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INFORMATION
INTEGRITY

Using Technology to
Determine Eligibility to Work
and Receive Benefits

Joint Statement of
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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss agency efforts to improve the integrity of data used to determine the eligibility of workers to receive benefits. Specifically, we will address efforts by the Immigration and Naturalization Service (INS) and the Social Security Administration (SSA) to address this issue.

These agencies' efforts include assessing the feasibility of tamper-resistant cards and piloting a telephone verification system. Both technologies are used to determine the eligibility of employees to work and receive benefits. As such, they are important elements in preventing individuals from illegally working and improperly receiving benefits, but they are only one part of the complete solution. Other key elements are the integrity of the data used to obtain these cards and the accuracy and reliability of the databases that support compliance activities.

Mr. Chairman, today we will focus on

- the opportunities and limitations of the technology that INS and SSA are assessing or using for their systems,
- a case study of a state that successfully used modern technology to implement a one-stop eligibility management system, and
- issues to be considered for implementing cost-effective systems that meet program needs.

OPPORTUNITIES AND LIMITATIONS OF TECHNOLOGY

INS and SSA are currently assessing several options to enhance the detection of workers who are illegally seeking employment and benefits. These options include the use of tamper-resistant identification cards and a telephone verification system. However, these technologies could be costly and they will not, taken separately, address all of the problems. For example, as we testified before the Subcommittee on Social Security and Family Policy, Senate Committee on Finance in 1990, using tamper-resistant cards will not correct the underlying condition that leads to social security card and number misuse.¹ We noted that even with tamper-resistant cards, people will still be able to obtain one or more social security numbers by using false documents, such as birth certificates or drivers licenses.

¹Comments on S. 214--A Bill to Enhance the Integrity of the Social Security Card (GAO/T-HRD-90-23, Apr. 18, 1990).

Tamper-resistant Cards

Tamper-resistant cards help to reduce fraud because they are difficult to duplicate or alter. Various methods are available to make identification cards tamper-resistant. For example, intaglio printing, such as what is used in U.S. currency, creates a raised effect in the card, making tampering difficult because the process for intaglio printing is not widely available and it is difficult to replicate.

Another method to make cards tamper-resistant is to use biometrics identifiers, such as fingerprints, that are unique to the individual card holder. INS is developing a tamper-resistant employment authorization card that includes a photo and fingerprint. INS officials stated that this new card should help deter fraud by improving employers' ability to verify employment.

A problem facing SSA as it assesses the use of tamper-resistant cards is the number of cards that will have to be replaced. SSA currently has 44 valid versions of social security number cards in use. To fully obtain the benefits of a tamper-resistant card system, SSA will have to replace all of these versions. SSA officials estimated that it will cost \$3 billion to \$6 billion to replace all of its active social security number cards.

Finally, as I mentioned earlier, the use of tamper-resistant cards alone will not ensure the integrity of the information, because the cards do not address all of the underlying conditions contributing to misuse. For example, people will still be able to obtain cards by using false evidentiary documents, such as birth certificates, drivers licenses, and "green cards." And, unless biometrics identifiers, such as fingerprints, are used, individuals will continue to be able to use cards belonging to others.

INS' Telephone Verification System

On March 30, 1992, INS initiated a 1-year telephone verification system pilot project to assist employers in confirming whether an alien employee is authorized to work. Nine corporations that traditionally attract large numbers of alien workers within five states (California, Florida, Illinois, New York, and Texas) volunteered and were selected to participate in this initial pilot. After hiring an individual, employers from these companies could access the verification system's database using an electronic device connected through telephone lines. Once connected, they would provide the employee's INS case file number, date of birth, and the initial of their first name. The system, in turn, would use this information to confirm the individual's employment eligibility.

INS used an extract of its central database of work authorization information as the primary verification file for the system. This extract contains over 28 million records of aliens who live in the United States. When primary verification from this file cannot be made, a secondary verification process is conducted. This secondary process includes INS queries of other databases as well as manual searches of paper files. This secondary process, which must be completed within 10 business days from the date of the request, is much more costly and time-consuming.

INS officials told us that the employers in this pilot saw two key benefits of this system. It provided timely assurance that an alien employee is eligible for employment, and it enabled employers to minimize disruption to their business, which occurs if they have to hire and train new employees to replace employees who at a later time are identified as ineligible.

INS considers this first pilot to be a success and is finalizing plans to expand it to include 200 employers. According to INS officials, during the first year of operation, employers verified the employment eligibility of 2,486 alien new hires--of which 72 percent were verified during the primary verification. Two hundred and thirty-six of these new hires were determined to be ineligible for employment--151 ultimately were terminated and the remainder quit work.

We agree with INS that this type of verification system has potential for helping to reduce the number of ineligible alien workers. However, such a system is no better than the data on which it relies. How much INS uses time-consuming, expensive validation efforts, such as what is needed for the secondary validation, will depend on the extent to which data in the primary database is inaccurate, incomplete, or out of date. We have reported on several occasions that INS' database is incomplete and inaccurate.² INS officials said they recognize that these problems continue to exist and that they are initiating several improvements. One such effort is a plan to interface several systems, which will allow a single point of data entry and reduce key stroke mistakes.

Even if INS' databases were complete and accurate, however, three additional problems could prohibit proper identification of illegal aliens. First, the telephone verification system relies on the employer to contact INS to determine that the newly hired employee is eligible to work. Some employers may choose not to

²Information Management: Immigration and Naturalization Service Lacks Ready Access to Essential Data (GAO/IMTEC-90-75, Sept. 27, 1990); Criminal Aliens: Majority Deported From the New York City Area Not Listed in INS' Information Systems (GAO/GGD-87-41BR, Mar. 3, 1987).

verify their newly hired employee. Second, if, on the basis of erroneous information, the employer determines the employee is a U.S. citizen, the employer would have no reason to contact INS to verify employment eligibility since U.S. citizens are not included in the database. Finally, aliens that are not legal may never be identified if they use borrowed, stolen, or forged cards of legal aliens.

Another issue that must be considered is the security and integrity of information that is transmitted over telephone lines. Depending upon the level of security desired, encryption and message authentication may be required. Encryption is a mathematical process that transforms plain text data into ciphertext. Because this ciphertext is meaningless to an unauthorized individual, it can provide confidentiality and security. One method that provides integrity is the use of electronic signature techniques, which help ensure that data received are identical to the data that are transmitted.

Other Systems Initiatives

There are several other initiatives that SSA and INS are currently considering to improve eligibility determinations. For example, SSA and INS are looking at ways to share databases to help employers verify the work eligibility of their employees. These agencies plan to test a two-step process to cross check INS and SSA files. Each agency will access both INS and SSA databases to assist employers in verifying (1) the social security numbers and claims to U.S. citizenship and (2) work eligibility against INS files if the SSA check is not conclusive. SSA also has plans to test expanded, automated methods of providing quick-response verification of social security number cards that are used as proof of employment eligibility.

CONNECTICUT CASE STUDY--SUCCESSFUL USE OF TECHNOLOGY

Let me now focus on one state that has successfully used some of the technology mentioned above. In December 1989, Connecticut implemented an eligibility management system that improved service to both the state and its citizens. The state spent about 4 years and \$27 million to totally automate its eligibility management system and interface with nine databases so that its state employees could quickly determine an applicant's eligibility for three federal programs (Aid To Families With Dependent Children, Medicaid, and Food Stamps) and several state programs.³ With this system, applicants only need to visit one

³These nine databases are the Department of Motor Vehicles, Department of Labor, Bureau of Collection Services, Federal State Data Exchange, Beneficiary Data Exchange, Internal Revenue Service, Absent Parent Data, the Medicaid Management Information System, and banks.

office to be considered for benefits from all these programs. A single automated file containing the complete record of the approved applicant is maintained to manage the case. In February 1995 the system had a caseload of approximately 325,000 clients.

State officials have reported the following productivity gains, cost savings, and related benefits from this automated technology:

- Productivity has increased. State officials reported they handled a 76 percent increase in cases from June 1989 to August 1994 with only about a 10 percent increase in the staff assigned to this effort.
- The number of errors has decreased, which has been accompanied by related cost savings. In fiscal year 1988, 1 year before system implementation, the Aid To Families With Dependent Children program had a reported 5.5 percent error rate of ineligible recipients and over payments. One year after implementation, this reported error rate had declined to 2.7 percent, resulting in over a \$10 million reduction in inappropriate expenditures.⁴
- The capability to identify fraud has increased. State officials have identified over \$5 million in attempted client fraud.

ISSUES TO BE CONSIDERED FOR IMPLEMENTING SYSTEMS
THAT MEET PROGRAM NEEDS AND ARE COST-EFFECTIVE

One of the most important considerations for any system is that it meets agency objectives for service to the public. In working toward this goal, agencies need to (1) ensure that all elements of the system support the objective and (2) compare costs against the overall objectives.

Modern technology, such as tamper-resistant cards and telephone verification systems, can help prevent unauthorized persons from obtaining work or other benefits. However, regardless of the time and money spent to make these techniques foolproof, they will be ineffective unless all other aspects of the program are also reliable. For example, the telephone verification system will not be effective unless its related database is reasonably complete and accurate. Further, tamper-resistant cards will not be effective unless accompanying controls are in place to prevent the use of stolen or duplicated authentic cards.

⁴This estimated expenditure reduction was calculated by applying the reduced error rate to the 1991 expenditures.

A second key issue to consider is the cost-to-benefit ratio of a given system. No system can completely prevent fraud or abuse. Thus, it is important to assess the overall risk and determine how much protection is needed to meet agency objectives. For example, on-line employer verification of worker eligibility may be too costly to implement on a nationwide basis. Depending on agency goals, implementing such a system in only those states with high immigration statistics may be sufficient.

Finally, privacy issues need to be considered when selecting technology. While integrated or shared databases can provide valuable information, unauthorized use of this information would inappropriately infringe on the privacy of individuals.

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Mr. Chairman, this concludes the prepared statement. We would be pleased to answer any questions that you, or other members of the Subcommittee may have at this time.

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