

## REPORT ON THE COLLECTION AND USE OF SOCIAL SECURITY NUMBERS

By Robert Ellis Smith

Demands for a person's Social Security number have multiplied in the past ten years. There are several reasons for this.

Computerized systems seem to lend themselves to enumeration.

Government agencies must monitor assistance programs that involve direct payments to individuals.

An increasingly complex tax code and compliance system requires the reporting of many transactions to the Internal Revenue Service by taxpayer number.

The number is a conveniently available identifier that most citizens possess and can readily recall.

Clerks, investigators, loan officers and others perceive the number as a means for tracing an individual (in the event of a breach), and consumers perceive it the same way.

This trend has produced complaints from many quarters. Control over one's Social Security number has become an important symbol for "protecting one's privacy." The complaints can be grouped into four categories:

A special report from:

Privacy Journal  
P.O. Box 15300  
Washington, D.C. 20003  
202/547-2865

Copyright © 1985

Not to be copied without permission.

Short excerpts may be quoted, with credit  
to Privacy Journal.

A Social Security number is used by an unauthorized second party to gain access to information.

An individual is unfairly penalized for declining to provide a number, for whatever reason, even though there is no legal requirement to provide the number.

The demand for the number is considered either absurd or irrelevant.

Some have religious objections to being enumerated.

In this report, these complaints are documented, along with a description of the organizations that demand and use Social Security numbers. The increase in the number of these organizations increases the possibility that the SSN will be the key whereby disparate computerized systems may be linked, thus pooling a massive amount of personal information about an individual so that it may be used to make decisions about his eligibility or even a suspicion of wrongdoing, without his consent or participation. This creates the most pragmatic of the concerns about Social Security numbers - that they will be used to link data systems beyond the control of the individual.

### Misuse by a Second Party

The decision to use the Social Security number as a military serial number, made in 1967, ultimately led to a case of tax fraud ten years later. A prisoner named George Turner was assigned to the clothing room at a federal facility in Missouri. His job was to sort out Army fatigues from Fort Leonard Wood. Turner was a longtime veteran of tax fraud, and it took him less than a week to discover that he could use the discarded uniforms in his schemes. On each piece of clothing was a soldier's name and Social Security number (military ID). Turner simply requested blank tax forms by mail and filed phony returns and requests for refunds, using the names and Social Security numbers (now taxpayer's ID) on the different forms. This generated more than 200 refund checks mailed to addresses selected by Turner. The IRS discovered the fraud and stopped many of the refund checks, but the Army continued to send old uniforms to the federal detention facility, and Social Security numbers continued to appear, with names, on each piece.

1.

It is a common complaint among residents of the southwest U.S. that illegal aliens are using their Social Security numbers to apply for government benefits. A constituent of Texas Congressman Steve Bartlett made this complaint in behalf of a friend this year. "What happens when my friend reaches retirement age? Who gets the benefits, her or the illegal alien?" A woman in Harlingen, Texas, wrote to the Social Security Administration, "Where can I get my sister's Social Security number 'cause a lady is using it but my sister died when she was about 13 years old."

The Internal Revenue Service in July 1984 reported an allegation that a Vietnamese female using someone else's Social Security number was seeking employment in Biloxi, Miss., and that this was a common practice by Vietnamese immigrants in the seafood industry on the Gulf Coast.

Social Security correspondence files (kept only since 1983) show that this is a common complaint and a very current one. The response many of the complainants say they get locally is, "We can't do anything," or "Write your Congressman."

A constituent complained to Representative Bob McEwen last year that someone else was enlisted in the U.S. Army using the constituent's Social Security number. An FBI agent gave the complaint credibility.

2.

A man in El Segundo, California, wrote to Privacy Journal in 1979 that when he applied for an auto loan at his credit union, he was required to supply a Social Security number. After he objected to a credit union officer, "I then got a phone call from her stating that they use the S.S. number to make a credit check through the TRW computer and would not process it without the number." This is a very common use of the Social Security number -- for credit grantors, some employers, landlords, credit card companies, and others to check with an automated credit bureau for a credit record of an applicant. The five major nationwide credit bureaus use a Social Security number with each credit file, and often retrieve records by Social Security numbers. Although most experts agree that mistaken identities can be prevented by checking address, employer, and other identifiers in credit files, the credit bureaus and their users find the Social Security number a convenient identifier, and there is no prohibition against its use.

Not surprisingly, perhaps, in Des Moines, a person was found using someone else's Social Security number this year to obtain credit, according to a Department of Treasury security officer. In 1981, a newspaper reporter purchasing a car in suburban Washington, D.C., forgot her Social Security number and could not provide it on a credit application used by the auto dealer. "Don't worry. I'll get it," said the salesman, as he turned to a desktop computer terminal and retrieved the woman's number from the local credit bureau computerized file.

3.

A woman in Merced, Calif., applied for unemployment benefits and was told that she was ineligible because someone else had been using her Social Security number to collect unemployment compensation.

Versie Kimble of Louisiana injured his right shoulder in 1969 while on the job and collected \$35,000 in a later jury verdict. An organization called Industrial Foundation of America recorded his lawsuit, but under an erroneous Social Security number. The foundation claims to store records on a million or more workers compensation lawsuits as well as the names of any workers reported injured or fired by major companies who subscribe

4.

to the Industrial Foundation service. For a small fee, it checks the name and Social Security number of any person who applies for work at member companies, primarily industrial firms in the South. It reports nothing about an individual's ability to return to work nor about the merits of the compensation claim, or its outcome, only the fact that there has been a claim or an injury.

Versie Kimble successfully applied for work at another company, a member of the foundation, because of the error in his Social Security number. There he suffered a broken finger and received a compensation settlement of \$6,500. This was noted in the foundation's index under Kimble's correct Social Security number. For eight months, Kimble could not find work when he used his name and Social Security number on an application. In 1972 he found work with a non-member company. A year later, the company joined the foundation and, as part of its new membership, had all current employees checked against the foundation's files.

Kimble was fired. The reason given? "Engaging in politics." He sued the foundation, and in that lawsuit, two members of the foundation testified that they were instructed by the foundation to give a false reason when discharging an employee on the basis of an Industrial Foundation check. After 1974, Kimble was successfully employed at member companies, but only when he used his wife's Social Security number when 5. applying for work. Employers and others frequently ask for an applicant's Social Security number so that they may check clearinghouses of this sort. This incident shows that, although there are legitimate reasons for demanding a Social Security number of a person once hired (for payroll and tax purposes), there are also good reasons for an applicant not to want to provide that number until hired.

Most major cities have indexes of persons accused of shoplifting and/or dishonesty in retail employment. Generally these indexes are filed by Social Security numbers, sometimes accurate, sometimes not. Retail stores consult the indexes before hiring. A court on Long Island found "a fundamental unfairness" in the way these "protective associations" operate, and the Attorney General in Massachusetts shut one down for not complying with the state and federal fair credit reporting acts, which require credit grantors, employers, and others to notify an applicant when such a clearinghouse is to be used in determining eligibility. 6.

In 1979 both senators from Missouri reported that the Internal Revenue

Service freely disclosed taxpayer information over the telephone to any voice that identified itself as the taxpayer, along with the correct Social Security number. This meant that an individual with someone else's name and Social Security number could pose as that individual over the telephone and receive information from the IRS about the person's taxes paid, returns filed, or individual elements of a tax return. If especially clever, the caller might be able to ascertain additional details of the other person's tax situation. The Social Security Administration generally requires a written or in-person request, and most credit bureaus -- like federal agencies under the Privacy Act -- ask for a notarized request when an individual wants to see his or her own records. (The IRS thereafter said that it had tightened its procedure.)

7.

To show how especially clever snoopers do it, here is an excerpt from the highly praised Kreever Report on medical records in Ontario, Canada, issued in 1980. It refers to one "Ike" Eisenhower, a recognized old hand at personal investigations: "Mr. Eisenhower admitted that he frequently telephoned OHIP [Ontario Health Insurance Program] and identified himself as the person he wished to locate...He mentioned the OHIP number (which he had obtained from the person instructing him) and expressed the concern that his employer was not making the required contributions and that therefore he was without OHIP coverage. The person handling the inquiry at OHIP would then begin to discuss the nature of the coverage. By feigning confusion, Mr. Eisenhower could usually extract the name and address of the debtor's employer and the address of the debtor if he was a pay-direct subscriber. Mr. Eisenhower said that this technique was common in the investigation field, and was used, for example, by finance companies, like banks and private investigators regularly when they were attempting to locate debtors. The OHIP information bank was a favorite source of information, first, because it was the most up-to-date list of addresses in the Province." The story is relevant to the U.S. because in Canada one's "OHIP number" is also one's Social Insurance Number, just as in the U.S. in all public health insurance programs (Medicare and Medicare) and many private programs, one's insurance number is also one's Social Security number.

The Kreever Report went on to say, "Credit bureaus have, in the past, telephoned OHIP and, upon reciting the subjects' OHIP numbers, have obtained biographical data about them. Because a unique health identifier would be a key to highly sensitive and confidential information, it must be protected to the greatest extent possible against abuse."

8.

A person in California wrote to Privacy Journal in 1983 saying, "I recently called Sears U.S. Money Market Trust office in Kansas City, via a toll-free 800 number, in order to determine my account balance. Giving just my name and account number, I was given this information. Anybody to whom I had ever written a check with my name and account number would have enough information to call Sears and determine my balance."

9.

#### Sacrifices for Not Supplying the Number

Apparently sensing the ease with which the Social Security number can be misused, many persons have refused to supply it upon demand. They treat it like any other confidential number -- a telephone or travel-and-leisure credit-card number, for instance. And they suffer the consequences.

Gail Osherenko refused to supply her Social Security number when applying for admission to the State Bar of California as an attorney in 1975. She was refused admission -- and for a while denied a written rejection on which she could base an appeal. After she filed suit in the state Supreme Court, the Committee of Bar Examiners yielded. The committee may have wanted a Social Security number on each lawyer to keep its rosters accurate -- as the U.S. Supreme Court does -- but more likely the admissions committee queries credit bureaus on all applicants and uses the number for that purpose.

10.

Karen and Bradford Smith refused to provide Social Security numbers on their small children to the State of California Health and Welfare Agency and thereby were disqualified for Medi-Cal coverage. That was in 1976. Two years later, parents in Massachusetts filed suit to prevent the Aid to Families with Dependent Children (AFDC) program from requiring Social Security numbers of their children. They waived rights to welfare payments when they did so. The child who was the focus of the suit was seven years old. The federal court ruled that the bureaucracy could demand the number but must meet certain requirements under the federal Privacy Act before doing so.

11.

Many persons have gone without the following, rather than supply a Social Security number: driver's license in about three-fourths of the

states; check-cashing cards at supermarkets, telephone service or service free of cash deposits, gas or electric service; fishing licenses; checking accounts; employment; stock brokerage, visits to the White House, and security clearances.

#### Absurd Demands

The demands for the number have indeed gone far afield of the original purpose.

The number was originated in 1935 for the sole purpose of reporting old-age insurance benefits. "At the time there was considerable talk about the danger of a 'police state,' and workmen were concerned that employers might use information as to their previous work history for black-list purposes," according to a history of the Social Security system. The Hearst tabloid newspapers in a headline called the innovation, "Snooping-Tagging." In 1943 Executive Order 9397 directed federal agencies that use permanent account numbers to "utilize exclusively the Social Security account numbers." The remarkable increase in the use of the number in our current times began in 1961 when the Internal Revenue Service began using it as a taxpayer ID number. Federal employees, not part of the Social Security system, were assigned SSNs the same year, and in 1967 it became the military ID. After that came increases in several programs providing income to individuals. This required reporting to IRS - public assistance, food stamps, veterans benefits, and more. The Bank Secrecy Act of 1970 required enumeration of bank customers to the IRS. Some banks began, unwisely, using the number as an account number on the face of a person's checks, although most banks did not. When the U.S. Department of Transportation created the National Driver Registry in the 1970s, it first asked state motor vehicle departments to report suspended and revoked driver's licenses to its Washington data bank by Social Security number. States began to ask for, and in some cases, require the number from first-time and renewal applicants. Then the National Driver Registry changed its position and abandoned requests for the SSN, but the trend in the states continued to the extent that today in many states and the District of Columbia it is not only required but also appears on the face of the driver's permit. This means that when an individual uses a driver's license as identification, as most people do, the Social Security number is recorded on the check being cashed, the application being submitted, or other document.

Because of the increase in federal aid to education or directly to



students, from the Veterans Administration, Department of Education, Social Security Administration itself, National Science Foundation, and others, colleges and universities in the early 1970s began using the number as a student identification number, even though many students did not have one at the time of registration. In most college communities, then, the Social Security number is universally used by merchants, banks, college authorities, and others as the sole identity number.

This means that the number stays with a "student" for life, even though this was not anticipated at registration time. Most universities use it to tag alumni, even displaying it on the outside of mailing envelopes. This means also that when an alumni office rents its mailing list, as Georgetown University does, for instance, each individual's Social Security number is included on the labels that are provided. The University of Miami told a complaining alumnus that it used the Social Security number for alumni "only because it is 1) unique and 2) is used by the University, as the student's ID number." The practice gets extended: to use its tennis courts and gym facilities, alumni at Georgetown must provide a Social Security number, as well as one for each family member, and that number is used on an identity card.

14.

The Secret Service uses the number in its roster of persons regarded as dangerous to the President, and so the number is demanded of all visitors to the White House and Executive Office Building. This has irritated foreign visitors, who do not have such numbers.

15.

A federal employee who lives in Washington was proud of his effort to curb indiscriminate use of his number, then discovered that a "courtesy card" issued by a local liquor store displayed the number. It had come from the face of his driver's permit.

Many states now request the number from anyone who registers to vote, and the State of Virginia requires this by statute.

A San Francisco man this year sought to sell some stocks through a broker. The firm demanded a Social Security number.

Holiday Inns throughout America often ask for a Social Security number, sometimes in conjunction with special services for frequent guests.

"Every apartment you try to rent in this area demands to know your income and Social Security number," said a Maryland woman. The number is used here for a credit check. Even the Red Cross asks for a Social

Security number from blood donors to keep the pints straight, but anyone who is bold enough to decline may still give blood. "I had to give my Social Security number in order to make funeral arrangements for a friend," an Indiana woman wrote to a Congressional committee. Wyoming, West Virginia, and other states require numbers from applicants for fishing and hunting licenses. And one man was asked for a Social Security number when he took his dog to a veterinarian to have the pet's toenails clipped.

A woman in Harlem, in New York City, was asked for a Social Security number when she applied for cable TV service.

A young man in Rockville, Md., filled out a form at a record store in a drawing for free tickets to a movie. No one could tell him why his Social Security number was demanded on the contest form.

Sponsors of contests ask for Social Security numbers mainly as a readily available identifier that most people can easily recall. The Los Angeles Herald Examiner, The Woonsocket Call, Washington radio station WGMS, and The Cleveland Press are examples. The HEW Report on "Records, Computers and the Rights of Citizens in 1973 said, "'Lucky number' contests in which an SSN is drawn, and its holder is awarded some prize [are] objectionable because it may induce people to try to obtain extra SSNs to increase their chances of winning, and because it trivializes the SSN." An occurrence 16. in 1976 proves the point. A Cleveland man was surprised when his two children, Steven, 7, and Sheila, 5, received notices to pay overdue income taxes from the regional tax agency. The father then recalled that to enter the children in The Cleveland Press sweepstakes, he had applied for new Social Security numbers for his children. The Social Security Administration routinely put the children and their numbers on lists it regularly sends to local tax agencies. The local agency had no record of the two persons having paid taxes. 17.

Many police departments sponsor burglary prevention programs by which citizens may label their belongings. Virtually all police departments advise citizens to use their Social Security numbers as identifiers, even though house burglars are precisely the persons one would not want to have one's SSN.

A motorist in Washington recently used a competing oil company credit

card at a gasoline station promoting such use. He was asked for his Social Security card -- "standard policy." When he said he did not carry the card and would refuse to reveal the number, the station attendant threatened to call police. The customer drove off, and the attendant wrote on the credit card voucher, "Refuses to Give Social Security number."

#### Religious Objections

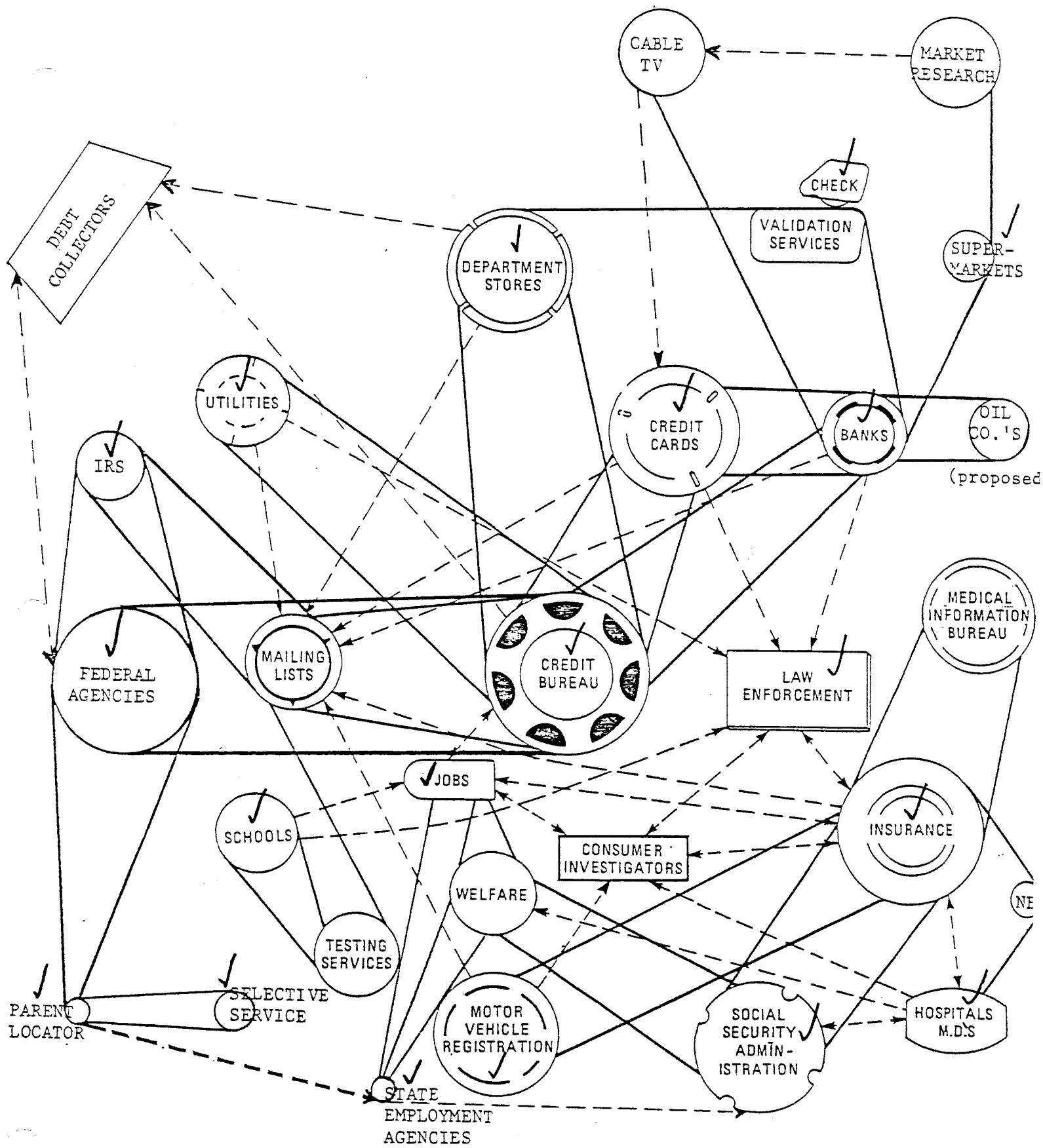
A small minority of persons object to Social Security enumeration on religious grounds. Many fundamentalist Christians point to the Biblical passage about a great beast that resembles Satan: "And he causeth all, both small and great, rich and poor, free and bond, to receive a mark, or the name of the beast, or the number of his name. And that no man might buy or sell, save that he had the mark, or the name of the beast, or the number of his name....And the third angel followed them, saying with a loud voice, If any man worship the beast and his image, and receive his mark in his forehead, or in his hand. The same shall drink of the wine of the wrath of God,...and he shall be tormented with fire and brimstone." (Revelation 13:16-17 and 14:9-10.) Files of both the Social Security Administration and Privacy Journal include complaints based on this Biblical passage, which some preachers say instructs believers to shun all enumeration by the federal government beast.

#### The Key to Linkage of Systems

Much of the resistance to demands for Social Security numbers is symbolic, based on an individual's religious or humanitarian objection to being a "number not a person." But much of the resistance is also based on practical realizations that the Social Security number is the key to linkage of disparate computer systems, in the private sector and the public sector. With the Social Security number, one organization can more easily link its personal computer system with any other organization whose data bank also includes this key data element. Linkage by name and other identifiers is feasible, but linkage by a numerical identifier seems easier. Thus, citizens think that by providing a Social Security number, especially for an unrelated purpose, they are permitting one organization the means to access other

data about them in disparate data banks. To a large degree they are right. The technology permits the systems to be linked across communications lines; the Social Security number permits matching of files related to the same individual.

The chart that follows shows the major data systems with personal information in them, and their interrelationships. Dotted lines indicate a manual (and often irregular) exchange of information, in the direction of the arrow(s). The solid lines indicate routine, computerized exchanges.



On the major data banks on the chart, here is a description of the use of Social Security numbers by each:

Debt Collectors - They have Social Security numbers, gained from credit bureaus or individual credit grantors, but appear not to use them on a systemic basis.

Department Stores - They collect Social Security numbers on credit application forms and use them to access automated credit bureau files.

Cable Television - There is no evidence that cable companies use SSNs as part of their automated data files, although some companies ask for a number upon application, as a means of checking credit worthiness, much like a utility.

Utilities - Local telephone companies regularly demand Social Security numbers from new customers who do not post a deposit or have well-established payment records for telephone service. The companies claim they need these numbers to track down non-payers at a later date. Although telephone company representatives do not announce this, they will acquiesce if the customer resists providing a number. Gas companies and electric utilities have much the same policies and uses.

Check Validation Services - These companies, for a fee, will answer telephone or computer inquiries from retail merchants with regard to personal checks presented by customers. Most services retrieve information by the driver's license number of the check writer, or in some cases the bank account number. In many states, the driver's number is the Social Security number. Most check validation services have Social Security numbers on file, and many companies, like many debt collection companies, are owned by credit bureau companies.

Supermarkets - They demand Social Security numbers on applications for check-cashing privileges, although they seem not to use them for credit checks nor for retrieval. Some food stores check applicants with check verification services and use the SSN for that purpose. Still, supermarkets are a good example of organizations that collect the number for undefined,

passive purposes.

Credit Card Issuers - These companies require Social Security numbers on applications and use them to access credit bureaus. The demand is not always mandatory.

Banks - Federal law requires that depository institutions collect Social Security numbers (taxpayer ID numbers) on any customer to whom interest will be paid and to report that interest by taxpayer number to the Internal Revenue Service. Federal regulations under the Bank Secrecy Act require banks to "secure and maintain a record of the taxpayer identification number of the person maintaining [any] account." The same law requires that some account number, although not necessarily a SSN, be recorded in certain large cash transactions. There is a fine for tax information reported to IRS without an individual taxpayer number attached. Banks often require a SSN on a loan application, and use it to access a credit bureau. Federal law does not extend to loans, safe deposit boxes, and other bank services, but most banks demand the number on each of these as well.

By regulation, the Department of Treasury requires SSNs on savings bonds and U.S. securities.

Major Oil Companies - The companies usually demand the SSN on credit applications and use it to access credit bureaus. Apparently some companies and individual service stations demand the number, and often the Social Security card itself, when a credit card other than their own is used at the pump.

Internal Revenue Service - The agency requires a Social Security number or taxpayer identification number (for entities other than individuals) on all tax returns and related forms. Organizations making taxable payments to individuals and organizations must report those payments by taxpayer ID number. This is authorized by the Internal Revenue Code. The code also restricts disclosure of the number and other taxpayer information.

Federal Agencies - Since 1965 the military services have used the Social Security number as a "serial number" for each service member. This means that it appears on "dog tags" and other publicly available identification.

Federal agencies that make payments to individuals report these

payments to IRS by taxpayer ID, and so such an ID number is required on applications. Further, federal agencies now use credit bureaus to check on loan applicants and on delinquent payers. The Social Security Administration itself, of course, collects the number for old-age pension records, Medicare, Supplemental Security Income, and IRS-related reporting. Since 1974, federal agencies have been restricted by Sec. 7 of the Privacy Act, 5 USC 552a. This provision is listed in the statute as a footnote and there is no enforcement mechanism. It has mainly required the publishing of "boilerplate" advisories whenever a federal agency asks for a Social Security number.

The Parent Locator Service in the Department of Health and Human Services was authorized by law in 1974 to access any federal (or state) data bank to track down parents not making support payments to their children. Only the Census files are exempt. The locator uses the Social Security number as the means of accessing other agency data banks. The law authorizing the locator also authorized requiring Social Security numbers of all recipients of Aid to Dependent Children, regardless of age. The Social Security Amendments of 1972 authorized collecting the SSN from recipients of public assistance (welfare), Medicare, and Medicaid. The Department of Health and Human Services uses the number as a means of verifying identity of recipients by checking name and number with names and numbers on other known lists. An unstated purpose of the demands for Social Security numbers is undoubtedly to deter fraud by leading recipients to believe that information is verified.

The Department of Agriculture requires Social Security numbers of all members of a household in which one member receives food stamps or reduced-price school lunches.

The Selective Service System began asking for name, address, sex, birth date, and Social Security number of young men when the current draft registration was established in 1980. A federal judge ruled later that year that Selective Service was violating the Privacy Act by not including the "boilerplate" advisory mentioned above. The system still collects the number and uses it as the main means for conducting several computer matches with federal agencies and private organizations to identify young men who are not on the registration rolls. These agencies include the Internal Revenue Service (under an arrangement that technically prevents IRS "disclosure" of taxpayer information), Social Security Administration,

18.



state motor vehicle departments, lists of high school students, the Parent Locator, federal payrolls, and even a chain of ice-cream parlors that has young people register for birthday parties. In challenging the Social Security number requirement, the American Civil Liberties Union said that by having the number Selective Service could more easily conduct matches with other organizations having files with Social Security numbers.

Mailing List Companies - Few if any companies market mailing lists with Social Security numbers, although a few commercial lists include the numbers. Clearly, lists of college alumni include such numbers and they are routinely rented to commercial users. Many membership organizations do the same. A teacher in California in the 1970s discovered her Social Security number listed in reverse sequence on a mailing label from a political candidate. Upon checking, she discovered that the list had been provided without charge by the California Teachers Association, which regularly makes such membership lists available to candidates it endorses. Still, there is no evidence that the SSN is a key data element in the mailing list industry, even though the industry is extremely advanced in its ability to merge disparate lists of names and addresses.

19.

Credit Bureaus - The regional credit bureau is a fully computerized clearinghouse of data about consumers' use of credit cards and charge accounts with local and national credit grantors. By law, the information may be used only for credit, insurance, employment, or similar business purpose. The principal users of credit bureaus are retail merchants, credit-card issuers, some insurance companies, banks, landlords, some employers, occasional attorneys tracking down individuals, and, just this year, federal agencies. The five major credit bureau companies, all fully automated, use Social Security numbers as a key data element. Inquiries to a credit bureau are just about always made by Social Security number, and in addition the number is used to prevent mistaken identities when retrieving files. This means that just about all users of credit bureaus demand Social Security numbers, even though there is no law authorizing or requiring this. There is also no law preventing it.

Law Enforcement - Most police departments collect Social Security numbers upon arrest. Mostly this data element remains passive (and undoubtedly

far from accurate), but in the case of a major offense, computerized criminal histories are sent to criminal justice information systems at the state level, along with the Social Security number of the offender. These records, at least in 17 states, are made available to all 50 states through the FBI's National Crime Information Center (Interstate Identification Index). NCIC itself keeps criminal histories on federal offenders, with Social Security numbers. The numbers are a key means of linking criminal records with inquiries from employers and licensing boards, in jurisdictions where this is done and where it is legal.

Insurance - Many insurance companies use the SSN as a policy number, and just about all companies keep the number on file at one point. Casualty companies use it to match motor vehicle data. Life insurers have less need of the number. But most collect it. Health companies use it to link data with Medicare and Medicaid when processing claims and to process claims from hospitals and other providers. Some insurance companies are users of credit bureaus, and many health, life, and casualty companies use consumer reporting companies (consumer investigators on the chart) and these firms use Social Security numbers as identifiers (though not as a primary data element).

Most health companies have begun to use the National Electronic Information Corporation in New York City (NEIC on the lower right side of the chart) to submit claims. The NEIC takes batches of claims from health providers, sorts them by insurance company, and then sends batches of claims, in proper order, to the participating insurance companies. The Social Security number is required on claims processed by this computerized clearinghouse.

Hospitals and Doctors - Consequently, most health providers need to collect the number, although there is disagreement as to whether it is advisable to use the SSN as a patient ID number as well. Just about all publicly-supported hospitals do use the SSN as a patient identifier; Veterans Administration hospitals, of course, simply use a retiree's military service number (SSN).

Medical Information Bureau - The MIB collects codes medical information from insurance applications, as supplied by 700 companies, and records the data in computerized files. It does not use Social Security numbers, instead using area of residence and occupation as identifiers of its more than eleven million records. MIB will provide a coded report on an individual to an insurance company to which the individual has sought coverage. It files some 9,000 new reports each day and processes 80,000 inquiries for matching against the master file.

Motor Vehicle Departments - As mentioned above, the federal National Driver Registry was an impetus for state motor vehicle departments to require Social Security numbers. Just about all states have the number on most licensed drivers, although fewer than a third of the states require the number in all cases. Some states and the District of Columbia display the SSN on the face of the permit. Dataflo Systems, part of Equifax Inc. (owner of the leading consumer investigating company and one of the major national credit bureaus), has computerized access to this data in the states, including Social Security numbers, which it sells to auto insurance companies. Each of the 51 motor vehicle departments were asked by Selective Service to provide names, addresses and Social Security numbers of all young men eligible for draft registration, and all but one complied.

Employers - The most legitimate demand for the Social Security number is by an employer for the purpose of reporting income and taxes withheld (to the Internal Revenue Service) and Social Security contributions made (to the Social Security Administration). Consequently, many employers use the number as an employee ID number for convenience (sometimes having it displayed on ID badges and mailing labels). This means that it becomes a handy number for health insurance identification and for credit-union identification. Many employers ask for SSN on employment applications, usually out of habit, but sometimes in order to access a credit bureau file or criminal file. Since 1975 IBM Corp. has not asked for Social Security numbers from applicants. (It asks for bare-bones information upon application and no longer consults credit bureaus.)

Nor does IBM put Social Security numbers on company badges, ID cards, medical insurance cards, or publicly available material. Insurance companies get a separate IBM employee identification number when they

process a medical or dental claim. Social Security numbers in payroll files are not disclosed without employee consent.

20.

Schools and Universities - Just about all private and public universities ask for a student's Social Security number upon registration and use it as a student identifier. State-supported institutions are restricted under the Privacy Act from requiring the number without statutory or regulatory authority, and so many permit a student to use an arbitrary substitute. Many financial aid programs require SSNs, which are readily available to the college registrar. Secondary schools generally do not collect or use SSNs, but the Social Security Administration encourages school systems to sponsor opportunities for students in the eighth grade or higher to get Social Security numbers at school. Eighty percent of all Social Security card applicants are under age 18, and so in-school enumeration has been pushed by the Social Security Administration as an efficient way of handling its workload. To the extent that it is increased, in-school enumeration may require SSA access to school records to verify identity and may encourage school systems to require the number for high school registration or at least use it as a high-school identifier.

21.

State Agencies - In the typical state, the following agencies file Social Security numbers on individuals in their personal data systems:

Boards and commissions licensing accountants, funeral directors, beauticians, plumbers, auctioneers, architects, etc.; state payroll office (\*); athletic licensing commissions; corrections department (inmate files) (\*); unemployment security compensation division (\*); workers compensation board; retirement fund (\*), department of health (laboratories, registry of handicapped persons, communicable disease files, handicapped registries); industrial board (accident reports); law enforcement (training, employees), manpower development or job retraining centers; mental health department; motor vehicle department (\*); department of natural resources (boat licenses, hunting or fishing permits, violators, etc.); board of education (GEO test results, teacher certification, special services files); department of

public welfare (welfare, food stamps, Medicaid, handicapped persons (\*); real estate commission (brokers and sales licenses); rehabilitation services (registry of clients, of blind persons); tax department (\*), state police (criminal history and traffic files); veterans department; department of agriculture (licensees), voter registration. An asterisk, (\*), indicates 22. that the SSN is commonly used to retrieve files.

Most of the state files are available for computer matching programs, encouraged by the President's Council on Integrity and Efficiency or various state agencies complying with federal funding requirements. Most computer matches use name and Social Security number for establishing a "hit" - a person appearing on both lists and thereby targetted for investigation or disqualification. In Massachusetts, banks are required to run matches comparing the Social Security numbers of public assistance recipients (supplied by the state welfare agency) with the numbers of their own bank depositors. Other welfare departments run matches against public and private payrolls in the locality or with assistance programs in neighboring jurisdictions.

The Veterans Administration, which has been in the forefront of the matching program, has discovered the pitfalls in using Social Security numbers as the basis for "hits." In a match of SSNs of known dead persons with SSNs of VA aid recipients, 80 percent of its 1500 "hits" turned out to be inaccurate because widows of deceased veterans were using their dead husbands' Social Security numbers in dealing with the VA because they believed that was the proper thing to do. The VA discovered that some data elements collected by an agency are never checked for accuracy (date of birth or SSN, for instance) because they are not crucial to the agency. When that agency discloses a list for a matching program in which that data element becomes the key comparison factor, the data element takes on new importance, although its accuracy still has not been checked.

23

#### Conclusion

The Social Security number is an imperfect identifier, and several abuses occur, or can easily occur, when it is (1) used for extraneous purposes or (2) made generally available to outsiders. Demands for the number also raise suspicion among constituents.

## FOOTNOTES

1. Omaha World Telegram, Nov. 18, 1981, p. 34 (Chicago Sun-Times News Service).
2. The information in this and the preceding three paragraphs is from Social Security complaint files (Volume II of this report).
3. Letter dated May 2, 1979, in files of Privacy Journal. Similar complaints were published in Privacy Journal, May 1980, p. 1 and p. 5, and May 1982, p. 5 and p. 6.
3. See note 2.
4. See note 2.
5. Kimble v. D.J. McDuffy Inc. \_\_\_\_ F. \_\_\_\_ (5th Cir., 1980), Privacy Journal, Feb. 1980, p.1.
6. Boston Globe, Jan. 14, 1976, and Daily News Record, New York (Fairchild Publications), July 19, 1978, p 2.
7. New York Post, Mar. 26, 1979, p. 18.
8. Report of the Commission of Inquiry into the Confidentiality of Health Information by the Hon. Mr. Justice Horace Kreever, Sept. 30, 1980 (Queen's Printer for Ontario, 0-7743-5567-0), quoted in Privacy Journal, Jan. 1981, p. 5. For trends in Canada with regard to its SIN as a de facto identifier, see The Origins and Development of Social Insurance Numbers in Canada by David H. Flaherty (Canada Human Rights Commission, Ottawa, 1981).
9. Privacy Journal, March 1983, p. 4.
10. Osherenko v. Committee of Bar Examiners, \_\_\_\_ Cal. \_\_\_\_ (1976).
11. Letter to Privacy Journal dated August 10, 1966; San Luis Obispo County, Calif., Welfare Department hearing, Feb. 25, 1976, Privacy Journal, Sept. 1976, p. 2; Doe v. Sharp, 491 F. Supp. 346 (D.Mass., 1980).
12. The Formative Years in Social Security by Arthur J. Altmeyer (U. of Wisconsin Press), p. 70.
13. Records, Computers and the Rights of Citizens, U.S. Department of Health, Education and Welfare, July 1973.
14. Letter to Privacy Journal, Sept. 24, 1979.

15. This and the information in the following 11 paragraphs is from Privacy Journal's files. See also Government Executive, June 1972, p. 63.
  16. See note 12, p. 134.
  17. Computerworld, Oct. 4, 1976.
  18. Wolman v. U.S., 49 USLW 2370 (D.D.C., 1980).
  19. San Diego Tribune, Oct. 30, 1974.
  20. Harvard Business Review 54, no. 5, quoted in Individual Rights in the Corporation edited by Westin and Salisbury (Pantheon Books), p. 222.
  21. See note 12, p. 127.
  22. Report of the Governor's Commission on Individual Privacy, Indianapolis, Ind. Dec. 1, 1976.
  23. Oversight of Computer Matching, Hearings Before the Subcommittee on Oversight of Government Management, U.S. Senate, 97th Cong., 2d Sess., Dec. 15-16, 1982, p. 143.
-

LITTLE BIRD OF THE SNOW AND THE BIG GOVERNMENT

The U.S. Supreme Court has been asked to rule on the refusal of a Pennsylvania couple to provide a Social Security number on their four-year-old daughter to qualify for state Aid to Dependent Children (AFDC), food stamps, and state medical assistance. The father, Stephen J. Roy, is a native American descended from the Abenaki Tribe. He feels that Social Security numbers are part of a "great evil" used by computers to rob people's spirits. He does not want his daughter, Little Bird of the Snow, enumerated in this way, even though the couple and their older daughter have SSNs and Roy does not object to receiving numbered food stamps or numbered AFDC checks. Roy wants Little Bird of the Snow to decide for herself about having a Social Security number.

U.S. District Judge Malcolm Muir, who presided over the trial last May was sympathetic. He found that Roy's religious views are "sincerely held," and the judge even made a suggestion of his own: Would Little Bird accept a number created from her name? The judge himself converts numbers into words as a personal way of remembering telephone numbers and other digits. Muir calls the Chief Judge "Phillippino Ovenpot," for instance, simply as a way of remembering his colleague's phone number. Using this system, the judge determined that the little girl's name translates to 515-94-1802. A government witness felt that the bureaucracy could go along with this, even though the first three digits would indicate that the number was issued in Kansas, not Pennsylvania, and even in Kansas the judge's created number would be 30,000 numbers ahead of SSNs currently in use. The Social Security Administration computers reject "impossible" account numbers, and so some accommodation might be necessary. The father liked the idea but did not accept it.

Only at the end of the trial was it disclosed that Little Bird of the Snow had an SSN assigned to her at birth; the parents returned it and asked that it be revoked. Still, the judge did not rule that this made the case moot. The district court held that the SSN requirement in the welfare and food stamp programs is unconstitutional as applied to this family and enjoined state and federal agencies from denying benefits to the family, as they had done.

In its appeal to the U.S. Supreme Court, the federal government claims that it has a compelling interest in getting numbers from all beneficiaries to verify sources of income and to combat fraud. The U.S. Department of Justice said, "Each year [computer matches] uncover more fraud and abuse. Interjurisdictional matches cannot be performed without SSNs because SSNs are the only common element in the data systems of the various states. SSNs are required for all members of a household, including children, because the various data banks that are consulted to verify eligibility and detect fraud may contain information about each member of the household....Although certain types of intrastate matches may be performed without SSNs, the reliability of those matches is significantly less than matches performed with SSNs."

The Social Security number requirement in the food stamp program originated by law in 1979; then came similar requirements for other government payment programs. Congress provided further authority just last summer with the Deficit Reduction Act of 1984 (P.L. 98-369), on recommendation of the Grace Commission report on cost controls in government. Social Security numbers are now required for AFDC, Medicaid, unemployment compensation, and Supplemental Security Income for blind, disabled, and aged persons. "The district court erred in ignoring the legislative judgment in this regard and engrafting onto the statutes an unfounded exemption," the Department of Justice brief said, echoing arguments it made in a similar case before the court [see page 4]. Heckler v. Roy, 84-780. [Roy v. Cohen, 83-1179 (M.D.Pa., June 22, 1984)]

SEE THE NEXT PAGE.



The U.S. Supreme Court overturned the district court's decision. Bowen v. Roy, 84-780 (June 11, 1986). Only Justice Bryan White dissented from Chief Justice Warren Burger's opinion that the Social Security requirement itself does not impair an individual's freedom to exercise religion. [PRIVACY JOURNAL, July 1986.]

In the summer of 1986, drafters of the tax revision bill included a requirement that now forces parents of all children five years or older to get a Social Security number. Prior to this, Social Security numbers were required of children only if they or their families received some kind of public assistance. The Internal Revenue Service suspects that many divorced parents filing separate tax returns are claiming an exemption for the same child. The new law requires, beginning with the 1988 tax year, that any dependent five years or older claimed as an exemption must be enumerated on Form 1040 with a Social Security number.