
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**ASSESSMENT OF
F-1 STUDENTS' USE OF
SOCIAL SECURITY NUMBERS**

September 2007

A-08-07-17085

AUDIT REPORT



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SOCIAL SECURITY

MEMORANDUM

Date: September 12, 2007

Refer To:

To: The Commissioner

From: Inspector General

Subject: Assessment of F-1 Students' Use of Social Security Numbers (A-08-07-17085)

OBJECTIVE

Our objectives were to (1) determine whether F-1 students worked on- or off-campus or were not employed and (2) assess schools' compliance with F-1 enumeration regulations.

BACKGROUND

About 600,000 foreign students were enrolled in educational institutions in the United States during the 2005-2006 academic year. Our audit focused on students with F-1 classifications¹ because these 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 schools ensure F-1 students are attending classes full-time and are in good academic standing. If so, students are eligible to work on campus up to 20 hours per week while school is in session.²

To obtain a Social Security number (SSN), F-1 students must provide the Social Security Administration (SSA) evidence of age, identity, legal *work-authorized* alien status and enrollment in a DHS-approved educational institution.³ Additionally, effective October 13, 2004, F-1 students who do not have a DHS Employment Authorization Document or authorization for curricular practical training must provide evidence of on-campus work authorization and verification that the student has secured

¹ The F-1 classification includes academic students in colleges, universities, seminaries, conservatories, academic high schools, other academic institutions and language schools.

² We focused our review on F-1 students who presented employment documentation for general on-campus work. F-1 students may engage in other types of employment with DHS authorization.

³ SSA maintains a searchable database of DHS-approved schools, which field office staff use when processing an F-1 student's SSN application to ensure the student is attending a DHS-approved school.

employment or a promise of employment before SSA will assign an SSN.⁴ This regulatory change was designed to decrease the potential for SSN misuse by reducing the proliferation of SSNs for purposes that are not related to work. Although most F-1 students are exempt from Social Security taxes, wages and compensation paid to them for services performed to carry out the purpose for which they were admitted are generally taxable and reportable on a *Wage and Tax Statement* (Form W-2). SSA posts reported earnings to its Master Earnings File.

In July 2006, we issued a Congressional Response Report on *Compliance with Employment Evidence Requirements for F-1 Students*, in which we identified 24,504 F-1 students whom SSA assigned original SSNs from July 15 through September 30, 2005. We selected a random sample of 250 F-1 students and contacted their respective schools to verify their attendance and work status. The schools reported that 96 percent of the F-1 students were enrolled in classes and working on campus. Although wage data were not available during our review, we subsequently determined that almost one-fourth of the F-1 students in our sample did not have wages posted to their earnings records for 2005, indicating they may not have worked on-campus. Because of the significant difference in what schools reported and what we found, we elected to review wage data for all 24,504 F-1 students to determine whether they worked on- or off-campus or were not employed.

To accomplish our objectives, we analyzed wage data to determine the employment status of F-1 students and identify schools with large numbers or high percentages of F-1 students who may not have been employed on-campus. In addition, we contacted selected schools and SSA field offices to discuss compliance with F-1 enumeration regulations. See Appendix A for information regarding our scope and methodology.

RESULTS OF REVIEW

Although the number of F-1 students who improperly obtain SSNs cannot be quantified, we are concerned that some F-1 students and schools may exploit vulnerabilities in the enumeration process to facilitate SSN attainment. Of the 24,504 F-1 students reviewed, we identified 2,479 (10 percent) who did not have wages posted to their SSA earnings records in 2005 or 2006⁵ indicating they may not have worked on-campus.⁶ We also

⁴ 20 C.F.R. § 422.107(e)(2).

⁵ Some 2006 wages may not have been posted as of April 30, 2007.

⁶ An Internal Revenue Service tax rules specialist and SSA Employment Services Liaison Officers told us that schools generally report F-1 student wages on Form W-2. As such, we believe F-1 students who did not have wages posted to their earning records may not have worked. However, there could be instances in which F-1 students worked on-campus, but schools did not report their wages to SSA.

identified 680 (3 percent) who worked off-campus.⁷ That is, about 13 percent of F-1 students may have obtained SSNs for purposes other than on-campus employment.

We also determined the number of F-1 students who did not have posted wages decreased from 21 percent in 2005 to 10 percent in 2006. As such, we believe some F-1 students may not have started working until months after obtaining their SSNs. In addition, based on our field office discussions, SSA personnel did not always understand and comply with F-1 student enumeration policies and procedures.

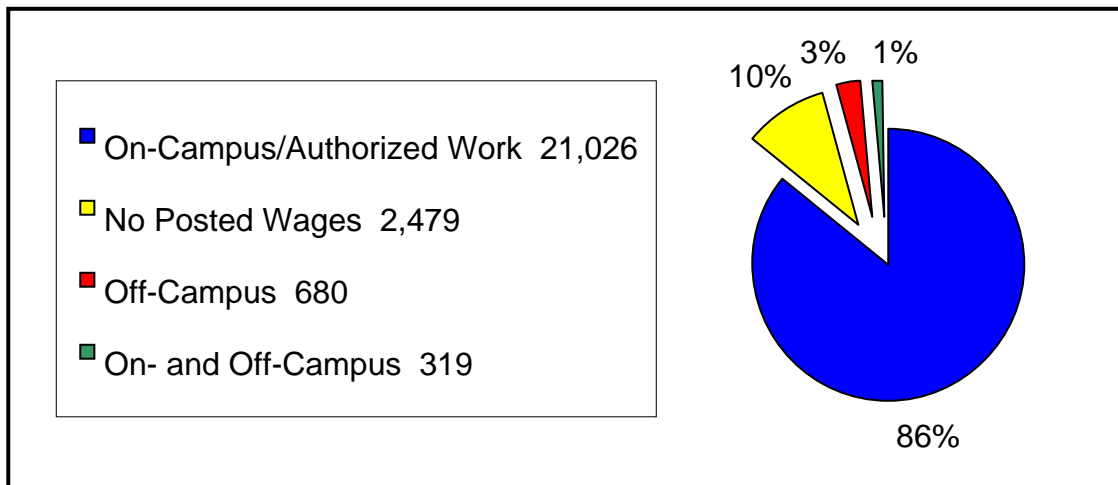
To address concerns about SSN integrity, SSA implemented a more restrictive regulation for F-1 students that required evidence of actual or promised general on-campus employment, and we commend the Agency for its efforts. However, we believe SSA should take additional steps to reduce vulnerabilities in the F-1 enumeration process. We question whether assigning SSNs to F-1 students months in advance of planned employment is prudent. Instead, we believe SSA should only assign SSNs to F-1 students who will begin working within 30 days of their SSN application date. Based on our field office discussions, we also believe SSA should reemphasize the importance of understanding and following all policies and procedures when processing SSN applications from F-1 foreign students. In addition, we believe SSA should coordinate with schools and foreign student associations to educate the university community about SSA's policies and procedures regarding F-1 student enumeration. We believe SSA should focus its efforts on schools that may facilitate F-1 students' attainment of SSNs by confirming employment—with no real intent to hire the student and those that offer courses of study such as English as a Second Language or other non-degree programs.

SOME F-1 STUDENTS MAY HAVE OBTAINED SSNs FOR PURPOSES OTHER THAN ON-CAMPUS EMPLOYMENT OR OTHER AUTHORIZED WORK

Of the 24,504 F-1 students whom SSA assigned original SSNs from July 15 through September 30, 2005, we identified 2,479 (10 percent) who did not have posted wages for 2005 or 2006 (Figure 1). Contrary to SSA regulation, some of these students may have obtained SSNs for purposes other than on-campus employment or other authorized work. In addition, we identified 680 (3 percent) F-1 students who worked off-campus for a variety of employers, including fast food establishments, temporary labor providers and department stores. We also identified 319 (1 percent) F-1 students who worked on- and off-campus.

⁷ At the time of SSN application, these F-1 students presented documentation for on-campus employment and there was no evidence to indicate they were engaged in curricular practical training, optional practical training, or other DHS authorized employment.

Figure 1: F-1 Students Wages for 2005 or 2006

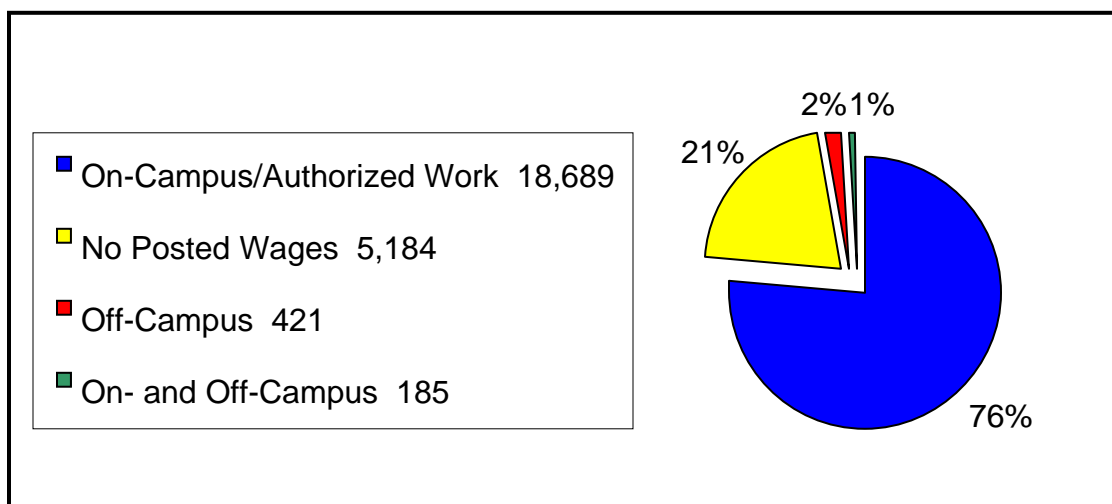


A more detailed analysis of reported wages showed that 50 percent or more of F-1 students at 47 schools did not have any reported wages for 2005 or 2006 or worked off-campus. For example, 56 (96 percent) of 58 F-1 students at 1 school did not have wages for on-campus employment or other authorized work for either 2005 or 2006. These schools represent a variety of educational institutions, including language schools, community colleges, religious institutions as well as colleges and universities. However, schools with the highest percentages of F-1 students with no reported wages were generally non-traditional schools that offered courses of study such as English as a Second Language or other non-degree programs.

Some F-1 Students May Have Started Working Months After SSN Attainment

Of the 24,504 F-1 students whom SSA assigned original SSNs from July 15 through September 30, 2005, we identified 5,184 (21 percent) who did not have posted wages for 2005 (Figure 2). In addition, we identified 421 (2 percent) who worked off-campus and 185 (1 percent) who worked on- and off-campus. Comparing the percentage of F-1 students who did not have any posted wages in 2005 (21 percent) with the same percentage in 2006 (10 percent), it appears that some F-1 students may not have started working until months after obtaining their SSN.

Figure 2: F-1 Students Wages for 2005



SOME STUDENTS AND SCHOOLS MAY HAVE EXPLOITED VULNERABILITIES IN THE ENUMERATION PROCESS TO FACILITATE SSN ATTAINMENT

As documented in our July 2006 Congressional Response Report, some F-1 students and schools may have manipulated the enumeration process to inappropriately obtain SSNs. For example, some school officials and field office personnel told us that some F-1 students worked at jobs for a short period of time (for example, 1 or 2 days) or did not begin work at all.⁸ They believed the students obtained offers of employment to qualify for an SSN but had no intention of starting or continuing to work on-campus. For example, we identified 550 (2 percent) F-1 students who had posted wages of \$100 or less. At one school, over 60 percent of the F-1 students had only worked for 1 hour on-campus. We also had reports that F-1 students decided not to accept job offers after confirming their class schedules. Officials at one school told us that university food services personnel complained to the Office of International Education because some F-1 students did not return to work after receiving the employment letters necessary to obtain an SSN.

Based on information we received from our Office of Investigations and SSA field offices, some schools may have facilitated F-1 students' attainment of SSNs by confirming employment—with no real intent to hire the student. For example, several field offices reported that F-1 students admitted they had no plans to work once they obtained an SSN. Field office personnel also reported concerns that some schools were providing evidence of employment to F-1 students even though the schools were small and the number of on-campus jobs seemed disproportionate. For example, we identified several schools that provided evidence of employment to twice the number of F-1 students than estimated jobs on-campus.

⁸ We recognize there are legitimate reasons (for example, illness, low grades, or heavy course workload) why some F-1 students may have worked at jobs for a short period of time or did not begin work at all.

FIELD OFFICE PERSONNEL DID NOT ALWAYS UNDERSTAND AND COMPLY WITH F-1 STUDENT ENUMERATION POLICIES AND PROCEDURES

Through discussions with SSA personnel at five field offices, we determined that managers and staff did not always understand and comply with F-1 enumeration policies. Our discussions regarding F-1 student enumeration policies and procedures showed that personnel at two of five field offices we contacted did not fully understand or comply with F-1 enumeration policies. For example, personnel at one field office told us they processed F-1 student SSN applications at one college because school representatives told them they were “looking for jobs” for F-1 students. Field office personnel told us they enumerated virtually all F-1 students, whether they planned to work or not. In fact, they told us some F-1 students questioned why they were applying for an SSN because they did not plan to work. According to field office personnel, the only documentation school representatives provided was a letter stating that F-1 students are “authorized to work” on campus. The field office manager and claims representative⁹ at this office did not understand that F-1 students should be employed or have a promise of employment before SSN assignment.

SSA personnel at another field office told us they enumerated F-1 students based on a letter from the Designated School Official, which stated that F-1 students were authorized to work on-campus. Field office personnel did not require that F-1 students provide a letter from their on-campus employer showing the type, place, or start date of employment, as required by SSA policy. The office manager told us his staff would begin requiring such documentation in the future.

To increase control over the SSN application process, improve the quality of data used to assign an SSN, and enable management to better control the enumeration workload, SSA developed the SS-5 Assistant, a Microsoft Access-based application. This program provides field office personnel processing SSN applications structured interview questions and requires certain data to complete the application process. Although SS-5 Assistant is designed to ensure that field office personnel follow all policies and procedures for enumerating F-1 students, including a drop down menu listing acceptable documents, we are concerned that some personnel process SSN applications without requiring appropriate evidentiary documentation. For example, we believe some field office personnel check the SS-5 Assistant option “Designated School Official *AND* Employment Letter,” but do not require F-1 students to provide a letter from their on-campus employer showing the type, place, or start date of employment. As discussed above, personnel at two of the five field offices we visited told us they generally enumerated F-1 students based on letters from Designated School Officials and did not require employment letters.

⁹ The claims representative in this office was responsible for working with local colleges and universities to assist them in obtaining SSNs for eligible F-1 students.

OPPORTUNITY FOR SSA TO REDUCE ITS RISK FROM F-1 STUDENTS WHO IMPROPERLY OBTAIN SSNs

We believe SSA should take additional steps to reduce improper SSN assignment to F-1 students. We question whether assigning SSNs to F-1 students months before their planned employment start date is prudent. We believe some F-1 students may apply for an SSN months in advance because they believe they need the number immediately to function in U.S. society. To enhance SSN integrity, we believe SSA should only assign SSNs to F-1 students whose employment start date is within 30 days of their SSN application date. We believe the Agency should make modifications to its enumeration system (that is, the SS-5 Assistant or the future Social Security Number Application Process¹⁰) to ensure field office personnel comply with this policy. We recognize such a policy change will require SSA to conduct outreach efforts to schools. As such, we believe field office personnel should coordinate with local schools to inform them of the new requirement and encourage F-1 students not to apply for an SSN unless they plan to begin working within 30 days of their SSN application date.

Because some field office personnel with whom we spoke did not fully understand F-1 student enumeration policy, we believe SSA should also reemphasize the importance of following all policies and procedures when processing SSN applications from F-1 foreign students and take corrective action to address performance problems or training needs when Agency personnel do not comply with this requirement. In addition, we believe SSA should coordinate with schools and foreign student associations to educate the university community about SSA's policies and procedures regarding F-1 student enumeration. We believe SSA should focus its efforts on schools that may facilitate F-1 students' attainment of SSNs by confirming employment—with no real intent to hire the student and those that offer courses of study such as English as a Second Language or other non-degree programs.

CONCLUSION AND RECOMMENDATIONS

As SSA continues enhancing SSN integrity, dishonest individuals will continue exploiting even the smallest vulnerabilities in the Agency's controls. Unless SSA takes additional steps to strengthen its controls over SSN assignment for F-1 students, threats to SSN integrity will remain. Given the potential for F-1 students to improperly obtain SSNs, we believe SSA would benefit by taking additional steps to reduce the possibility of such activity.

¹⁰ SSA is in the Planning and Analysis phase of developing the Social Security Number Application Process, an automated SSN assignment system that will replace the SS-5 Assistant and Modernized Enumeration System. The Agency is determining the user requirements for this process and plans to implement this system within the next 2 years.

Accordingly, we recommend that SSA:

1. Prevent SSN assignment to F-1 students when their employment start date is 30 or more days from their SSN application date. Specifically, the Agency should make the necessary modifications to its enumeration system (that is, the SS-5 Assistant and/or the future Social Security Number Application Process) to ensure field office personnel comply with this policy.
2. Reemphasize to field office personnel the importance of understanding and following all policies and procedures when processing SSN applications for F-1 students and take corrective action to address performance problems or training needs when Agency personnel do not comply with this requirement.
3. Coordinate with schools and foreign student associations to educate the university community about SSA's policies and procedures regarding F-1 student enumeration. We believe SSA should focus its efforts on schools that may facilitate F-1 students' attainment of SSNs by confirming employment—with no real intent to hire the student and those that offer courses of study such as English as a Second Language or other non-degree programs.

AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix B.



Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Scope and Methodology

APPENDIX B – Agency Comments

APPENDIX C – OIG Contacts and Staff Acknowledgments

Scope and Methodology

To achieve our objectives, we

- reviewed the Social Security Administration's (SSA) regulations governing the issuance of Social Security numbers (SSN) to foreign academic students in the F-1 classification.
- identified 24,504 F-1 students assigned SSNs from July 15 through September 30, 2005.
- queried the Master Earnings File for wage data for each student.
- analyzed wage data and attempted to determine whether F-1 students worked on-campus, off campus or were unemployed.
- performed trend analysis to identify schools with high percentages of F-1 students who did not have reported wages.
- interviewed SSA representatives from five field offices and the Office of Income Security Programs to discuss methods to reduce SSA's risk of assigning SSNs to ineligible F-1 students.
- contacted selected schools, SSA field offices, and the Internal Revenue Service to discuss compliance with F-1 enumeration regulations.

The SSA entity reviewed was the Office of the Deputy Commissioner for Operations. We relied primarily on Modernized Enumeration System and Master Earnings File data to complete our review and determined that the data used in the report were sufficiently reliable given the audit objective and use of the data. We conducted our work from December 2006 through May 2007 in accordance with generally accepted government auditing standards.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: August 30, 2007 **Refer To:** S1J-3

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

From: David V. Foster /s/ David Rust for David Foster
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report "Assessment of F-1 Students' Use of Social Security Numbers" (A-08-07-17085)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our response to the report findings and recommendations are attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "ASSESSMENT OF F-1 STUDENTS' USE OF SOCIAL SECURITY NUMBERS" (A-08-07-17085)

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's acknowledgement of the work we have done to ensure integrity with regard to the assignment of Social Security numbers (SSN) to F-1 students. We will continue to maintain the integrity of the enumeration process while preserving the rights of foreign students who enroll in educational institutions in the United States and are eligible to obtain a SSN for their work on the campuses of these institutions. Our responses to the specific recommendations are provided below. In addition, we believe this report should be shared officially with the Immigration and Customs Enforcement office in the Department of Homeland Security (DHS) since they are responsible for oversight of the F-1 program as part of the Student Exchange Visitor Program (SEVP).

Recommendation 1

The Social Security Administration (SSA) should prevent SSN assignment to F-1 students when their employment start date is 30 or more days from their SSN application date. Specifically, the Agency should make the necessary modifications to its enumeration system (that is, the SS-5 Assistant and/or the future Social Security Number Application Process (SSNAP)) to ensure field office personnel comply with this policy.

Response

We agree. Revised instructions that state that SSNs will not be assigned to an F-1 student if the start date for on-campus employment or curricular practical training is more than 30 days from the SSN application date are currently under intercomponent review. Within these instructions, we will also clarify that if an F-1 student presents an Employment Authorization Document (EAD) from DHS, we will not accept the SSN application if the validity period of the EAD is in the future. We anticipate these instructions will be published by the end of September 2007. Once the policy changes are effective, the necessary system modifications will be considered for the SSNAP and the SS-5 Assistant so that the systems will be consistent with the policy.

Recommendation 2

SSA should reemphasize to field office personnel the importance of understanding and following all policies and procedures when processing SSN applications for F-1 students and take corrective action to address performance problems or training needs when Agency personnel do not comply with this requirement.

Response

We agree. Training on these new procedures will be provided to field office personnel as soon as the F-1 policy changes are placed on PolicyNet. This training should help ensure that all field office personnel better comply with F-1 enumeration requirements.

Recommendation 3

SSA should coordinate with schools and foreign student associations to educate the university community about SSA's policies and procedures regarding F-1 student enumeration. We believe SSA should focus its efforts on schools that may facilitate F-1 students' attainment of SSNs by confirming employment—with no real intent to hire the student and those that offer courses of study such as English as a Second Language or other non-degree programs.

Response

We agree. We will provide information to DHS SEVP and the National Association of Foreign Student Advisers: Association of International Educators about the policy changes regarding the enumeration of F-1 students that they can publish on their web sites. We will also update the "International Students and Social Security Numbers" online publication and provide a "Dear Colleague" letter that field office managers can provide to schools and universities in their service areas that explain the policy changes. We will continue with our ongoing outreach efforts with education facilities in order to ensure that they have updated information regarding our policies and procedures regarding F-1 student enumeration.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Kimberly A. Byrd, Director, 205-801-1650

Jeff Pounds, Audit Manager, 205-801-1606

Acknowledgments

In addition to those named above:

Kathy Yawn, Senior Auditor

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