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ILLEGAL ALIENS

**Fraudulent Documents
Undermining the
Effectiveness of the
Employment Verification
System**

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Illegal Aliens: Fraudulent Documents Undermining the Effectiveness of the Employment Verification System

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the impact of fraudulent documents on the effectiveness of the employment verification system established by the Immigration Reform and Control Act (IRCA) of 1986 and efforts to reduce such fraudulent use. My statement will summarize pertinent information from two of our reports: Illegal Aliens: Significant Obstacles to Reducing Unauthorized Alien Employment Exist (GAO/GGD-99-33, Apr. 2, 1999) and Social Security: Mass Issuance of Counterfeit-Resistant Cards Expensive, but Alternatives Exist (GAO/HEHS-98-170, Aug. 20, 1998).

The availability of jobs is one of the primary magnets attracting illegal aliens to the United States. Immigration experts believe that as long as opportunities for employment exist, the incentive to enter the United States illegally will persist and efforts at the U.S. borders to prevent illegal entry will be undermined. IRCA's employment verification system was intended to prevent employers from hiring aliens unauthorized to work, therefore reducing the job magnet.

In this statement, I make the following points:

- Significant numbers of aliens unauthorized to work in the United States have used fraudulent documents to circumvent the employment verification process designed to prevent employers from hiring them.
- The Immigration and Naturalization Service (INS) has taken steps to reduce the number of documents that could be used to verify employment eligibility and to improve the security features in its work authorization documents. However, opportunities still exist for unauthorized aliens to circumvent the employment verification process and obtain employment.
- In 1997, the Social Security Administration (SSA) estimated the cost of producing and issuing a counterfeit-resistant Social Security card that could be used to establish employment eligibility to all 277 million cardholders ranged from \$3.9 billion to \$9.2 billion, depending on which types of security features and data were incorporated into the card. While alternatives exist that could reduce these costs, these options require legislative action to move forward.

Background

IRCA¹ made it illegal for employers knowingly to hire unauthorized aliens. IRCA requires employers to comply with an employment verification process intended to provide employers with a means to avoid hiring unauthorized aliens. The process requires newly hired employees to present documentation establishing their identity and eligibility to work. Employees have the choice of presenting 1 document establishing both identity and eligibility to work (e.g., an INS permanent resident card) or 1 document establishing identity (e.g., a driver's license) and 1 establishing eligibility to work (e.g., a Social Security card) from a list of 27 acceptable documents.² Generally, employers cannot require employees to present a specific document. Employers are to review the document or documents that an employee presents and complete an Employment Eligibility Form, INS Form I-9. On the form, employers are to certify that they have reviewed the documents and that the documents appear genuine and relate to the individual. Employers are expected to judge whether the documents are obviously fraudulent. INS is responsible for checking employer compliance with IRCA's verification requirements.

Fraudulent Documents Have Undermined Effectiveness of INS' Employment Verification Process

IRCA's employment verification process is easily thwarted by fraud. Large numbers of unauthorized aliens have used fraudulent documents to circumvent the employment verification process. For example, data from INS' employer sanctions database showed that over the 20-month period from October 1996 through May 1998, about 50,000 unauthorized aliens used 78,000 fraudulent documents to obtain employment. About 60 percent of the fraudulent documents used were INS documents; 36 percent were Social Security cards, and 4 percent were other documents, such as drivers' licenses. During this same time period, INS determined that about 2,100 employers it had investigated had complied with the employment verification process and did not knowingly hire unauthorized aliens, but that these employers hired unauthorized aliens who used fraudulent documents to circumvent the process.

Counterfeit employment eligibility documents are widely available. For example, in November 1998 in Los Angeles, INS seized nearly 2 million counterfeit documents, such as INS permanent resident cards and Social Security cards, that were headed for distribution points around the country.

¹ P.L. 99-603, 8 U.S.C. 1324a *et seq.*

² Attachment I lists the 27 acceptable documents.

INS Is Taking Steps to Improve the Verification Process, But Opportunities for Fraud Will Still Exist

INS has undertaken two initiatives to improve the verification process. First, INS has started the process to reduce the number of documents that employees can present to determine employment eligibility. Second, it has begun issuing new documents with increased security features that it hopes will make it easier for employers to verify the documents' authenticity. However, opportunities for unauthorized aliens to use fraudulent documents to obtain employment will still exist.

Various studies of IRCA's employment verification process have advocated that the number of documents be reduced to make the process more secure and reduce employer confusion. For example, in 1990 we reported that the multiplicity of documents contributed to (1) employer confusion about how to comply with the employment verification requirements and (2) discrimination against authorized workers.³

INS first proposed reducing the number of usable documents in 1993; however, INS has made little progress to date in reducing the number of documents that employers can accept to determine employment eligibility. In February 1998, INS issued proposed regulations to reduce the number of such documents that can be used from 27 to 14. Under the proposed regulations, INS plans to:

- Retain all eight of the documents that currently establish both identity and employment eligibility, including the INS permanent resident card and the various versions of INS' employment authorization card.
- Eliminate 9 of the 12 documents that establish identity, such as the school identification, voter registration, and various military identification cards.
- Eliminate five of the seven documents that establish employment eligibility, such as the Certificate of Birth Abroad issued by the State Department and the U.S. citizen identification card, a card no longer issued by INS. INS proposes to retain the Social Security card and the Native American tribal document and add the Arrival-Departure Record, Form I-94 for aliens authorized to work for a specific employer.

According to an INS official, as of July 14, 1999, comments on the proposed regulations were being reviewed within INS.

³ Immigration Reform: Employer Sanctions and the Question of Discrimination (GAO/GGD-90-62, Mar. 29, 1990).

INS has also begun issuing new documents with increased security features, which it hopes will make it easier for employers to verify the documents' authenticity. In February 1997, INS began issuing a new Employment Authorization Card with improved security features, including a hologram, microprinting, and etched barcoding. In April 1998, INS began issuing a newer version of the card for lawful permanent residents, commonly called the green card, with improved security features, including a hologram, a digital photograph, and an optical memory stripe containing information on the cardholder.

With respect to the new security features on INS documents, this may not have a significant impact on unauthorized aliens' use of fraudulent documents to obtain employment. According to an INS official in Los Angeles, that office has already seized counterfeit versions of the new green card INS began issuing in April 1998. According to this official, the counterfeit cards do not have all of the security features of the new INS green card. While they are easily detectable by trained INS employees, they will appear genuine to untrained employers. Consequently, they could be used to obtain employment. Also, current procedures do not require aliens to show employers the INS document that authorizes them to work. Other widely used documents, such as the Social Security card, do not have the security features of the INS documents. Further, INS plans to phase in the replacement of existing versions of the permanent resident card issued between 1989 and 1998 as they expire, which could take up to 10 years. Cards issued from 1977 to 1989 have no expiration date and will remain valid until INS replaces them. Therefore, unauthorized aliens seeking employment can circumvent the improved security features of INS documents by simply presenting counterfeit versions of the new cards, less secure versions of INS documents, or non-INS documents (e.g., Social Security cards) to employers.

Enhancing the Social Security Card for Employment Eligibility Verification Would Be Costly

Because the Social Security card has become one of the primary documents to determine employment eligibility, it is important that this card be a secure document. This would mean that there are strict controls over card issuance and that the card itself is counterfeit-resistant. Unfortunately, neither situation is currently true. Historically, the purpose of the Social Security card was to document the card holder's Social Security number, not serve as a means of identifying the individual. Consequently, the controls over whom the card was given to and the security features built into the card have not traditionally been a priority.

Regarding the controls over card issuance, since 1978 SSA has required applicants for original Social Security numbers to provide proof of age,

identity, and citizenship or alien status. However, the identity data contained in Social Security records are only as reliable as the evidence on which they are based. Regarding security features of the card, SSA introduced its first counterfeit-resistant card in response to the Social Security Amendments of 1983.⁴ Since that time, the current card has incorporated certain limited security features including use of banknote paper, a marbled pattern on the card that shows signs of alteration, small multicolor discs randomly placed on the card, and printing that has a raised effect and can be difficult to replicate. However, concerns continue to be raised that the card's security features did not make it significantly more difficult to counterfeit and that employers could not easily determine a card's authenticity for work authorization purposes.

Because of these concerns, Congress in the Illegal Immigration Reform and Immigrant Responsibility Act of 1996⁵ (IIRIRA) required SSA to develop cost estimates for a prototype counterfeit-resistant card made of durable tamper-resistant material with various security features that could be used in establishing reliable proof of citizenship or legal noncitizenship status. In 1997, SSA estimated the cost of issuing the enhanced cards to all 277 million current number holders and provided estimates for 7 card options employing a range of card technology features.

SSA assumed that it would use existing Social Security application procedures to reissue all enhanced cards and establish reliable proof of the citizenship or alien status for number holders for whom proof had not been previously established. SSA reported that the total cost of issuing the new cards would range from \$3.9 billion to \$9.2 billion, depending on the technology selected, and would involve 73,000 work years.⁶ These technologies ranged from the use of plastic cards with multicolor, miniprinting, and transparent holograms to digital photographs and optical memory storage. SSA's estimates showed that processing costs for five of the seven card options, which mainly included personnel costs, accounted for about 90 percent of the estimated costs to issue an enhanced card. So, regardless of the option selected, issuing an enhanced card to all number holders would involve an enormous cost and have a significant impact on SSA's resources.

⁴ P.L. 98-21.

⁵ P.L. 104-208, 110 Stat. 3009-719.

⁶ Attachment II contains a table showing the enhanced card options and associated costs for issuing them to all number holders.

IIRIRA also required us to review SSA's cost estimates. We found the estimates to be generally reasonable.⁷ However, we also identified the following alternatives to the mass reissuance of a new Social Security card, which could provide a more cost-effective approach to preventing those individuals who are unauthorized to work from obtaining jobs:

- Issue a new enhanced Social Security card only to those who need it to prove work eligibility. For retired individuals who are no longer working and the very young who have not entered the workforce, there may be little advantage to issuing a new card. Also, many individuals of working age would not change jobs and would have no need for the card. Bureau of Labor Statistics data suggested this approach could have reduced the number of individuals "needing" an enhanced card from 277 million to an estimated 118 million. This option could help increase control over illegal workers while significantly reducing cost.
- SSA could issue the new card only to those applying for a new Social Security number and those who normally request replacement cards. This option would also substantially reduce the cost of card issuance. But this option provides no new employment authorization internal controls for many current number holders.

If Congress decides to change the Social Security card to enhance employer reliance on that document for work eligibility determinations, it would need to specifically provide funding to accomplish it. The Social Security trust funds have historically borne the cost of issuing original and replacement cards. However, under section 274A of the Immigration and Nationality Act (8 U.S.C. 1324a), payment for major changes, such as implementation of an enhanced counterfeit-resistant Social Security card, cannot be paid for by the trust funds.

Conclusions

Significant numbers of unauthorized aliens can still obtain employment because IRCA's employment verification process can be easily thwarted by fraud. INS has efforts under way to reduce the number of documents that can be used for employment verification purposes and improve the integrity of the documents it issues. However, this will not substantially affect unauthorized aliens' ability to obtain employment. The most common counterfeited documents will still remain on the list of acceptable documents. In addition, counterfeiters may be able to manufacture "passable versions" of even the most secure INS documents, thwarting

⁷ *Social Security: Mass Issuance of Counterfeit-Resistant Cards Expensive, but Alternatives Exist* (GAO/HEHS-98-170, Aug. 20, 1998).

INS' hope of giving employers more confidence in the authenticity of the documents they review.

Providing a more secure Social Security card to all current number holders was estimated to cost between \$3.9 billion and \$9.2 billion, depending on which types of security features and data were incorporated into the card. While alternatives exist that could reduce these costs, these options require legislative action to move forward.

The steps being considered to improve document security could make it more difficult for an unauthorized alien to obtain employment. But significant numbers of unauthorized aliens can still obtain employment because the employment verification process can be circumvented or easily thwarted by the use of widely available fraudulent documents.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions your or other members of the Subcommittee may have.

Contact and Acknowledgment

For further information regarding this testimony, please contact Richard M. Stana at (202) 512-8777. Individuals making key contributions to this testimony included Michael P. Dino, Nancy Kawahara, Tom Jessor, Roland H. Miller III, Jeff Bernstein, and Jacquelyn Stewart.

Current List of Acceptable Documents for Employment Eligibility Verification

A Documents that establish both identity and employment eligibility	B Documents that establish identity	C Documents that establish employment eligibility
U.S. passport (unexpired or expired)	Driver's license or identification card issued by a state or outlying possession of the United States, provided it contains a photograph or information such as name, date of birth, sex, height, eye color, and address	U.S. Social Security card (other than a card stating that it is not valid for employment)
Unexpired foreign passport, with form I-551 stamp	Identification card issued by federal, state, or local government agency or entity, provided it contains a photograph or information such as name, date of birth, sex, height, eye color, and address	Certification of Birth Abroad issued by the Department of State (form FS-545 or form DS-1350)
Alien registration receipt card with photograph or permanent resident card (INS form I-551)	School identification card with a photograph	Original or certified copy of a birth certificate issued by a state, county, or municipal authority or outlying possession of the United States bearing an official seal
Unexpired temporary resident card (INS form I-688)	Voter registration card	Native American tribal document
Unexpired employment authorization card (INS form I-688A)	U.S. military card or draft record	U.S. citizen identification card (INS form I-197)
Unexpired employment authorization document issued by INS, which contains a photograph (INS form I-766)	Military dependent's identification card	Identification card for use of resident citizen in the United States (INS form I-179)
Unexpired employment authorization document issued by INS, which contains a photograph (INS form I-688B)	U.S. Coast Guard Merchant Mariner card	Unexpired employment authorization document issued by the INS (other than those listed under A list)
For aliens authorized to work for a specific employer, unexpired foreign passport with form I-94 containing an endorsement of aliens' nonimmigrant status	Native American tribal document	
	Driver's license issued by a Canadian government authority	
	School record or report card ^a	
	Clinic, doctor, or hospital record ^a	
	Day-care or nursery school record ^a	

Note: For employment eligibility verification purposes, one document from list A or one each from list B and C are required.

^aFor persons under age 18 who are unable to present a document listed above.

Source: INS, "List of Acceptable Employment Eligibility Verification Documents for Form I-9," under interim rules, as of Sept. 30, 1997.

SSA's Estimates of Cost to Issue 277 Million Enhanced SSN Cards

(Dollars in billions)

Card option	Card description	Processing cost	Card, equipment, and number holder correspondence cost	Total cost
1	Basic plastic with name and SSA data printed on front. There are two versions; one with and one without a statement concerning number holder's citizenship status.	\$3.6	\$0.3	\$3.9
2	Plastic with name and SSN data on front and electronically captured photograph and sex and date-of-birth data on back.	3.9	0.4	4.3
3	Plastic with name and SSN data on front and a secure bar code data storage stripe to hold identifying information and a biometric identifier on back. ^a	3.9	0.4	4.3
4	Plastic with name and SSN data on front and optical data storage stripe on back that can store large amounts of identifying information.	3.9	5.3	9.2
5	Plastic with name and SSN data on front and a magnetic stripe on back.	3.6	0.4	4.0
6	Plastic with name and SSN data and photograph on front and a magnetic stripe on back.	3.9	0.4	4.3
7	Plastic with name and SSN data and a microprocessor (computer chip) on front and a magnetic stripe and photograph on back.	3.9	3.4	7.3

^aBiometric identifiers can capture a living personal characteristic such as a fingerprint in digital or analog form.

Source: SSA, Report to Congress on Options for Enhancing the Social Security Card (Sept. 1997).