

# Employers Reporting Wages with Nonwork Social Security Numbers

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Office of Audit Report Summary

### Objective

To determine whether employees were working under nonwork Social Security numbers (SSN).

### Background

The Social Security Administration (SSA) issues nonwork SSNs to noncitizens who lack Department of Homeland Security (DHS) work authorization but have valid nonwork reasons for the SSNs, such as to obtain a federally funded benefit that requires an SSN.

Section 414 of the *Illegal Immigration Reform and Immigrant Responsibility Act of 1996* requires that SSA provide DHS an electronic file, known as the Nonwork Alien File (NWALIEN) that includes the SSNs, names, and addresses of noncitizens working with nonwork SSNs; the employer reporting the wages; and the earnings amount. Additionally, each year SSA is required to send a report to the Congress on the aggregate quantity of nonwork SSNs used to earn wages.

For Tax Years (TY) 2014 to 2016, SSA's NWALIEN File included about 422,000 individuals who were assigned nonwork SSNs but earned about \$50 billion in wages.

### Findings

In TY 1996, there were about 607,000 individuals working under nonwork SSNs. In TY 2016, that number decreased about 43 percent to 343,000 individuals. Further, about 80 percent of the employers in the NWALIEN files for TYs 2014 to 2016 may not have been aware their employees were not authorized to work because they had not registered to use E-Verify to confirm their employees' employment eligibility. Moreover, since 2007, SSA was unable to provide the NWALIEN file to DHS because the data exchange agreement had expired and had not been renewed in 12 years.

Finally, based on our review of SSA's records for two sample populations of individuals assigned nonwork SSNs with wages posted to the NWALIEN File for TYs 2014 to 2016, we estimate SSA

- erroneously placed 6,000 individuals on the NWALIEN file because staff did not update their work authorization status on the Numident when they provided the Agency with supporting evidence during the benefit claims process, and
- incorrectly assigned nonwork SSNs to 2,700 individuals who were U.S.-born citizens.

### Recommendations

We recommended SSA re-examine controls and procedures to ensure citizenship/work authorization information is updated on the Numident during the claims process and continue working with DHS to develop a data-exchange agreement to share the NWALIEN file, as required by law.

SSA agreed with our recommendations.