



SOCIAL SECURITY

September 30, 2004

The Honorable Susan M. Collins
Chairwoman, Committee on
Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Madam Chairwoman:

At a June 28, 2004 briefing, representatives of your staff requested that we conduct a survey and audit of educational institutions' policies and practices of issuing work authorization letters to help foreign students obtain a Social Security number. The enclosed report summarizes our survey results. As we discussed with your staff, we will send a report summarizing our audit findings by December 31, 2004.

If you have any questions or would like to be briefed on this issue, please call me or have your staff contact H. Douglas Cunningham, Assistant Inspector General for Congressional and Intra-Governmental Liaison, at (202) 358-6319.

Sincerely,



Patrick P. O'Carroll, Jr.
Acting Inspector General

Enclosure

cc:
Jo Anne B. Barnhart

CONGRESSIONAL RESPONSE REPORT

*Survey of Educational Institutions'
Issuance of Work Authorization
Documents to Foreign Students*

A-08-04-24102



September 2004

Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- 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.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

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.

Background

OBJECTIVES

At a June 28, 2004 briefing, staff members for the Senate Committee on Governmental Affairs (Committee) requested that we conduct a survey and audit examining educational institutions' policies and procedures for assisting foreign students in obtaining Social Security numbers (SSN) by issuing them work authorization letters. The objectives of our survey were to determine selected educational institutions' policies and practices for (1) issuing work authorization letters to foreign students and (2) monitoring the enrollment, attendance and employment of these students. Additionally, we reviewed actions the Social Security Administration (SSA) is taking to tighten controls over enumerating foreign students. This report presents the results of our survey. We will issue a report to the Committee summarizing our audit results in December 2004.

FOREIGN STUDENTS' IMMIGRATION CLASSIFICATIONS

Almost 600,000 foreign students were enrolled in educational institutions in the United States during the 2002-2003 academic year. Students coming to the United States to pursue full-time academic or vocational studies are admitted under three nonimmigrant classifications:

1. the F-1, which includes academic students in colleges, universities, seminaries, conservatories, academic high schools, other academic institutions and language schools;
2. the M-1, which relates only to vocational students or other nonacademic students; and
3. the J-1, which covers exchange visitors.

Our survey focused on students with F-1 classifications. We elected to do so because F-1 foreign students are unique in that they are eligible to work on campus without obtaining specific approval from the Department of Homeland Security (DHS). Instead, DHS requires that the school ensure the F-1 student is attending classes full-time and is in good academic standing. If so, the student is eligible to work on campus up to 20 hours per week while school is in session.

ASSIGNMENT OF SOCIAL SECURITY NUMBERS TO FOREIGN STUDENTS

Under existing regulations, F-1 students may be eligible to obtain an SSN because they are permitted to work on campus or in DHS-approved training programs.¹ Currently, for an F-1 student's SSN application to be approved, the student must provide SSA evidence of age, identity, legal alien status, full-time enrollment and authorization to work. To substantiate authorization to work, the F-1 student may provide (1) an official DHS *Employment Authorization Document*; (2) Form I-20, *Certificate of Eligibility for Nonimmigrant (F-1) Student Status*, with signed authorization for curricular practical training approved by the designated school official; or (3) third-party documentation from the school or on-campus employer specifying that the student is eligible or authorized to work on-campus.²

In December 2003, SSA published a draft regulation, *Evidence Requirements for Assignment of Social Security Numbers (SSNs); Assignment of SSNs to Foreign Academic Students in F-1 Status*.³ The Office of Management and Budget approved the regulation, and the final version was published in the September 13, 2004 Federal Register. Effective October 13, 2004, in addition to evidence of age, identity, immigration status and work authorization, F-1 Students without a DHS Employment Authorization Document or authorization for curricular practical training on the student's I-20, must provide evidence of both an on-campus work authorization and that the student has secured employment or a promise of employment, before the agency will assign an SSN.⁴ Additional background information can be found in Appendix B.

SURVEY SCOPE AND METHODOLOGY

To accomplish our survey objectives, we interviewed representatives at 25 DHS-approved educational institutions that admit F-1 students. A list of these schools is provided in Appendix C. Our interviews were designed to determine the schools' policies and practices for (1) issuing work authorization letters to facilitate F-1 students' attainment of SSNs and (2) monitoring the enrollment, attendance and employment of these students. In December 2003, we issued a *Management Advisory Report: The Social Security Administration's Procedures for Enumerating Foreign Students* (A-05-03-23056). While performing this review, we interviewed representatives at large universities with significant foreign student populations. In our current survey, we selected smaller educational institutions with a diverse mixture of student populations and academic subjects such as language, nursing, art, aeronautics, and religion. We also included some community colleges as well as schools offering on-line degrees.

¹ SSA Program Operations Manual System (POMS) § RM 00203.470 and 20 Code of Federal Regulations §§ 422.104 and 422.105.

² SSA Policy Instruction Emergency Message (EM)-02093 SEN and EM-04001Rev.

³ Federal Register (FR), Volume 68, Number 241, (68 FR 69978), December 16, 2003.

⁴ FR, Volume 69, Number 176, (69 FR 55065), September 13, 2004.

We conducted our survey in accordance with the President's Council on Integrity and Efficiency's *Quality Standards for Inspections*. We did not verify the schools' responses to our survey questions. Instead, we will perform an audit in Fiscal Year 2005 to determine whether F-1 students receiving work authorization letters from schools and subsequently assigned SSNs actually enroll, attend classes and are employed on campus. Additional information regarding our survey scope and methodology is provided in Appendix D.

Survey Results

One of the reasons foreign students elect to study in the United States is to obtain an excellent education. Foreign students bring significant monetary and cultural contributions to the United States. Therefore, we understand the necessity to balance students' and schools' needs and desires with current homeland security concerns. One common desire and perceived need among foreign students is an SSN. Given the use of the SSN as an identifier nationwide, many foreign students believe they cannot adequately function in this country without one. Although we understand these concerns, given our mission of protecting the integrity of the SSN, we believe it is necessary to limit its assignment and use to purposes provided for in Federal law.

We were encouraged to learn that some educational institutions had tightened controls over the issuance of work authorization letters to foreign students with F-1 immigration classifications. Still, most of the educational institutions we interviewed continue to assist F-1 students in obtaining SSNs by providing work authorization letters, even if the students have no immediate intent to work on campus. These schools do so because the students (1) are *eligible* to work on campus by having an F-1 immigration status⁵ (if certain conditions are met as prescribed by DHS regulations) and/or (2) state they *eventually* plan to pursue on-campus employment. Currently, immigration policy and SSA regulations permit both of these circumstances.

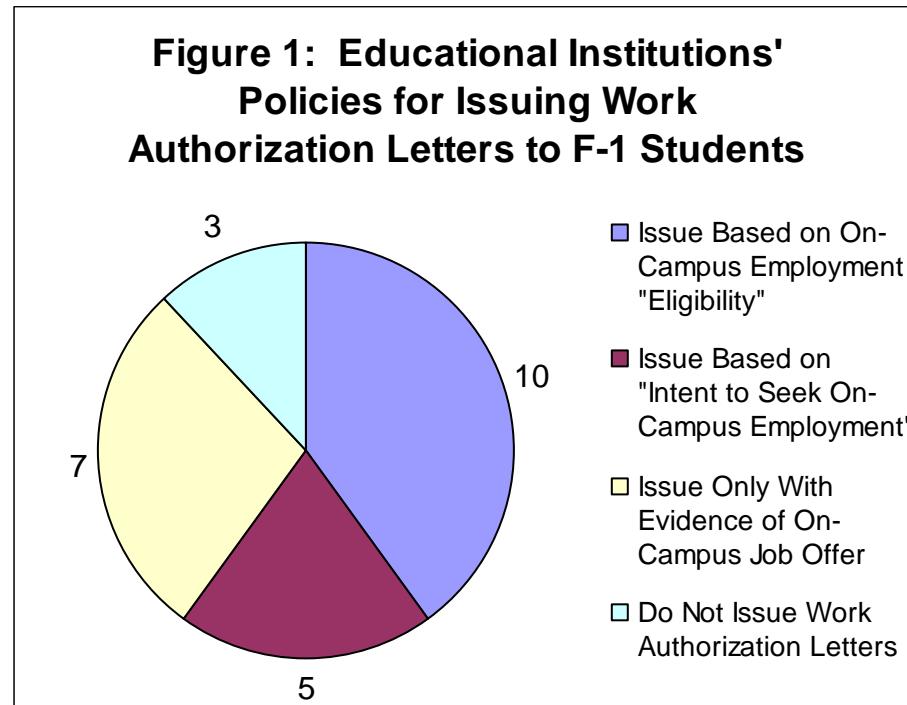
Many of the representatives we interviewed agreed that SSN integrity would be strengthened if SSA required proof of a job offer before it assigned SSNs to foreign students. However, as advocates for these students, the representatives also stated that, without SSNs, many foreign students will be unable to comfortably function while they are in the United States. None of the school representatives interviewed reported a significant number of foreign students who enter the country, obtain an SSN, and disappear into U.S. society. Rather, most reported that the students needed to rent apartments, open bank accounts, obtain car insurance and purchase cellular phones. Typically, vendors require an SSN before providing these services.

ISSUING WORK AUTHORIZATION DOCUMENTS

During our conversations with school representatives, we determined the schools had a variety of policies governing the issuance of work authorization letters to assist F-1 students in obtaining SSNs. As illustrated in Figure 1, of the 25 educational institutions we contacted, 10 provided work authorization letters to F-1 students because they were *eligible* to work on campus as a condition of their immigration status and 5 provided the letters because students indicated they *planned* to pursue on-campus employment. We were encouraged to find that seven educational institutions had already implemented SSA's recently approved regulation and only issued work authorization letters after students provided evidence they had found

⁵ SSA POMS § RM 00203.470.

on-campus employment. Finally, 3 of the 25 institutions did not issue work authorization letters to their students because (1) 1 school was an on-line university and none of its foreign students actually entered the United States, (2) 1 school had a limited number of foreign students and had never received a request for a work authorization letter, and (3) the final school was a small institution that had very few jobs on campus.



Additionally, the school representatives we interviewed generally did not follow up with students after they issued the work authorization letters to ensure these students were actually working on campus. Therefore, the potential exists that F-1 students at these schools may provide evidence of a job offer, obtain an SSN, but then decide not to work on campus. Once an SSN is issued to these students, they may use it to find unauthorized employment elsewhere in the U.S. economy.

MONITORING STUDENT ENROLLMENT AND ATTENDANCE

All 25 schools we contacted were DHS-approved⁶ and used the Student and Exchange Visitor Information System (SEVIS) to monitor their foreign students. Representatives from these schools reported they had been successful in using SEVIS to track foreign students' enrollment and attendance as well as any changes in their status, such as address changes or withdrawal. Some of the schools reported that, on rare occasions, they have students that drop out of school after registering. School representatives stated that, if a student leaves school, they are generally doing so because they are

⁶ These schools have permission from DHS to enroll foreign students. This approval conveys no other recognition or endorsement.

returning to their home country as a result of family situations or lack of funding. When these situations occur, the schools reported that they terminate those students' immigration status in SEVIS. As a result, although the students may still have the DHS documents given to them upon their arrival in the United States, the documents are no longer valid.

TIGHTENING CONTROLS OVER F-1 STUDENT ENUMERATION AND THE IMPACT OF SUCH ACTIONS

SSA published a regulation, effective October 13, 2004, which will require F-1 students to provide evidence of both *work authorization* and *employment* before they may obtain an SSN. Most of the school officials we interviewed generally agreed that SSN integrity would be improved under this new policy. However, the representatives expressed concern about the students' need for an SSN to successfully assimilate in U.S. society and pursue their studies. As such, school representatives suggested that, in concert with these tightened controls, legislation should be passed prohibiting businesses from requiring an individual's SSN as a contingency of service.

According to school officials, foreign students without SSNs sometimes find themselves paralyzed by the myriad of requests for the number. Several officials likened it to a "catch 22" scenario. That is, under the new regulation, the F-1 student will not be able to obtain an SSN without a promise of employment. However, students have a difficult time finding employment on campus without already having an SSN because most employers do not want to wait the several weeks it may require for the student to apply for and obtain the number. Further, without an SSN, foreign students have a difficult time obtaining the services needed to stay in the United States and attend school, such as opening bank accounts, obtaining driver's licenses, leasing apartments, and purchasing car insurance. Additionally, although an Individual Taxpayer Identification Number (ITIN) can be an acceptable alternative to the SSN for filing taxes and opening bank accounts, several school representatives stated the Internal Revenue Service denied some F-1 students an ITIN because their current immigration status makes them eligible for an SSN.

Conclusions

Although we were encouraged that several of the educational institutions contacted during our survey required proof of an on-campus job offer before they assisted F-1 students in obtaining SSNs, the majority of the schools did not require such proof. Instead, most of the schools facilitated the attainment of SSNs by issuing F-1 students work authorization letters simply because the students were *eligible* to work on-campus or planned to pursue on-campus employment sometime in the future. Additionally, the school representatives we interviewed generally did not follow up with students after they issued the work authorization letters to ensure these students were actually working on campus. Despite the apparent lack of controls, the schools reported they rarely learned of a student who obtained an SSN and then dropped out of school to work elsewhere in the U.S. economy. Rather, they believed foreign students were seeking SSNs to assist them in functioning in the United States while they are in the country to study.

We understand foreign students' concerns regarding their ability to effectively function and integrate while studying in the United States. As such, we agree that more should be done to limit the *use* of the SSN to only legally-sanctioned purposes. However, we also believe the *assignment* of SSNs should be limited to only those individuals who plan to work or receive benefits in the United States. Accordingly, we support the implementation of SSA's new regulation, which will limit the assignment of SSNs to only F-1 students with evidence of on-campus or DHS-approved job offers.

Appendices

[APPENDIX A – Acronyms](#)

[APPENDIX B – Background](#)

[APPENDIX C – Educational Institutions Contacted](#)

[APPENDIX D – Scope and Methodology](#)

Appendix A

Acronyms

DHS	Department of Homeland Security
EM	Emergency Message
FR	Federal Register
ITIN	Individual Taxpayer Identification Number
POMS	Program Operations Manual System
SEVIS	Student and Exchange Visitor Information System
SSA	Social Security Administration
SSN	Social Security Number

Background

To be eligible for a Social Security number (SSN), a foreign student with an F-1 immigration classification must provide

- evidence of age and identity;
- a Form I-20, *Certificate of Eligibility for Nonimmigrant (F-1) Student Status*, from a DHS-approved school;
- a current Form I-94 *Arrival/Departure Record*; and
- evidence of full-time enrollment and authorization to work.

Generally, the designated school official at the respective school furnishes the student with a work authorization letter. The Department of Homeland Security's (DHS) intent in permitting the designated school official to authorize F-1 students to work on campus is that the designated school official will authorize and refer to the Social Security Administration (SSA) for SSNs only those students who have either been hired or intend to work.¹

We previously addressed foreign student enumeration in a December 2003 report.² The report focused on universities with large foreign student enrollments. Of the 15 universities reviewed, 73 percent provided letters to students based on eligibility for employment established by their status as F-1 students, rather than intent of employment. Since we issued our prior report, SSA published a draft regulation, *Evidence Requirements for Assignment of Social Security Numbers (SSNs); Assignment of SSNs to Foreign Academic Students in F-1 Status*.³ The Office of Management and Budget approved the regulation, and the final version was published in the September 13, 2004 Federal Register.⁴ Effective October 13, 2004, F-1 students without a DHS Employment Authorization Document or authorization for curricular practical training on the student's I-20, must provide evidence of both on-campus work authorization and an offer of employment before the Agency will assign them an SSN.

¹ SSA's Policy Instruction Emergency Message (EM)-02093 SEN.

² *Management Advisory Report: The Social Security Administration's Procedures for Enumerating Foreign Students* (A-05-03-23056), December 2003.

³ Federal Register (FR), Volume 68, Number 241, (68 FR 69978), December 16, 2003.

⁴ FR, Volume 69, Number 176, (69 FR 55065), September 13, 2004.

Appendix C

Educational Institutions Contacted

Bristol Community College	Fall River, Massachusetts
Middlesex Community College	Lowell, Massachusetts
Zion Bible Institute	Barrington, Rhode Island
Borough of Manhattan Community College	New York, New York
Globe Institute of Technology	New York, New York
Zoni Language Center	New York, New York
Northern Virginia Community College	Alexandria, Virginia
LADO International College	Arlington, Virginia
Lehigh Carbon Community College	Schnecksville, Pennsylvania
Reading Area Community College	Reading, Pennsylvania
Community College of Philadelphia	Philadelphia, Pennsylvania
Embry-Riddle Aeronautical University	Daytona Beach, Florida
Florida Metropolitan University	Pompano Beach, Florida
Johnson & Wales University	North Miami, Florida
Miami International University of Art & Design	Miami, Florida
Miami Dade College – Kendall Campus	Miami, Florida
Elgin Community College	Elgin, Illinois
Global Language Institute	St. Paul, Minnesota
Christ for the Nations Institute	Dallas, Texas
North Lake College	Dallas, Texas
Tarrant County College	Fort Worth, Texas
Central State University	Riverside, California
Pacific States University	Los Angeles, California
University of Santa Monica	Santa Monica, California
Yuin University	Compton, California

Scope and Methodology

To address the Committee's concerns related to the potential that some educational institutions are providing students with work authorization letters even though these institutions have no intent to hire the students for on-campus employment, we:

- Reviewed the Social Security Administration's draft regulation *Evidence Requirements for Assignment of Social Security Numbers (SSNs): Assignment of SSNs to Foreign Academic Students in F-1 Status*. [The Office of Management and Budget approved the regulation, and the final version was published in the September 13, 2004 Federal Register.]
- Reviewed public comments received by the Social Security Administration addressing the draft regulation.
- Interviewed school representatives at selected educational institutions to gain an understanding of their policies for issuing work authorization letters.

Applications for Social Security numbers are processed in the field offices, which are under the Deputy Commissioner for Operations. Our work was conducted at various educational institutions (see Appendix C) by the Birmingham, Alabama Office of Audit, with assistance from Office of Audit staff in Boston, New York, Philadelphia, Falls Church, Chicago, Dallas and San Francisco during July and August 2004.

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Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Executive Operations (OEO). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Chief Counsel to the Inspector General

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

Office of Executive Operations

OEO supports OIG by providing information resource management and systems security. OEO also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OEO is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.