

# Improper Use of Children's Social Security Numbers

## A-03-12-21269



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Office of Audit Report Summary

### Objective

To determine whether employees were improperly using children's Social Security numbers (SSN) for work purposes.

### Background

As part of the Annual Wage Reporting process, the Social Security Administration (SSA) verifies the names and SSNs on *Wage and Tax Statements* (Form W-2) to ensure the reported name and SSN is accurate before SSA posts the information from the W-2 to the Master Earnings File. When SSA's data indicate a wage earner is a child age 6 or younger, SSA places the earnings in the Earnings Suspense File (ESF), a repository for unmatched wage items, and assigns a Young Children's Earnings (YCER) indicator. SSA mails notices to employers and employees to confirm the children legitimately earned the wages. However, SSA does not have a process for children between ages 7 and 13. SSA posts these children's wages to their earnings records.

In addition, if the data include a date of death, SSA places in the ESF all the earnings reported after the year of death and assigns an Earnings After Death indicator. SSA sends notices to the employers and employees to confirm employment.

### Our Findings

In Tax Years (TY) 2007 to 2010, about 37,700 employers reported approximately \$1 billion in wages using the names and SSNs assigned to 36,546 children ages 13 and younger. Of these 36,546 children, SSA's records indicated that 36,181 were alive and 365 were deceased when the wages were earned. From the population of children who were living, we sampled 100 children and 100 employers for detailed review. For the deceased children, we reviewed all 365 children.

For our sampled cases, the majority of children who were alive appeared to have legitimate work activity, whereas the majority of deceased children's identities had been misused for work purposes. Our sample of 100 living children revealed 71 were legitimately working and had earned approximately \$30 million in wages in TYs 2007 to 2010. Of the remaining 29 cases, 8 were related to SSN misuse, 6 were related to edit routine errors, and 15 were related to enumeration errors. For the 100 sampled employers, the findings were similar. We found 66 employers had legitimately employed children while 34 employers reported wages involving SSN misuse and enumerations errors. Additionally, 362 of the 365 deceased children's cases involved SSN misuse. These children had about \$9 million in wages reported by employers that did not typically employ children.

Although many of the employers involved with the SSN misuse cases were registered to use the Social Security Number Verification Service (SSNVS), they may not have been aware they verified SSNs that belonged to children under age 14 because the date of birth is not mandatory for verification.

### Our Recommendations

We recommended SSA (1) review the 13 cases related to date of birth (DoB) errors and initiate appropriate actions to correct the DoB; (2) review the six cases where SSA's edit routines incorrectly reinstated an ESF wage item to a child's record and initiate appropriate actions to remove the wages from the Master Earnings File; and (3) add a verification response code to SSNVS to notify employers when a child's SSN has been submitted for verification.

SSA agreed with our recommendations.