RILA
RETAIL INDUSTRY LEADERS ASSOCIATION
Retail's Future...Educate, Innovate, Advocate

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Ms. Deborah Platt Majoras
Chairman
Federal Trade Commission
Room H-135 (Annex K)
600 Pennsylvania Avenue, NW
Washington, DC 20580

RE: SSNs In The Private Sector - Comment, Project No. P075414

Dear Chairman Majoras:

I write on behalf of the Retail Industry Leaders Association (RILA) to respectfully submit comments regarding the collection and use of Social Security numbers (SSNs) and the role of SSNs as an internal identifier in the retail industry.

RILA is a trade association which promotes consumer choice and economic freedom through public policy and industry operational excellence. Our members include the largest and fastest growing companies in the retail industry – retailers, product manufacturers, and service suppliers – which together account for more than $1.5 trillion in annual sales. RILA members provide millions of jobs and operate more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad.

Collection and Use of Consumer SSNs

No two retailers collect and use consumer information in the same way. However, all retailers value their customer relationships and are committed to protecting and responsibly using SSNs. Many retailers collect SSNs in order to provide services that customers have come to expect and rely upon, but will not use or store the data beyond the initial need. For example, if a retail store has co-branded a credit card with a bank, the bank needs SSNs to check customer credit issuance eligibility and to safeguard against identity theft. The retailer may do no more with the number than shred it once the credit application has been passed along to the bank.

RILA believes that instant credit at the point-of-sale is a significant and expected benefit for consumers, especially in instances of large or emergency purchases where a ten percent rebate for opening a store credit card may be of value.

SSNs as Internal Identifiers

Government Reporting Requires SSN Collection by Employers
Because there is no other unique identifier common to most American companies, external vendors, service providers, and governmental agencies, employers must collect employee Social Security numbers for the administration of pay and benefits. While some retailers also use SSNs for the time management of hourly employees, user identification, and training tracking, most companies are moving away from this practice in favor of other unique employee identifiers.

Increasing reporting requirements by federal, state and local governments has had the net effect of employers releasing each employee's SSN on numerous occasions to federal and state governments, thereby increasing the risk of breach. Major reporting requirements include: federal, state, and local taxes; Social Security benefits; workers' compensation; unemployment compensation; and immigration work authorization.

Conversion from SSN to a Unique Internal Identifier is Underway
The process of converting databases and human resource practices from the use of Social Security numbers to another internal identification number for processes which do not involve the government is slow and expensive. Large corporations often use a labyrinth of computer databases—some company-owned and some outsourced—to collect and store employee information, making it difficult to establish the cost to convert systems to private numbering.

It will likely cost our members tens of thousands of aggregated personnel hours to transition internal and external databases from SSNs to a unique numbering system. Our member companies have also expressed concern that a forced rapid conversion away from SSNs as an internal identifier would increase corporate transition costs and the probability of mistakes. Therefore, any proposed transition deadline should be carefully considered.

Responsible Use of SSNs to Protect Consumers and Retailers
Many employers, including retailers, collect Social Security numbers to conduct background investigations, consistent with applicable federal, state and local laws, on prospective employees to help combat fraud and identity theft. Employers use the information obtained about a job applicant's criminal background, credit report, and driving record as factors to determine who may be trusted to handle customer information such as credit card and Social Security numbers.

Safeguarding SSNs

Retailers are concerned about protecting the information they collect, including SSNs, and have implemented physical, electronic and procedural security safeguards to protect and secure such information. However, no two business models are the same and companies need the flexibility to create organizational structures and security systems that best protect their digital assets.

Increasingly sophisticated hackers have piqued consumer and retailer awareness of the need for advanced digital data security. Retailers and other businesses continue to invest heavily in networks secured by hardware and software devices specifically designed to prevent and detect intruders. Many of these networks are monitored by specially designed software which runs 24 hours per day, seven days per week. In the event of a security breach, retailers have plans enabling them to respond promptly and appropriately.

In addition to digital security, larger retailers hire individuals responsible for privacy and data protection. These individuals are performing integral roles in data protection for their respective companies, including implementing education and awareness programs to teach employees at all levels about the importance of data security. These education initiatives have included company-wide messages, classroom training, break room posters, and targeted memos to management or particular departments.

Conclusion

The use of SSNs has grown through the years, leading to significant challenges to conversion. Before systems can be converted from Social Security numbers to a private numbering system, companies must determine the scope of SSN usage within databases and related subsystems. Once the scope of usage has been determined, companies can then begin to transition to a private numbering system and focus on employee education and awareness. Both of these steps will take various amounts of time for each company. Therefore, there is no one-size-fits-all approach which business can take to address the issue.

Thank you for your consideration of this important matter. Should you or any member of your team have additional questions, please do not hesitate to make me aware.

Sincerely,

Sarah Cudworth
Senior Director, Government Affairs