



white paper

A CLOSER LOOK AT SOCIAL SECURITY NUMBERS

Evolution & Applicability in Background Screening



BACKGROUND

Despite the growing trend to restrict the use of an individual's Social Security number (SSN) in the public sphere, the SSN remains a vital element of today's background screening process.

SSNs were first issued in November 1936 as part of the Social Security Act that was signed into law by President Franklin D. Roosevelt the previous year. The numbers were implemented to track participation in the new Social Security program, which was designed to pay retired workers age 65 and older a continuing income after retirement. From these beginnings, SSNs have evolved into important identifiers used to verify an individual's identity in many aspects of daily life, including for tax purposes, for financial applications and for participation in other government and private programs.

From a background screening perspective, the SSN can provide valuable information about an applicant's identity; for instance, the SSN unlocks an applicant's full residential history, and is used to confirm that records found actually belong to the individual in question.

In recent years, the U.S. Social Security Administration (SSA) has implemented significant changes to the process of assigning SSNs to individuals. In June 2011, the SSA announced that it would begin randomly issuing all new SSNs in response to an increased prevalence of SSN fraud and misuse, and to assure that there are enough unique SSNs available for future generations.

This white paper will familiarize employers with the structure of the SSN; describe the recent changes to the SSN assignment process; clarify the types of SSN checks available to employers and detail the levels of information those checks provide; and explore recent trends in how SSNs may be used in the employment process.

STRUCTURE OF AN SSN ASSIGNED BEFORE JUNE 25, 2011

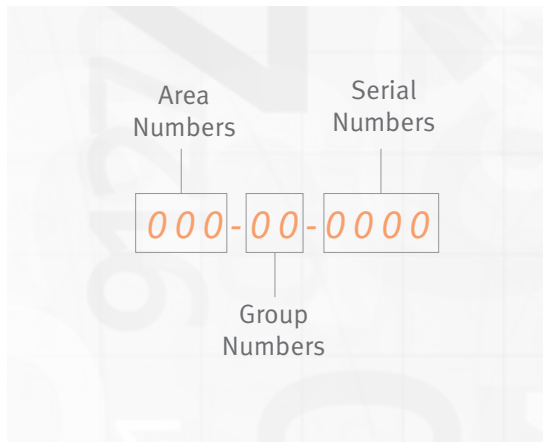
SSNs assigned prior to June 25, 2011, are comprised of three separate groups of numbers, each of which has a distinctive identifying role.

Area Numbers — The first set of three digits, or “area numbers,” indicates the state or territory where the SSN was issued. Each state and territory was assigned unique numbers, with the exception of the area numbers 000, 666 and 900–999, which were never used. For example, in Kansas, the assigned area numbers were 509–515. For Vermont, the assigned area numbers were 008–009. Familiarity with these assigned numbers can help employers spot a potential “red flag” if, on the job application, the applicant’s reported state of birth does not match the area number of the SSN.

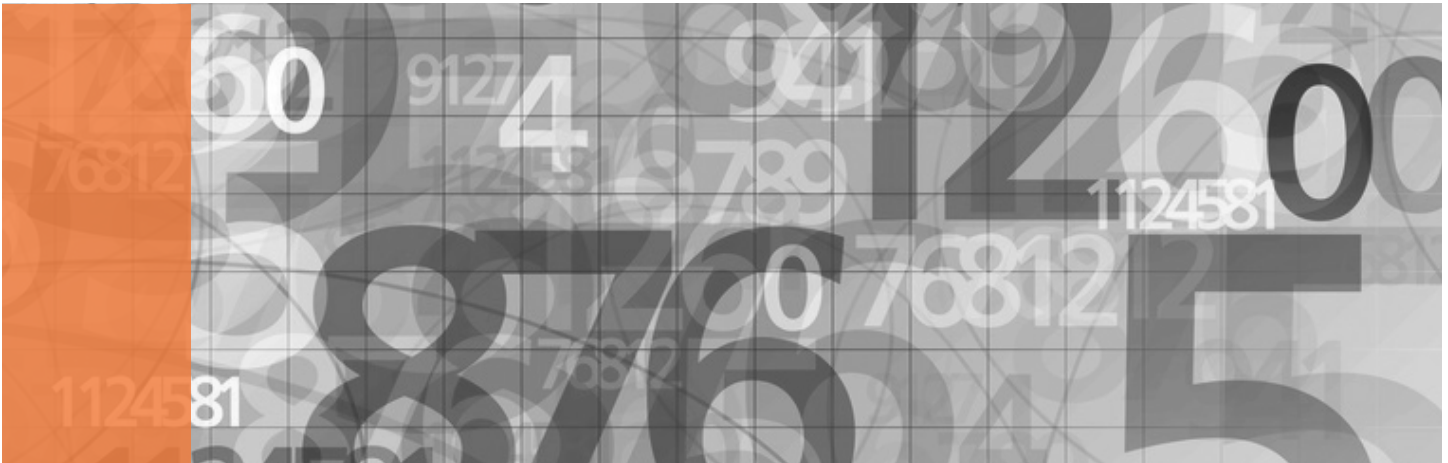
Group Numbers — The second set of two digits, or “group numbers,” breaks down the SSNs for a given state into additional categories. While a group number may theoretically be any two-digit number from 01 to 99, only certain combinations were issued in each state. The group

number is an important element in determining the SSN’s validity, because the SSA employed unique “odd-even-odd-even” patterns and “group rollover rules” for assigning these numbers in each state. Familiarity with the patterns established for key states can again help employers recognize possible inaccuracies.

Serial Numbers — The third set of four digits, or “serial numbers,” runs consecutively from 0001 through 9999 for each group designation and simply shows the SSN’s numerical position within a group. Any combination of numbers, except 0000, is potentially valid.



SSNS ASSIGNED PRIOR TO JUNE 25, 2011 WERE COMPRISED OF 3 SEPARATE GROUPS OF NUMBERS WITH IDENTIFYING ROLES



SSN ASSIGNMENT: UNDERSTANDING SSN RANDOMIZATION

Two impetuses led the SSA to change its process of assigning SSNs: to help protect the integrity of the SSN by making numbers less susceptible to theft and fraud, and to ensure that the pool of new nine-digit SSNs remains available for many more years.

In light of the growing sophistication of identity theft, the randomization process helps to protect the integrity of SSNs against fraud, misuse and theft. The previous issuance method was linked to an individual's place and date of birth/issuance; randomization is intended to protect individuals by making it more difficult to reconstruct an SSN using public information.

The previous assignment process also limited how many SSNs were available in each state. Although the SSA does recognize that all available number combinations eventually will be exhausted, the new process allows for an increased supply of unique nine-digit combinations.

SSN randomization affects adults who are new U.S. citizens, or who for other reasons obtained or changed an SSN as an adult¹. Circumstances that may warrant a new SSN include: sequential numbers assigned to members of the same family are causing problems; more than one person is using the same number; an individual has religious or cultural objections to certain numbers or digits in the original number; a victim of identity theft continues to be disadvantaged by using the original number; or an individual is in a situation of harassment, abuse or life endangerment (including domestic violence).

¹ Randomized SSNs are expected to become more common in the workplace as today's children reach working age.

STRUCTURE OF AN SSN ASSIGNED AFTER JUNE 25, 2011

SSNs issued after June 25, 2011, are randomized and no longer have geographic identifying factors.

Area Numbers — Randomization eliminated the geographical significance of the area number (the first three digits of the SSN). However, randomized SSNs still prohibit the use of area numbers 000, 666 and 900–999.

Group Numbers — These two-digit number combinations are now entirely randomized, to include all number combinations except for 00. The significance of the highest group number (the fourth and fifth digits of the SSN) for validation purposes was eliminated.

Serial Numbers — As in the previous assignment process, any combination of four digits, except 0000, is potentially valid.

SSN CHECKS FOR EMPLOYMENT PURPOSES

There are several ways to validate and verify an individual's SSN, but not all can be used for background screening purposes.

For example, the SSA's Social Security Number Verification Service (SSNVS) can only be used to verify the SSN of a current or former employee for the purpose of completing an Internal Revenue Service Form W-2 (Wage and Tax Statement). And E-Verify, the free Internet-based system that compares information on a Form I-9 to Department of Homeland Security and SSA databases, can only be used to verify the employment eligibility of new hires — not applicants.

To assist employers in the background screening process, BIG offers the following three options that can be performed on a pre-hire basis for checking SSN information.





1. BIG SSN Validation Check

SSN validation simply indicates whether the SSN is valid. It does not verify that the SSN truly belongs to the subject.

A. SSN Validation on SSNs Assigned Before June 25, 2011

SSN validation includes the results of five separate checks:

1. STATE ISSUED: Indicates in what state the SSN was issued.²
2. DATE ISSUED: Indicates a date range for issuance of the SSN.
3. DOB SCAN: Compares the subject's date of birth to the SSN's date of issue to ensure the number was issued after the subject was born.³
4. DEATH INDEX: Searches the SSA's Death Index to determine if the SSN holder has been reported as deceased. Also searches numerous state agencies for death records.
5. VALID SSN: Analyzes the SSN against the algorithm used by the SSA to ensure the number is a validly issued number.

B. SSN Validation on SSNs Assigned After June 25, 2011

As a result of randomization, BIG's validation process includes only a death index search for all SSNs issued

after June 25, 2011. Randomized SSNs cannot be validated against the other criteria listed above due to the nature of the randomization process.

2. BIG SSN Verification Service

BIG's SSN verification service relies on credit report information to help confirm identifying information provided by the applicant. The results of this report are based on credit report "header" information. Header information is the top portion of the credit report from a credit bureau that contains names and addresses the subject has used. One of the major credit bureaus, TransUnion, refers to this report as a "trace" report. While not foolproof, the SSN verification service based on credit header data is still one of the best pre-employment screening tools available.

The results of this report can be provided in an analyzed format, in which the header information from the credit report is compared to the information supplied by the applicant, and any discrepancies are noted in the report. Or, the raw data from the credit bureau can be flowed directly into the content of the report. It is then the employer's responsibility to compare this data to the information supplied by the applicant.⁴

² An agreement between the SSA, the Immigration and Naturalization Service and the Department of State allows a person to apply for an immigrant visa, alien registration and an SSN at the same time. SSNs issued in this manner are noted with "EAE" (Enumeration at Entry) as the state issued.

³ If the date of issue precedes the date of birth of the subject, this may be a red flag that the SSN does not belong to the subject.

⁴ The randomized SSN issuance process does not impact BIG's SSN verification service.

3. SSA Consent Based Social Security Number Verification Service (CBSV)

The only way for employers to legally obtain a pre-hire SSN verification directly through the SSA is through the Consent Based Social Security Number Verification Service (CBSV), which was introduced in August 2007. The CBSV is a fee-based system that requires the written consent of the SSN holder and only allows results to be used for the reason specified on the consent form (e.g. “Seeking employment from ABC Company”). Consent is typically valid for 90 days from the date of signature, and the forms require the subject’s physical (wet) signature.

The CBSV verifies whether a name and SSN combination match the data in SSA’s Master File of Social Security Numbers. The matching elements include: SSN, name, date of birth and a gender code if available. Each SSN and name combination submitted to CBSV will be returned with a “yes” or “no” verification code that the submission either matches or does not match SSA’s records. If records show that the SSN holder is deceased, CBSV returns a death indicator. CBSV verifications do not verify an individual’s identity.

In addition to the CBSV, verification of an SSN through the SSA can be conducted post-hire, for W-2 verification purposes. BIG does not contract with the SSA to verify SSNs in this manner.

RECENT TRENDS: SSNS IN THE EMPLOYMENT PROCESS

Recent trends have moved toward limiting the disclosure of SSNs in the public sphere.



In December 2012, an amendment to New York’s Social Security Number Protection Law placed restrictions on employers’ use of employees’ SSNs, specifically prohibiting most employers from requiring that employees disclose their full or partial SSNs, and from denying to employees “any service, privilege or right” as a result of nondisclosure. The law, however, contains an exception for the use of SSNs “for purposes of employment.” Under this exception, employers may request an applicant’s SSN to conduct a criminal or other background check in accordance with New York State law.⁵ The law also categorically exempts certain types of employers — including banks and their affiliates — from the restrictions.

Although there are no federal laws that limit the use of SSNs in the employment process, New York’s law sets an important precedent and suggests that future state and federal legislation will follow suit with similar restrictions to employers’ use of SSNs.

⁵ Statutory exceptions that permit employers to obtain applicant and employee Social Security numbers include “Consumer reports or investigative consumer reports authorized by law and credit dealings between the employer and the employee initiated by the employee.”