. U.S. military card or draft record	5. U.S. Citizen Identification Card (USCIS Form I-197)
6. Unexpired Temporary Resident Card (USCIS Form I-688)	6. Military dependent's ID card	6. ID Card for use of Resident Citizen in the United States (USCIS Form I-179)
7. Unexpired Employment Authorization Card (USCIS Form I-688A)	7. U.S. Coast Guard Merchant Mariner Card	7. USCIS Employment Authorization document (unexpired) (other than those listed under List A)
8. Unexpired Reentry Permit (USCIS Form 1-327)	8. Native American tribal document	
9. Unexpired Refugee Travel Document (USCIS Form 1-571)	9. Canadian driver's license	
10. Unexpired Employment Authorization Document issued by USCIS that contains photograph (USCIS Form I-688B)	10. School record or report card (persons under age 18)	
	11. Medical record: clinic, doctor, or hospital (persons under age 18)	
	12. Day-care or nursery school record (persons under age 18)	

¹ On March 1, 2003, services formerly provided by the Immigration and Naturalization Service transitioned into the Department of Homeland Security under U.S. Citizenship & Immigration Services (USCIS).

Special Instructions:

Please note the following changes to the Form I-9 process:

- Form I-766 (Employment Authorization Document), although not listed on the May 31, 2005 version of the Form I-9, is an acceptable List A document #10.
- Form I-151 is no longer an acceptable List A document #5. However, Form I-551 remains an acceptable List A document #5.
- The following documents have been removed from the list of acceptable identity and work-authorization documents: Certificate of U.S. Citizenship (List A #2), Certificate of Naturalization (List A #3), Unexpired Reentry Permit (List A #8) and Unexpired Refugee Travel Document (List A #9).

The Basic Pilot Program

The Basic Pilot is a Social Security Administration (SSA) and Department of Homeland Security (DHS) joint program whereby employers verify the employment eligibility of newly-hired employees. This voluntary program helps employers determine whether an individual is eligible to work in the United States, which could help SSA avoid reporting these earnings to the Nonwork Alien and Earnings Suspense File items. The President signed the Basic Pilot Program Extension and Expansion Act of 2003 (Pub. L. No. 108-156) into law on December 3, 2003. This law extended the operation of the pilot for an additional 5 years (to a total of 11 years) and expanded the operation to all 50 States not later than December 1, 2004.

As discussed with SSA staff, the Basic Pilot involves using the information in Government databases (SSA databases and, if needed, DHS databases) to determine the employment eligibility of new hires. The Social Security number (SSN) and Alien Registration Number ("A" Number)¹ or I-94 Arrival/Departure Number (I-94 Number)² are used for these checks. The employer must complete the DHS-issued *Employment Eligibility Verification Form* (Form I-9) for each employee and then enter elements of this data into the Basic Pilot within 3 days of hiring, including the employee's SSN, name, date of birth (DOB), and whether the new-hire indicated he/she was a U.S. citizen and, if not the "A" Number or I-94 Number.

The system first checks the information entered against SSA's database to verify the name, SSN, and DOB of all newly-hired employees, regardless of citizenship. When the Numident shows the U.S. as the place of birth for the newly-hired employee or a code indicating the number holder is a U.S. citizen or permanent resident alien, the Basic Pilot automated system confirms employment eligibility. If the Basic Pilot system cannot confirm employment eligibility based on the information in SSA's database and either an "A" Number or I-94 Number was entered, the Basic Pilot system automatically checks the data against DHS' database.

In some cases, the employer will receive notification of "SSA tentative non-confirmation" of employment eligibility when the SSN, name, or DOB does not match the information in SSA's database. The message of "SSA tentative non-confirmation" of employment eligibility will be received when the new-hire indicated he/she was a U.S. citizen and

¹ The "A" number is the 8 or 9-digit number following "A" which is shown on the "green card" or *Permanent Resident Card* (formerly the I-551 *Alien Registration Receipt Card*), the *Employment Authorization Document* (I-766 and I-688B), and on certain other immigration documents and notices. For newly admitted immigrants, the A number is shown on the machine readable immigrant visa affixed to the foreign passport.

² The I-94 Number is the 11-digit number located on the *Arrival-Departure Record* (Form I-94). The I-94 Form shows the date one arrived in the United States, the "Admitted Until" date, and the date when his/her authorized period of stay expires.

SSA's records did not show that the individual was a U.S. citizen. In some cases, the employer will receive notification of "DHS tentative non-confirmation" of employment eligibility when DHS' database does not show the new-hire as authorized for employment. In these cases, the employer asks the employee whether he/she wishes to contest the tentative non-confirmation. If contested, the employee must contact SSA or DHS within 8 Government working days of the notification. After the employee contacts SSA or DHS to correct the record, the employer resubmits the query through the Basic Pilot system. If SSA and DHS have not changed their records within 10 Government working days and the system does not confirm employment eligibility, the employer may terminate the new-hire.

Appendix H

Prior Audit Reports

Social Security Administration, Office of the Inspector General Reports Related to Nonwork Social Security Numbers		
Common Identification Number	Report Title	Date Issued
A-14-01-11048	Work Activity for Social Security Numbers Assigned for Nonwork Purposes in the State of Utah	March 2002
A-03-02-22008	The Social Security Administration's Employee Verification Service for Registered Employers	September 2002
A-03-03-23053	Congressional Response Report: Social Security Administration Benefits Related to Unauthorized Work	March 2003
A-14-03-23071	Profile of the Social Security Administration's Non-Work Alien File	September 2003
A-03-04-14041	Department of Defense Wage Items in the Earnings Suspense File	March 2005

Appendix I

Agency Comments



SOCIAL SECURITY

MEMORANDUM

0905-0001865

Date: September 08, 2005 **Refer To:** S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Unauthorized Work Social Security Numbers at the Department of Defense" (A-03-05-25127)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the draft report's recommendations are attached.

Please let me know if you have any questions. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) DRAFT REPORT, "UNAUTHORIZED WORK SOCIAL SECURITY NUMBERS AT THE DEPARTMENT OF DEFENSE" (A-03-05-25127)

Thank you for the opportunity to review and provide comments on this draft report. We appreciate your acknowledgement of the steps the Social Security Administration (SSA) has taken to share information with the Department of Homeland Security (DHS) and the Department of Defense (DoD) on employees not authorized to work through the Non-Work Alien File and the Basic Pilot program. As SSA continues to look for ways to strengthen our policies, we understand that a cooperative partnership with other agencies will assist in improving the enumeration process.

Recommendation 1

Work with DoD and DHS, as appropriate, to share information on all existing employees, military and civilian, working under nonwork Social Security numbers (SSN) so SSA's records can reflect changes in an employee's work-authorization.

Comment

We agree in part. The Agency has the legal authority to disclose information related to alien non-work status with DHS under the Privacy Act to assist DHS in the location and identification of aliens in the United States (U.S.) based on the Immigration Naturalization Service (INS) statute 8 U.S.C. 13060(c)(2). We will continue to provide the name and SSN of individuals who have earnings on non-work SSNs electronically to DHS. However, SSA does not have the legal authority to disclose non-work status to employers, including DoD.

Additionally, our current policy requires any changes of information on a number holder's Numident, including changes to work authorization immigration status, be reported to SSA by the number holder, and verified with DHS, before the Numident can be updated. We cannot update the Numident record based on information obtained from the employer. Even if DHS reports the work status changed, in order to correct the Numident record, the number holder is still required to file for a corrected Social Security card. This enables SSA to obtain a Social Security card application and required evidence, including evidence of identity and immigration status. This procedure adds to the integrity of the enumeration process.

Recommendation 2

Encourage all DoD components to participate in the expanded Basic Pilot so they can verify the identity and work-authorization of new employees against both SSA and DHS records.

Comment

We agree. Even though the Basic Pilot is managed by DHS, not SSA, we will work with DHS to encourage DoD to expand their participation in the Basic Pilot Program.

[SSA also provided technical comments which have been addressed, where appropriate in this report.]

Appendix J

OIG Contacts and Staff Acknowledgments

OIG Contacts

Walter Bayer, Director, Philadelphia Audit Division, (215) 597-4080

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Acknowledgments

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Rich Devers, Information Technology Specialist

Annette DeRito, Writer/Editor

For additional copies of this report, please visit our web site at
www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-03-05-25127.

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