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Note: Senator Grassley couldn't attend this hearing and submitted this statement for the record instead.

Statement of Senator Chuck Grassley  
Subcommittee on Social Security and Family Policy  
Hearing on Protecting Social Security Numbers  
July 11, 2002

Mr. Chairman, I appreciate the opportunity to discuss the need to protect Social Security numbers. Although the Social Security number was originally created to administer the Social Security program, its use has expanded over the years, so that today, it has for all practical purposes become a national identity number.

The Social Security number is used by government and business alike for both identification and recordkeeping purposes. Given this vital role, it is now more important than ever to protect the integrity of the Social Security number. Unfortunately, recent reports from the Social Security Administration's Office of the Inspector General (IG) have revealed serious problems related to the issuance of Social Security numbers.

For example, the IG has reported that the Social Security Administration's policy of issuing unlimited replacement Social Security cards has allowed numerous individuals to illegally obtain and use someone else's Social Security number. In addition, the IG has reported that the failure to properly verify identity documents has allowed thousands of people to illegally obtain Social Security numbers.

Finally, the IG reported that Social Security numbers have been issued to individuals who are not authorized to work. Yet, these individuals have obtained jobs, and the Social Security Administration has given them credit for their illegal earnings and even paid benefits on these earnings.

Clearly, the Social Security Administration needs to consider additional steps to protect Social Security numbers. It is extremely important that the process of issuing Social Security numbers be made as secure as possible.

But, even if every Social Security number was issued correctly, there would still be a significant potential for abuse. All too often, criminals obtain another person's Social Security number for illegal purposes.

The most common example is the illegal use of someone else's Social Security number to apply for credit. Once credit is obtained, the criminal runs up the bill and then leaves the innocent

victim to face the unpaid creditor.

Some people have suggested that the widespread use of Social Security numbers is responsible for the growing problem of identity related crimes. They suggest that limiting the use of Social Security numbers would reduce the chances they will fall into criminal hands.

Unfortunately, given the extensive use of Social Security numbers by both businesses and government, I'm not sure we could ever sufficiently limit access to prevent crime without adversely impacting the many legitimate and beneficial uses of Social Security numbers.

The need for a unique personal identifier would seem to be fairly clear. According to the Social Security Administration, more than 50,000 people share the name "James Smith." The fifty most common names in America are shared by nearly 1.5 million people.

The only way to quickly and efficiently distinguish one "James Smith" from another, without the use of a Social Security number, would be to obtain even more personal and potentially intrusive information. The problem with Social Security numbers is that all too many businesses operate on the assumption that if someone has a Social Security number, it must be their own. Businesses are using the Social Security number for both identification and verification. But, these two uses are incompatible.

Given the extensive use of Social Security numbers by both businesses and government, someone will always have access to someone else's Social Security number. One possible way to provide broader protection against illegal use might be to establish a password or PIN for the Social Security number. Just like an ATM card, a lost or stolen Social Security number would be useless to the criminal without the PIN.

Although it may be impossible to design any system to provide 100 percent guaranteed protection, our job is to weigh the costs and benefits of each alternative and find the best solution possible. Today's hearing will give us the opportunity to begin that process. I look forward to the comments from each of our witnesses.