
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**REVIEW OF UNIVERSITIES'
ISSUANCE OF TEMPORARY
SOCIAL SECURITY NUMBERS
TO FOREIGN STUDENTS**

April 2004 A-08-04-24018

**MANAGEMENT
ADVISORY REPORT**



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.



SOCIAL SECURITY

MEMORANDUM

Date: April 26, 2004

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Management Advisory Report - Review of Universities' Issuance of Temporary Social Security Numbers to Foreign Students (A-08-04-24018)

OBJECTIVE

Our objective was to evaluate universities' policies and procedures for issuing temporary Social Security numbers (SSN) to foreign students.¹

BACKGROUND

Over half a million foreign students were enrolled at educational institutions in the United States during the 2002-2003 academic year. The growth of foreign student enrollment has continually increased over the past 5 years (see Appendix B). Foreign students are often employed on campus and need an SSN for tax reporting. These students must apply for an SSN through the Social Security Administration (SSA), the sole issuer of SSNs.²

To improve its internal controls over SSN assignment, SSA began verifying the evidentiary documents of all noncitizens with the Department of Homeland Security before issuing an SSN.³ This procedural change caused delays in foreign students' ability to obtain an SSN and prompted some universities to issue a temporary nine-digit identification number as a temporary replacement for the SSN.

In June 2003, we sent a letter notifying SSA of our concerns regarding some Florida universities' practice of issuing temporary SSNs to foreign students. We focused our initial work in Florida and expanded our review to other universities nationwide (see

¹ We use the term temporary SSN throughout this report to refer to instances in which universities issue nine-digit identification numbers to foreign students and refer to them as temporary SSNs. Some schools also refer to these numbers as "dummy" or "pseudo" SSNs. We will hereafter only refer to them as temporary SSNs.

² Social Security Act, Section 205(c)(2)(B)(i).

³ SSA Policy Instruction EM-02091, August 2, 2002.

Appendix C). This report serves as a follow up to our letter and recommends corrective actions to address universities' practice of issuing temporary SSNs.

RESULTS OF REVIEW

Based on our interviews with various university personnel and reviews of Internet websites, we are concerned about universities' issuance of temporary SSNs to foreign students. We identified numerous instances in which universities issued temporary nine-digit identification numbers to foreign students and improperly referred to them as temporary SSNs. We are concerned that foreign students could easily construe these temporary numbers as legitimate SSNs and potentially misuse them, thus creating SSN integrity issues. SSA personnel with whom we spoke shared our concern, and the Agency initiated a national review to identify universities that engage in this practice. Despite SSA's efforts to educate universities about their improper references to temporary SSNs, the risk of exposure to this practice remains.

FLORIDA UNIVERSITIES' ISSUANCE OF TEMPORARY SSNS TO FOREIGN STUDENTS

Initially, we focused our work in Florida because the Florida Bureau of State Payrolls (FBSP) had assigned a range of temporary 9-digit identification numbers (800-series) to 11 State universities and referred to them as temporary SSNs.⁴ The FBSP instructed universities that had experienced delays in obtaining SSNs for eligible foreign students (due to SSA's verification of noncitizens' documents) to issue temporary identification numbers for payroll purposes. The FBSP also instructed each university to maintain a record of students assigned a temporary number and notify the FBSP when they received a valid SSN. Although the FBSP's intent was for State universities to only use these temporary numbers for internal payroll processing, we identified instances in which some universities referred to them as temporary SSNs, reiterating the terminology used by FBSP. For example, we found the following language on one university website.

New SSA regulations went into effect August 12, 2002 that may create delays in issuing SSNs to foreign nationals. In order to prevent any undue hardship to our new hires that are foreign nationals, the University has added a special provision to our current process when hiring a new foreign national with no SSN. This special provision, providing a **temporary university-issued SSN**, will only apply to new hires that are foreign nationals. Once the SSA instructs the University that the delay no longer exists, this special provision to our current process will be eliminated.
[Emphasis added]

During interviews with university personnel, one staff member stated that his school generally issued foreign students a temporary SSN until they received a permanent

⁴ Although the practice of issuing foreign students temporary SSNs first came to our attention in Florida, we consider it a nationwide issue. We used Florida as a case study.

SSN from SSA. He stated the university primarily provides temporary SSNs to graduate students to allow them to start teaching and begin research projects before the semester actually begins. He told us that foreign students are responsible for applying for an SSN and replacing the temporary number with a valid SSN. The university staff member shared an experience the school had with one student who never obtained a valid SSN and left the United States with the attitude that the university could not make her obtain one. Another university staff member stated that her school issued pseudo numbers to graduate and research assistants for temporary purposes so that foreign students could begin working, open bank accounts, and obtain drivers' licenses.

We are concerned that foreign students could easily construe these temporary numbers as legitimate SSNs and improperly use them in various ways, such as opening bank accounts, obtaining drivers' licenses, or gaining employment. This could potentially create SSN integrity and earnings issues. Furthermore, misuse of temporary SSNs could allow foreign students to assimilate into society before their immigration status is verified, which increases the risk to homeland security.

To determine how foreign students may have used these temporary identification numbers, we requested the FBSP provide us a list of the numbers issued at the 11 Florida universities during Calendar Year 2002. We determined that 96 foreign students received wages,⁵ and all but 2 reported a valid SSN to the State. The State reported the wages for these two foreign students under the numbers 000-00-0000.⁶ Because the name and SSN did not match, SSA placed these wages into its Earnings Suspense File (ESF).⁷ In addition to recording wages, we attempted to determine whether the students used any of the issued temporary numbers to obtain drivers' licenses. The Florida Department of Law Enforcement told us it ran the temporary identification numbers against Department of Motor Vehicles files and did not identify any drivers' licenses that had been issued to foreign students using the 800-series range of numbers as the SSN. Because of privacy concerns, we did not attempt to determine whether foreign students used these temporary numbers to open bank accounts.

Although we did not identify instances in which foreign students misused temporary SSNs, we believe the potential for such activity exists. The FBSP agreed with our concerns and contacted the State universities to inform them that they should not refer to the temporary identification numbers as SSNs on their websites or during discussions with foreign students. Furthermore, the FBSP suppressed the temporary numbers (labeled as SSNs) on pay statements to avoid any further confusion.

⁵ Employers report their employees' earnings to SSA annually on a *Wage and Tax Statement* (Form W-2).

⁶ The Internal Revenue Service instructs employers to report the wages of employees with no SSN under the number 000-00-0000.

⁷ SSA uses manual and automated edits to match employees' SSNs and names to SSA's master file to post their earnings to the Master Earnings File. The ESF contains wage items that fail to match SSA's name and SSN records.

SSA HAS TAKEN STEPS TO IDENTIFY AND EDUCATE UNIVERSITIES, BUT ISSUANCE OF TEMPORARY SSNS REMAINS

In June 2003, we sent a letter notifying SSA of our concerns regarding some Florida universities' practice of issuing temporary SSNs to foreign students. In response to our letter, SSA initiated a national review to identify the extent of the problem and instructed its regional and field offices to contact universities in their areas. SSA's review identified 10 universities that were issuing temporary SSNs or making reference to them on their websites. SSA requested these universities remove all references to temporary SSNs from their websites and informational materials. SSA informed us it discussed the issuance of temporary SSNs with a large university association, which expressed interest in working with the Agency to educate schools about this improper practice.

Despite SSA's efforts to educate universities regarding the issuance of temporary SSNs, the risk of exposure to such activity remains. After SSA's review, we expanded our review and identified 22 additional universities (located in 9 SSA regions) that were issuing temporary SSNs or making reference to them on their websites.⁸ Our review included the 15 universities with the largest foreign student enrollment (see Appendix D). We found that nine of these universities (60 percent) had references to temporary SSNs on their websites. During a review of other websites, we identified another 13 universities that had references to temporary SSNs.

We found the references to temporary SSNs in various places on university websites and links, including registration and application forms, human resources sites, international student program pages, and foreign student association sites. For example, a large northeastern university had a link on its website that advised arriving foreign students they could use their university-issued temporary SSN to open a bank account and actually listed four banks on campus. A foreign student advisor from a small northern college stated that foreign students were confused about the potential uses of university-issued dummy SSNs, and some staff did not realize these numbers were not valid. Furthermore, a staff member at a large southern university stated she believed students used university-issued temporary nine-digit numbers to obtain cellular telephones.

⁸ We identified these universities through an informal review of university websites. This review was not intended to be comprehensive in nature. Based on examples presented in this report, we assume additional universities may be engaging in this practice.

CONCLUSIONS AND RECOMMENDATIONS

Despite SSA's efforts to educate universities regarding their practice of issuing temporary SSNs to foreign students, the Agency remains at-risk to such activity. We recognize the challenge of educating such a large number of universities. However, given the potential magnitude of the problem and threats to SSN integrity, such a challenge should not discourage SSA from taking additional steps to safeguard SSNs. Given the potential risks for foreign students to misuse temporary identification numbers, we believe SSA can better safeguard SSN integrity by educating all universities about the proper issuance of SSNs to foreign students.

Accordingly, we recommend that SSA:

1. Contact the additional universities we identified that issued temporary SSNs and educate them about the potential risks of this improper practice.
2. Coordinate with national educational associations and foreign student organizations to educate the university community about the potential risks of referring to student identification numbers as temporary SSNs.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with our recommendations. Regarding Recommendation 1, SSA stated it sent the Regional Commissioners a note asking them to instruct the 22 universities that had references to "temporary SSNs" on their websites to remove those references from their websites and informational materials. SSA also requested that the Regional Commissioners advise the universities of the purpose and use of the SSN and the potential risks associated with issuing "temporary SSNs." Regarding Recommendation 2, SSA stated it has an on-going dialogue with several of the national educational associations and will introduce this topic at its next discussions with these groups. The full text of SSA's comments is included in Appendix E. We believe the Agency's actions demonstrate its commitment to protect the integrity of the SSN.



Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Background

APPENDIX C – Scope and Methodology

APPENDIX D – Universities with the Largest Foreign Student Enrollment

APPENDIX E – Agency Comments

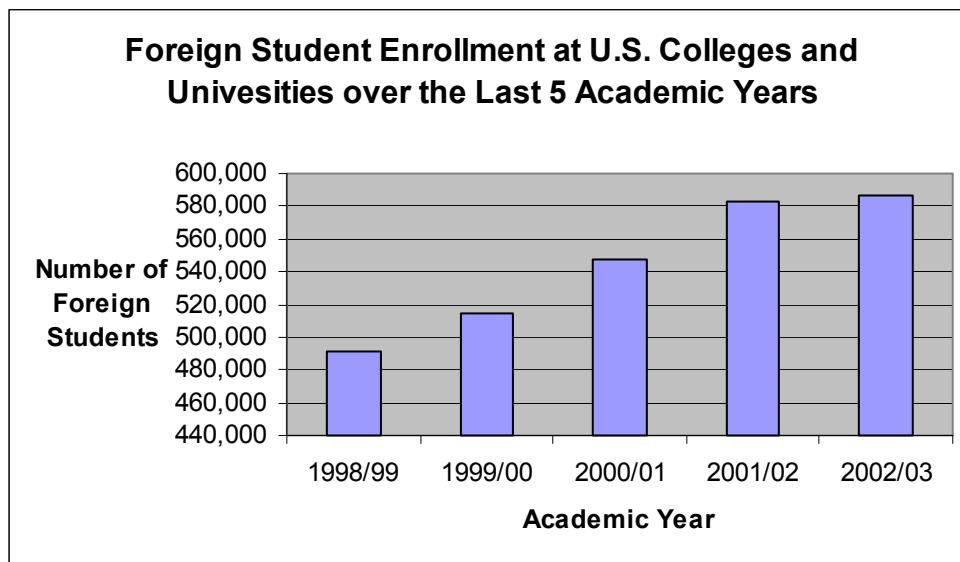
APPENDIX F – OIG Contacts and Staff Acknowledgments

Acronyms

| | |
|------|----------------------------------|
| ESF | Earnings Suspense File |
| FBSP | Florida Bureau of State Payrolls |
| OIG | Office of the Inspector General |
| SSA | Social Security Administration |
| SSN | Social Security Number |

Background

Over half a million foreign students enrolled at educational institutions in the United States during the 2002-2003 academic year. Some universities enroll large numbers of foreign students and endeavor to assimilate these students into American society as soon as possible. The growth of foreign student enrollment has continually increased over the past 5 years, as shown in the Figure below. Tightened visa procedures slowed the growth rate to only .6 percent for the 2002-2003 academic year. Foreign student enrollment had increased by 6.4 percent each year for the 2 previous academic years.



Source: Institute of International Education website: <http://www.iienetwork.org>

Foreign students are often employed on campus and need a Social Security number (SSN) for wage reporting. These students must apply for an SSN through the Social Security Administration (SSA), the sole issuer of SSNs.¹ To improve its internal controls over SSN assignment, SSA began verifying the evidentiary documents of all noncitizens with the Department of Homeland Security before issuing an SSN.² This procedural change caused delays in foreign students' ability to obtain an SSN and prompted some universities to issue a temporary nine-digit identification number as a temporary replacement for the SSN.

¹ Social Security Act Section 205(c)(2)(B)(i).

² SSA Policy Instruction EM-02091, August 2, 2002.

In a prior Office of the Inspector General report, we outlined the role universities play in issuing work authorization letters and highlighted SSA's risk of exposure to improper enumeration of foreign students.³ In the report, we recommended that SSA propose the regulatory requirement that evidence of actual employment be necessary for foreign students to receive an SSN. SSA agreed with our recommendation and stated it already submitted this regulation to the Office of Management and Budget.

³ *The Social Security Administration's Procedures for Enumerating Foreign Students* (A-05-03-23056, December 2003).

Scope and Methodology

To accomplish our objective, we

- interviewed selected university personnel responsible for foreign student admissions/registrations;
- reviewed Internet websites of the 15 universities with the largest foreign student enrollment and randomly reviewed others;
- interviewed Social Security Administration (SSA) personnel responsible for conducting SSA's review to identify and educate universities regarding the issuance of temporary Social Security numbers (SSN);
- reviewed SSA policies and procedures for enumerating foreign students;
- reviewed applicable laws and regulations; and
- reviewed prior SSA Office of the Inspector General audit work regarding enumeration of foreign students.

We performed our work at a field office in Tallahassee, Florida. In addition, we interviewed personnel at the Florida Bureau of State Payrolls in Tallahassee, Florida, to obtain an understanding of its policies and procedures for issuing temporary SSNs to foreign students. The SSA entity reviewed was the Office of the Deputy Commissioner for Operations. We conducted our audit from July through December 2003 in accordance with generally accepted government auditing standards.

UNIVERSITIES WITH THE LARGEST FOREIGN STUDENT ENROLLMENT

Our review focused on the 15 universities with the largest foreign student enrollment for the 2001-2002 school year. The table below shows the names and locations of these universities as well as updated statistics for their foreign and total student enrollments for the 2002-2003 school year.

Foreign Students (2002-2003 School Year)

| Rank | School | Location | Foreign Students | Total Students | Percent Foreign |
|--------------|--|----------------------------|------------------|----------------|-----------------|
| 1 | University of Southern California | Los Angeles, California | 6,270 | 30,682 | 20.4 |
| 2 | New York University | New York, New York | 5,454 | 38,096 | 14.3 |
| 3 | Columbia University | New York, New York | 5,148 | 23,324 | 22.1 |
| 4 | Purdue University Main Campus | West Lafayette, Indiana | 5,105 | 38,564 | 13.2 |
| 5 | University of Texas at Austin | Austin, Texas | 4,926 | 52,261 | 9.4 |
| 6 | University of Michigan–Ann Arbor | Ann Arbor, Michigan | 4,601 | 38,972 | 11.8 |
| 7 | University of Illinois at Urbana-Champaign | Champaign, Illinois | 4,555 | 38,263 | 11.9 |
| 8 | Boston University | Boston, Massachusetts | 4,518 | 28,981 | 15.6 |
| 9 | University of Wisconsin-Madison | Madison, Wisconsin | 4,396 | 41,462 | 10.6 |
| 10 | Ohio State University Main Campus | Columbus, Ohio | 4,334 | 49,676 | 8.7 |
| 11 | University of Pennsylvania | Philadelphia, Pennsylvania | 3,856 | 22,326 | 17.3 |
| 12 | Florida International University | Miami, Florida | 3,741 | 33,800 | 11.1 |
| 13 | University of Maryland College Park | College Park, Maryland | 3,734 | 34,801 | 10.7 |
| 14 | Texas A&M University | College Station, Texas | 3,702 | 45,083 | 8.2 |
| 15 | University of Florida | Gainesville, Florida | 3,547 | 47,241 | 7.5 |
| Total | | | 67,887 | 563,532 | 12.0 |

Source: Institute of International Education website: <http://www.iienetwork.org>.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

33169-24-1098

Date: April 9, 2004

Refer To: S1J-3

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

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

Subject: Office of the Inspector General (OIG) Draft Management Advisory Report, "Review of Universities' Issuance of Temporary Social Security Numbers to Foreign Students" (A-08-04-24018)--INFORMATION

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

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

Attachment:
SSA Response

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG)
MANAGEMENT ADVISORY DRAFT REPORT, "REVIEW OF UNIVERSITIES'
ISSUANCE OF TEMPORARY SOCIAL SECURITY NUMBERS TO FOREIGN
STUDENTS" (A-08-04-24018)**

Thank you for the opportunity to review and comment on the draft report. We appreciate your providing us an early alert on this issue and for the follow-up work you have done to help identify opportunities to minimize the potential for misuse of Social Security numbers (SSN).

The Social Security Administration (SSA) has taken steps that are designed to further protect the integrity of the SSN as it relates to foreign student enumeration. The report cites procedural delays, caused by collateral verification, as a reason why some universities may have issued nine-digit numbers as a temporary substitute for an SSN. In January 2004, all of our field offices began faxing verification requests, for foreign students applying for SSNs, to the Los Angeles Status Verification Unit of the Department of Homeland Security (DHS). DHS accesses data in their Student and Exchange Visitor Information System (SEVIS) to validate student status. This new process results in a three to five day turnaround time and greatly increases the speed with which we can assign SSNs to these applicants. We believe the speed of this new process will minimize the need for universities to assign nine digit identification numbers ("temporary SSNs") since foreign students will get their "official" SSNs more quickly.

On December 16, 2003, we published a Notice of Proposed Rulemaking (NPRM) to require evidence of actual employment before issuing an SSN to a foreign student. We are currently evaluating the comments received on the NPRM and are revising for submission, as appropriate, a final regulation to the Office of Management and Budget.

Our comments on the specific recommendations and a technical comment are provided below.

Recommendation 1

SSA should contact the additional universities that OIG identified that issued temporary SSNs and educate them about the potential risks of this improper practice.

Response

We agree. On March 10, 2004, the Regional Commissioners were sent a note asking them to contact the 22 universities that had references to "temporary SSNs" on their websites. The Regional Commissioners were instructed to ask the universities to remove all references to "temporary SSNs" from their websites and from their informational materials, and to advise the universities of the purpose and use of the SSN and the potential risks associated with issuing "temporary SSNs."

Recommendation 2

SSA should coordinate with national educational associations and foreign student organizations to educate the university community about the potential risks of referring to student identification numbers as temporary SSNs.

Response

We agree. We have had an ongoing relationship and dialogue with several of the national educational associations and will introduce this topic in our next discussion with them.

[SSA also provided a technical comment that was considered and incorporated, where appropriate.]

OIG Contacts and Staff Acknowledgments

OIG Contacts

Kimberly A. Byrd, Director, (205) 801-1605

Jeff Pounds, Audit Manager, (205) 801-1606

Acknowledgments

In addition to those named above:

Walter Bayer, Director

Kathy Youngblood, Senior Auditor

Kimberly Beauchamp, Writer-Editor

For additional copies of this report, please visit our web site at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-1375. Refer to Common Identification Number A-08-04-24018.

DISTRIBUTION SCHEDULE

Commissioner of Social Security

Office of Management and Budget, Income Maintenance Branch

Chairman and Ranking Member, Committee on Ways and Means

Chief of Staff, Committee on Ways and Means

Chairman and Ranking Minority Member, Subcommittee on Social Security

Majority and Minority Staff Director, Subcommittee on Social Security

Chairman and Ranking Minority Member, Subcommittee on Human Resources

Chairman and Ranking Minority Member, Committee on Budget, House of Representatives

Chairman and Ranking Minority Member, Committee on Government Reform and Oversight

Chairman and Ranking Minority Member, Committee on Governmental Affairs

Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Committee on Finance

Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy

Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the *Government Performance and Results Act*. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.