

## THE SOCIAL SECURITY ADMINISTRATION NO-MATCH PROGRAM: Inefficient, Ineffective, and Costly

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### EXECUTIVE SUMMARY

The failure of Congress to pass comprehensive immigration reform, and the Bush administration's subsequent stepping up of immigration enforcement, have resulted in deficient policies that do not address the issue of unauthorized immigration, but do cause extreme hardship to U.S. workers, businesses, communities, and the economy. Soon after the 2007 Bush Administration-backed immigration-reform bill failed in the U.S. Senate, the administration redirected its efforts with respect to unauthorized immigration into more vigorous enforcement along the border and in the workplace. Eager to demonstrate they could be tough, the Administration dusted off a proposed regulation, which had first been made public about a year earlier, to use Social Security Administration (SSA) "no-match" letters as a tool for identifying unauthorized workers. Final regulations were issued in August 2007, but were subsequently enjoined by a Federal Judge who found that they would "result in irreparable harm to innocent workers and employers."

SSA no-match letters are sent to workers and employers in an attempt to correct discrepancies in SSA's records that prevent workers from receiving credit for their earnings. They were not designed to be an immigration-enforcement tool, and historically they have never been used for immigration-enforcement purposes. In fact, for years, SSA has been clear that no-match letters are not a proxy for immigration status, and that there are many legitimate reasons why a worker or employer might receive a no-match letter.

Nevertheless, on March 26, 2008, the U.S. Department of Homeland Security (DHS) published in the Federal Register a "supplemental proposed rule" whose effect would be to force employers to fire any worker who is unable to resolve discrepancies in his or her Social Security records within three months of the employer receiving a no-match letter regarding that worker. The rule provides that if workers named in the letter are unable to correct their Social Security records within the prescribed time period, the employer must fire them or risk sanctions for violating immigration laws.

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Although undocumented immigrants are among the millions of workers who receive no-match letters each year, many legal workers—including U.S. citizens—receive letters because of clerical errors, unreported name changes, and other discrepancies in their records. The new rule will not change the fact that a no-match letter is not evidence of an immigration violation. While the new no-match rule will not, and cannot, solve the problem of undocumented immigration, experience with the no-match program over the last few years indicates that turning no-match letters into an immigration-enforcement mechanism will:

- Cause the firing of employment-authorized workers and U.S. citizens at a time when our economy is highly fragile;
- Impose additional costs on employers;
- Result in increased discrimination and abuses against U.S. workers; and
- Overwhelm SSA by diverting resources away from its primary mission of administering benefits.

This report provides an overview of SSA's no-match letter program, a summary of DHS's new supplemental proposed rule regarding no-match letters, and an overview of the unintended consequences of no-match letters that are sent to employers. It also makes the following recommendations:

- **Rescind DHS's supplemental proposed rule.** The 2008 supplemental proposed rule is misguided. The no-match letter program was not designed for immigration enforcement; historically, it has not been used for immigration enforcement and the harmful impact of such a policy will reverberate well beyond the immigrant community.

- **Suspend the employer no-match letter program.** The employer no-match letter program does not effectively serve its purpose, which is to correct discrepancies in SSA's records that prevent workers from receiving credit for their earnings. Moreover, the harmful impact of the employer no-match letters greatly outweighs any benefits derived from them.
- **If the employer no-match letter program is not suspended, implement the following policy changes:** 1.) Require DHS's Office of the Inspector General and Office for Civil Rights and Civil Liberties, in coordination with the U.S. Department of Justice's Office of Special Counsel for Immigration-Related Unfair Employment Practices (Office of Special Counsel) and the U.S. Department of Labor, to study and report on improper use of the no-match process, the impact on U.S. citizen and lawfully present noncitizen workers, the effectiveness of alternate methods to clean up the SSA database, and whether the rule has achieved its purpose; 2.) Create a redress process for workers who suffer adverse action because their employer follows the procedures set forth in the regulation; 3.) Conduct public outreach and education on the importance of updating any name, address, or immigration-status changes due to marriage, divorce, or naturalization, and to correct any other errors within an individual's SSA record.
- **Congress must pass immigration reform.** Americans have been very clear that they want a tough, fair, practical solution to the problems with the U.S. immigration system. Only Congress can make that solution possible. The United States needs a national immigration policy for the 21st century that addresses unauthorized immigration, meets the needs of our economy, respects the labor rights of all workers, and is consistent with American values. SSA no-match letters are no match for sound policy.

## INTRODUCTION

The failure of Congress to pass comprehensive immigration reform and the Bush administration's subsequent stepping up of immigration enforcement have resulted in deficient policies that do not address the issue of unauthorized immigration but do cause extreme hardship to workers, businesses, communities, and the economy. Soon after the 2007 Bush-backed immigration bill failed in the U.S. Senate, the administration redirected its efforts with respect to unauthorized immigration into more vigorous enforcement along the border and in the workplace.<sup>1</sup> Urged on by outspoken advocates of harsher penalties for employers who hire workers unauthorized to be employed in the U.S., the administration dusted off a proposed regulation, which had first been made public about a year earlier, to use Social Security Administration (SSA) "no-match" letters as a tool for identifying unauthorized workers. Final regulations were issued in August 2007, but were subsequently enjoined by a Federal Judge who found that they would "result in irreparable harm to innocent workers and employers."<sup>2</sup>

SSA no-match letters are sent to workers and employers in an attempt to correct discrepancies in SSA's records that prevent workers from receiving credit for their earnings. Resolving such errors is critical because they affect workers' ability to receive the appropriate amount of retirement and other Social Security benefits in the future. For years, SSA has included language in the no-match letters themselves clearly stating that they do not make a statement about the immigration status of the individuals named in them and that there are many reasons completely unrelated to a worker's immigration status why the worker may be the subject of a no-match letter. Despite this, policymakers intent on showing that they are being tough on illegal immigration have mischaracterized the no-match letter as the potential key to reducing or eliminating unauthorized employment in the U.S.

Accordingly, on March 26, 2008, the U.S. Department of Homeland Security (DHS) published in the Federal Register a "supplemental proposed rule" whose effect would be to force employers to fire any worker who is unable to resolve discrepancies in his or her Social Security records within three months of the employer receiving a no-match letter regarding the worker.<sup>3</sup> The rule provides that if workers named in the letter are unable to correct their Social Security records within the prescribed time period, the employer must fire them or risk sanctions for violating immigration laws. If implemented, the rule will potentially cause unjust firings across the country and will exacerbate the ways in which the letters have been misused by unscrupulous employers.

The government plans to use the SSA no-match letter to serve two competing policy goals, yet the no-match letter program cannot meet either goal sufficiently or effectively. SSA has a legitimate desire to clean up its records so that it may properly administer the benefit programs it is charged with; DHS is responsible for enforcing immigration laws and penalizing employers who knowingly employ unauthorized workers and plans to use the no-match letters to hold prosecute employers. The no-match letter is an ineffective tool for accomplishing either of these ends. No-match-letters are one of the least effective tools that SSA has to correct its records, and while unauthorized workers are likely among the millions of those each year who are the subjects of no-match letters, the benefit of using the letters as a means of identifying the small percentage of workers who are unauthorized is far outweighed by the costs that the program imposes on non-U.S. citizens who are authorized to work and on U.S. citizens, employers, and SSA itself.

Nearly everyone agrees that our current immigration system is not working, as evidenced by the fact that ap-

<sup>1</sup> See "Remarks by Homeland Security Secretary Michael Chertoff and Commerce Secretary Gutierrez at a Press Conference on Border Security and Administrative Immigration Reforms," Dept. of Homeland Security, August 10, 2007 ([www.dhs.gov/xnews/releases/pr\\_1186781502047.shtm](http://www.dhs.gov/xnews/releases/pr_1186781502047.shtm)).

<sup>2</sup> Order Granting Motion for Preliminary Injunction dated October 10, 2007, Judge Charles Breyer, *American Federation of Labor and Congress of Industrial Organizations, et al.* Case No. C07-4472 CRB, U.S. D.C. Northern District.

<sup>3</sup> "Safe-Harbor Procedures for Employers Who Receive a No-Match Letter: Clarification; Initial Regulatory Flexibility Analysis," 73 FR 15944-55 (March 26, 2008). The proposed rule purports to clarify a final rule DHS issued in August 2007 (see 72 FR 45611-24 (August 15, 2007)). For more on the August 2007 rule and the lawsuit that it provoked, see note 33, below, and accompanying text.

proximately 12 million unauthorized immigrants currently reside in the U.S. However, it is naïve to suggest that SSA no-match letters can serve as a substitute for effective enforcement of immigration laws at the worksite and meaningful immigration reform.

This article provides an overview of SSA's no-match letter program, a summary of DHS's new supplemental proposed rule regarding no-match letters, and an overview of the unintended consequences of no-match letters that are sent to employers. It also recommends that SSA terminate its practice of sending no-match letters to employers and adopt more targeted policies aimed at achieving the no-match program's original purpose.

## BACKGROUND ON SOCIAL SECURITY ADMINISTRATION "NO-MATCH" LETTERS

Title II of the Social Security Act requires SSA to maintain records of wages that employers pay to individuals.<sup>4</sup> To comply with this requirement, employers file a yearly Wage and Tax Statement (Form W-2) with SSA and the Internal Revenue Service (IRS) to report how much they paid their workers and how much they deducted from their wages in taxes. SSA then matches the worker's Social Security number (SSN) and name, and posts his or her earnings to the individual's earnings record in SSA's Master Earnings File (MEF). SSA uses the earnings posted to the MEF to determine future eligibility for retirement, disability, survivors and health insurance benefits. In 2006, SSA processed more than 265 million earnings items from tax year (TY) 2005.<sup>5</sup>

While the SSA is able to post about 96.4 percent of all reported earnings to the accounts of the workers who

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earned them,<sup>6</sup> those earnings that cannot be matched are posted to the SSA's Earnings Suspense File (ESF), which is an electronic accounting of unmatched wage items.<sup>7</sup> By 2006, the ESF had grown to approximately \$586 billion in earnings, representing about 264 million wage items for TYs 1937 through 2004 that could not be posted correctly.<sup>8</sup> Workers' earnings remain in the ESF until the name and SSN can be matched and posted (or "reinstated") to an individual's earnings record.

There are a number of reasons why a name and SSN on an employer's W-2 might not match SSA records. First, SSA's primary database used to identify workers with Social Security "accounts," the Numident file, contains errors.<sup>9</sup> In fact, SSA estimates that 17.8 million (or 4.1 percent) of its records contain errors, and that 12.7 million (about 70 percent) of those records with errors belong to native-born U.S. citizens.<sup>10</sup> Additional reasons for "no-matches" include clerical errors made by the employer in completing the W-2; errors made by the worker in completing the W-4, from which the employer extracts information when

<sup>6</sup> Patrick P. O'Carroll, Assistant Inspector General for Investigations, Social Security Administration, *Testimony Before the Subcommittee on Oversight of the House Committee on Ways and Means*, March 10, 2004 (<http://waysandmeans.house.gov/hearings.asp?formmode=view&id=1235>).

<sup>7</sup> It should be noted that the taxes on these wage items are still paid into the trust funds; and in 2003, \$7.2 billion in payroll taxes were credited to the trust funds based on wage items in the ESF. See James B. Lockhart III, Deputy Commissioner of Social Security, *Testimony before the House Committee on Ways and Means, Subcommittee on Social Security, Subcommittee on Oversight, Hearing on Strengthening Employer Wage Reporting*, February 16, 2006 ([www.ssa.gov/legislation/testimony\\_021606.html](http://www.ssa.gov/legislation/testimony_021606.html)).

<sup>8</sup> Steve Schaeffer, Assistant Inspector General for the Office of Audit, Social Security Administration Office of the Inspector General, *Testimony Before the Subcommittee on Social Security of the House Committee on Ways and Means*, June 7, 2007 (<http://waysandmeans.house.gov/hearings.asp?formmode=view&id=6094>).

<sup>9</sup> See Office of the Inspector General, Social Security Administration, *Congressional Response Report: Accuracy of the Social Security Administration's Numident File* (hereinafter *Accuracy of the Numident File*), A-08-06-26100, December 2006 ([www.socialsecurity.gov/oig/ADO-BEPDF/auditxt/A-08-06-26100.htm](http://www.socialsecurity.gov/oig/ADO-BEPDF/auditxt/A-08-06-26100.htm)).

<sup>10</sup> *Ibid.*

<sup>4</sup> 42 USC § 405(c)(2)(A).

<sup>5</sup> Michael J. Astrue, Commissioner, Social Security Administration, *Statement for the Record*, submitted to the House Committee on Appropriations, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, March 2007 ([www.socialsecurity.gov/budget/genst08.pdf](http://www.socialsecurity.gov/budget/genst08.pdf)).

completing the W-2; the fact that the worker might have used a different name convention (such as a hyphenated name or multiple surnames) when applying for a Social Security card than he or she did when applying for a job; name changes due to marriage, divorce, or naturalization; or misuse of an SSN by unauthorized or other workers.

SSA is unable to estimate how many of the wage items in the ESF belong to unauthorized workers; however, the Government Accountability Office (GAO) testified before Congress that the ESF contains “hundreds of millions of records, many *unrelated* to unauthorized work,” and that “in terms of poor earnings reporting, its focus is not on unauthorized workers.”<sup>11</sup> In fact, “most” of the earnings that have been correctly reinstated belong to “U.S.-born citizens, not to unauthorized workers.”<sup>12</sup>

### *Methods for Cleaning Up the Earnings Suspense File*

SSA has many methods for reinstating wage items from the ESF to workers to ensure that they receive credit for their earnings and receive the proper benefit amount. Approximately 10 percent of information SSA receives from employers does not match the agency’s records. SSA first attempts to reconcile records through a series of automated processes referred to as “front-end validation routines” to identify and address possible errors in worker names and SSNs, such as typographical errors, transpositions, and misspellings.<sup>13</sup> Front-end routines include testing for whether the first name and surname have been reversed on the W-2 and whether digits in the SSN are transposed, and searching for previously resolved items that have included

the same error. These initial validation processes resolve approximately 60 percent of the reports initially categorized as mismatches.<sup>14</sup>

If the problem cannot be resolved through the front-end routines, SSA posts the record to the ESF and then uses a variety of automated and manual “back-end” routines to try to find a resolution. These include reconciling SSN records with IRS’s corrected records; conducting a procedure by which transposition errors in the SSN are captured; comparing workers’ addresses on the W-2 forms to addresses provided on IRS tax forms; and checking whether nicknames, surname derivations, or other spelling errors might account for the problem.<sup>15</sup> In addition, SSA sends no-match letters to workers and employers in an effort to obtain corrected information.

### *How the SSA No-Match Letter Program Works*

Each year, SSA sends no-match letters to workers and employers, informing them that information employers have submitted on their W-2 reports do not match the agency’s records. There are three types of no-match letters:

- **The Decentralized Correspondence, or “DECOR,” letter sent to *workers*.** SSA sends no-match letters directly to workers at their homes based on the address reported on the W-2 to inform them of discrepancies in agency records. SSA sent about 9 million such letters in 2007 for TY 2006.<sup>16</sup>
- **The Decentralized Correspondence, or “DECOR,” letter sent to *employers*.** If SSA does not have a worker’s home address or if the address on the W-2

<sup>11</sup> Barbara D. Bovbjerg, Director, Education, Workforce, and Income Security Issues, *Social Security Numbers: Coordinated Approach to SSN Data Could Help Reduce Unauthorized Work* (hereinafter *Coordinated Approach*) (Washington, DC: Government Accountability Office, February 16, 2006) ([www.gao.gov/new.items/d06458t.pdf](http://www.gao.gov/new.items/d06458t.pdf)) (emphasis added).

<sup>12</sup> Ibid.

<sup>13</sup> For more information about front-end routines, see *Social Security: Better Coordination Among Federal Agencies Could Reduce Unidentified Earnings Reports* (Washington, DC: Government Accountability Office, February 2005) ([www.gao.gov/new.items/d05154.pdf](http://www.gao.gov/new.items/d05154.pdf)).

<sup>14</sup> Ibid.

<sup>15</sup> For a summary of SSA’s back-end routines, see appendix C of Office of the Inspector General, Social Security Administration, *Audit Report: Effectiveness of the Single Select Edit Routine* (hereinafter *Single Select Edit Routine*), A-03-07-17065, September 2007 ([www.ssa.gov/oig/ADOBEPDF/A-03-07-17065.pdf](http://www.ssa.gov/oig/ADOBEPDF/A-03-07-17065.pdf)).

<sup>16</sup> The first page of the 4-page DECOR employee letter can be viewed at <https://secure.ssa.gov/apps10/poms/images/SSAL/G-SSA-L3365-C1-1.pdf>. (To view any of pages 2–4, in your Web browser’s address window replace the numeral “1” immediately before the suffix “.pdf” with the number of the page you want to view, then press “Enter.”)

is missing, incomplete, or incorrect, SSA sends the no-match letter to the worker's employer. The letter informs the employer that its W-2 for a specific individual does not match SSA records. In 2007, 1.7 million such letters were sent to employers regarding wages paid in TY 2006.<sup>17</sup>

- **The Educational Correspondence, or “EDCOR,” letter sent to employers.** SSA sends EDCOR letters to employers if the W-2s they filed resulted in a no-match for more than ten workers and if more than 0.5 percent of the total number of names and SSNs they reported on W-2 forms for the previous tax year resulted in a no-match. EDCOR letters provide the employer with a list of SSNs (but not names) that do not match SSA records, and for large employers it can include up to 500 SSNs. Approximately 138,000 such letters were sent in 2006 for TY 2005,<sup>18</sup> relating to over 9 million workers with no-matches.<sup>19</sup>

The DECOR and EDCOR letters that employers receive include instructions about how to correct their W-2s, including checking their own employment records and informing SSA of any corrections. If the employer's information is correct, the letter advises the employer to ask the worker to check his or her Social Security card and to inform the employer of any differences between the card and the employer's records. If the employer's records accurately reflect the information on the worker's docu-

ments, the letter advises the employer to ask the worker to contact SSA to resolve the issue. SSA specifically states that the employer should not contact the agency unless it is filing a corrected W-2 (a W-2c).

### *Why the Employer No-Match Letter is Not an Efficient or Cost-Effective Way to Reinstate Earnings*

There is evidence that, of all of SSA's “back-end” procedures, the no-match letters sent to employers are the least efficient and cost-effective way to correct errors and remove items from the ESF. In 2002, SSA suspended its usual practice—i.e., of sending EDCOR letters only to employers with no-matches for more than ten workers or more than 0.5 percent of the total number of names and SSNs reported on their W-2s—and instead sent approximately 950,000 EDCOR letters to all employers with even one no-match in TY 2001. The cost of producing and mailing the letters and handling follow-up calls to employers was approximately \$1.3 million and resulted in only 35,000 items being removed from the ESF.<sup>20</sup> According to former SSA Deputy Commissioner James Lockhart, “SSA determined that sending letters to all employers with W-2s that could not be posted was disruptive and not a cost-effective use of resources.”<sup>21</sup> While SSA returned to its policy of using a threshold to determine which employers receive EDCOR no-match letters, the letters' effectiveness is still questionable. For example, of the 241,000 corrected W-2s submitted to SSA in 2004 from TY 2003, 196,000 of them contained information that had already been corrected through other validation routines at SSA.<sup>22</sup> Ultimately, fewer than 7,000 records were removed from ESF based on employers submitting corrected W-2s after receiving a no-match letter (either EDCOR or DECOR).<sup>23</sup>

<sup>17</sup> The first page of the 3-page DECOR employer letter can be viewed at <https://secure.ssa.gov/apps10/poms/images/SSAL/G-SSA-L4002-C1-1.pdf> (hereinafter “DECOR employer letter”). (To view either page 2 or 3, in your Web browser's address window replace the numeral “1” immediately before the suffix “.pdf” with the number of the page you want to view, then press “Enter.”)

<sup>18</sup> The first page of the 8-page EDCOR employer letter can be viewed at [https://secure.ssa.gov/apps10/poms/images/poms09/09009/G-NL\\_00901.051C-1.pdf](https://secure.ssa.gov/apps10/poms/images/poms09/09009/G-NL_00901.051C-1.pdf) (hereinafter “EDCOR letter”). (To view any of pages 2–8, in your Web browser's address window replace the numeral “1” immediately before the suffix “.pdf” with the number of the page you want to view, then press “Enter.”) Note that no EDCOR letters were sent in 2007 due to the lawsuit filed by the AFL-CIO, the ACLU Immigrant Rights Project, the National Immigration Law Center, and the Alameda and San Francisco Labor Councils on August 29, 2007, which resulted in the federal court enjoining the DHS and SSA from implementing the final rule issued on August 15, 2007. For more information about the lawsuit, *American Federation of Labor and Congress of Industrial Organizations, et al. v. Chertoff, et al.*, Case No. C07-04472 CRB, U.S.D.C., see “Litigation Regarding DHS Rule: ‘Safe Harbor Procedures for Employers Who Receive a No-Match Letter;’” [www.nilc.org/immseplymnt/SSA\\_Related\\_Info/index.htm](http://www.nilc.org/immseplymnt/SSA_Related_Info/index.htm).

<sup>19</sup> Econometrica, Inc., Final Report, Small Entity Impact Analysis: Supplemental Proposed Rule “Safe-Harbor Procedures for Employers Who Receive a No-Match Letter (hereinafter Small Entity Impact Analysis), January 15, 2008.

<sup>20</sup> Question submitted by Chairman McCrery to Barbara Bovbjerg, House Committee on Ways and Means, Subcommittees on Social Security and Oversight, transcript from *Second in a Series of Subcommittee Hearings on Social Security Number High-Risk Issues*, February 16, 2006 (hereinafter “Question submitted to Barbara Bovbjerg”).

<sup>21</sup> *Ibid.*

<sup>22</sup> Questions submitted by Chairman McCrery to the Honorable James B. Lockhart, House Committee on Ways and Means, Subcommittees on Social Security and Oversight, transcript from *Second in a Series of Subcommittee Hearings on Social Security Number High-Risk Issues*, February 16, 2006.

<sup>23</sup> *Ibid.*

In 2006 for TY 2005, SSA estimated that only 6 percent of reinstated earnings were based on information corrected as a result of employer no-match letters. This result is in sharp contrast to those produced by other, more effective front-end and back-end validation routines. According to the SSA Office of the Inspector General, the “single select edit routine” (a front-end program that screens for transposition errors) has “resolved the most mismatched names/SSNs on reported earnings”; in 2006 (for TY 2005), it was responsible for 65 percent of reinstated earnings from the ESF. The “prior reinstate” process (which compares data to IRS data) is the second most successful method, resulting in 28 percent of reinstated earnings from the ESF in 2006 (for TY 2005).<sup>24</sup>

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*Why does sending no-match letters not result in a high number of corrected earnings records?* First, no-match letters are sent well after most workers’ date of hire, so many workers who are the subject of no-match letters are no longer employed by the employer that receives the letter. In fact, in its analysis of the “Safe-Harbor Procedures for Employers Who Receive a No-Match Letter,” Econometrica, Inc., estimated that of the over 9 million no-matches that employers receive about workers in a given year, over 5 million of those workers are no longer with the employer.<sup>25</sup> Second, many workers may not see the benefit of correcting their records: 98 percent of mismatched W-2 forms report wages that are not subject to tax withholding.<sup>26</sup>

Since these workers may not be obligated to pay taxes, they may assume that they also are not eligible for SSA benefits and therefore do not need to correct their records. Third, many workers may simply put going to the local SSA office to correct their records on their long list of personal errands which they never get to after long days of work. This is particularly true for low-wage workers who are often working multiple jobs to make ends meet and do not have the ability to take unpaid time off during regular business hours to correct a no-match. Finally, some workers are fired before they are even given the opportunity to correct any discrepancies. In a national survey conducted to assess the wide-ranging impacts of the no-match letter program on local labor markets and immigration enforcement efforts, the University of Illinois at Chicago’s Center for Urban Economic Development (CUED) found that out of 921 workers surveyed who in 2003 were subjects of no-match letters, 34 percent of those who were fired reported that their employer failed to give them the opportunity to correct their records.<sup>27</sup>

### ***Why the No-Match Letter is Not an Effective Immigration Enforcement Tool***

Some workers who receive no-match letters are unauthorized to be employed in the U.S. This is the subset of workers that DHS is statutorily charged with locating and removing from the U.S. DHS views no-match letters as a potential means for holding employers accountable for hiring unauthorized workers—i.e., it insists that an employer’s receipt of a no-match letter is evidence that the employer has “constructive knowledge” that its employees may be undocumented.<sup>28</sup> This is despite the fact that most work-

<sup>24</sup> See Office of the Inspector General, *Single Select Edit Routine*.

<sup>25</sup> See Econometrica, Inc., *Small Entity Impact Analysis*. See also Mark W. Everson, Commissioner, Internal Revenue Service, *Testimony Before the Subcommittee on Oversight of the House Committee on Ways and Means*, February 16, 2006 (<http://waysandmeans.house.gov/hearings.asp?formmode=view&id=4707>).

<sup>26</sup> In 2003, for example, approximately 98 percent of no-match cases reported less than \$30,000 in wages. See “Question submitted to Barbara Bobbjerg.”

<sup>27</sup> Chirag Mehta, et al., *Social Security Administration’s No-Match Letter Program: Implications for Immigration Enforcement and Workers’ Rights* (hereinafter *SSA’s No-Match Letter Program*) (Center for Urban Economic Development, University of Illinois at Chicago, November 2003) ([www.uic.edu/cuppa/uicued/npublications/recent/SSAnomatchreport.pdf](http://www.uic.edu/cuppa/uicued/npublications/recent/SSAnomatchreport.pdf)).

<sup>28</sup> See, e.g., 73 FR 15944–55 (March 26, 2008), “Safe-Harbor Procedures for Employers Who Receive a No-Match Letter: Clarification; Initial Regulatory Flexibility Analysis”; and Stewart A. Baker, Assistant Secretary for Policy, U.S. Department of Homeland Security, *Testimony Before the Subcommittee on Oversight, Committee on Ways and Means, House of Representatives*, February 16, 2006 (<http://waysandmeans.house.gov/hearings.asp?formmode=view&id=4709>).

ers who are the subject of no-match letters are authorized to work and that DHS itself has recognized that SSA's database is ineffective as an immigration enforcement tool. For example, SSA already shares with DHS a list of SSNs associated with the "Nonwork Alien File," a database which contains information on noncitizens who have earnings recorded under nonwork SSNs, which DHS could use to track immigrants who are potentially working in the U.S. unlawfully using a nonwork SSN. DHS insists, however, that the file is not an effective worksite enforcement tool due to "inaccuracies in the data and the absence of some information that would help the department efficiently target its enforcement."<sup>29</sup> These "inaccuracies," however, are the same ones that prevent SSA from posting earnings to the ESF, and therefore that generate no-match letters.

The SSA database that generates no-match letters does not contain complete information about workers' immigration status.<sup>30</sup> The limited immigration status information that does exist in the database regularly becomes inaccurate because it is not automatically updated when a worker's immigration or work authorization status changes. According to the SSA Office of the Inspector General, a conservative estimate is that at least 3.3 million noncitizen records in SSA's database contain incorrect citizenship status codes.<sup>31</sup> In fact, in response to concerns raised by worker and employer communities regarding the confusion on the part of employers who mistakenly interpreted the letter as an indicator that their workers were undocumented, SSA revised the no-match letter in 2003 (for TY 2002) expressly to clarify this misconception. Since then, the EDCOR letter has clearly stated:

**IMPORTANT:** This letter does not imply that you or your employee intentionally gave the government wrong information about the employee's name or Social

Security number. Nor does it make any statement about an employee's immigration status.<sup>32</sup>

Just as being the subject of a no-match letter is not evidence that an individual worker is unauthorized to be employed in the U.S., the number of "no-matches" received by an employer is not evidence of the extent to which the employer engages in the practice of *knowingly* hiring unauthorized workers. It is insufficient to judge an employer (or an industry) by the number of no-match letters it receives because other factors relevant to no-matches must be taken into consideration, such as the overall size of the employer's labor force, the number of its foreign-born workers who are naturalized citizens or otherwise authorized to work, and even the number of women it employs, since women are more likely to undergo a name change.

By attempting to change the rules mid-game and use no-match letters to enforce immigration law, DHS is trying to fit a square peg into a round hole—forcing no-match letters to perform a role for which they are not well suited. Despite the obvious problems associated with expanding the purpose of no-match letters, DHS recently issued its supplemental proposed rule,<sup>33</sup> which would hijack SSA's no-match process and use it for immigration enforcement purposes.

## THE DEPARTMENT OF HOMELAND SECURITY ATTEMPTS TO USE NO-MATCH LETTERS FOR WORKSITE IMMIGRATION ENFORCEMENT PURPOSES

### *The 2008 DHS Supplemental Proposed Rule*

Despite the fact that the SSA databases do not contain accurate information about workers' immigration

<sup>29</sup> See Bovbjerg, *Coordinated Approach*.

<sup>30</sup> It was not until 1978 that SSA began requiring all SSN applicants to provide evidence of U.S. citizenship or noncitizen status. See Office of the Inspector General *Accuracy of the Numident File*.

<sup>31</sup> *Ibid.*

<sup>32</sup> "EDCOR letter," 1. The DECOR employer letter is worded slightly differently: "This letter does not imply that you or your employee intentionally provided incorrect information about the employee's name or SSN. . . . Moreover, this letter makes no statement about your employee's immigration status." "DECOR employer letter," 1. Although the no-match letters may have been modified slightly each year, since 2003 the letter makes this point clearly to employers.

<sup>33</sup> 73 FR 15944–55 (Mar. 26, 2008).

status and that many of the records of U.S. citizen and documented workers are inaccurate, on March 26, 2008, DHS issued a supplemental proposed rule that purports to clarify a final rule it published in August 2007 regarding an employer's legal obligations upon receiving an SSA no-match letter.<sup>34</sup> On October 10, 2007, the U.S. District Court for the Northern District of California preliminarily enjoined implementation of the August 2007 rule, finding that it would "result in irreparable harm to innocent workers and employers."<sup>35</sup> Shortly after the decision, DHS asked the court to suspend the litigation while it revised the rule which it claimed would pass legal muster and address the concerns raised by the court. However, the supplemental proposed rule published on March 26, 2008, proposes to "repromulgate, *without change*, the [August 2007] regulations."<sup>36</sup>

The main components of the 2008 proposed rule and 2007 final rule are summarized below. Under the rule, a "reasonable" employer that receives a no-match letter from SSA will benefit from a "safe-harbor" and will *not* be deemed to have "constructive knowledge" that an employee is an unauthorized worker if the employer takes the following steps:<sup>37</sup>

- Within 30 days of receiving the no-match letter, the employer should check its own records and, if the employer's records are accurate, the employer should "promptly" ask the employee to confirm that the information the employer has in its records is correct. If the employee provides corrected information, the employer should correct its records, inform the relevant agency, and verify that the corrected name and SSN match the agency's records. If the employer's own records are correct, the employer should ask the employee to resolve the discrepancy with the relevant agency within 90 days of the date the employer received the no-match letter.

<sup>34</sup> Ibid.

<sup>35</sup> Order Granting Motion for Preliminary Injunction.

<sup>36</sup> 73 FR at 15955, emphasis added.

<sup>37</sup> In reading about these steps, keep in mind that they comprise, as of the time this article was being prepared, a procedure *proposed* by DHS. Until the rule is finalized, there is still a possibility that DHS will make further changes.

- If the discrepancy is not resolved within 90 days of receipt of the no-match letter, the employer should re-verify the employee's employment eligibility and identity by completing a new Form I-9 for the employee. The employer and employee have 3 additional days to complete this form (i.e., it must be completed within 93 days of receipt of the no-match letter). To establish his or her employment eligibility or identity or both, the employee may not use a document containing the SSN or "alien number" that is the subject of the no-match letter (nor may the worker use a receipt showing that the employee has applied for a replacement of such document). In addition, all documents used to prove identity, or both identity and employment eligibility, must contain a photograph.
- If the no-match is not resolved and the employer cannot verify the employment eligibility and identity of the employee (through completion of a new I-9 form), the employer must choose between terminating the employee or facing the risk that DHS may find that the employer had constructive knowledge that the employee was unauthorized to work, and is therefore in violation of immigration laws.

The minor revisions made to the 2007 final rule by the 2008 supplemental proposed rule are: 1) the 2008 supplemental rule clarifies that employers must provide to workers listed in a no-match letter "prompt" notification which is defined as immediately upon receipt of the no-match letter or within 5 business days of the employer completing the internal review; 2) it clarifies that the rule does not apply to workers hired before November 6, 1986; and 3) it clarifies that neither the 2007 final rule nor the supplemental rule require employers to make or retain any new documentation or records should employers choose to follow the "safe-harbor" steps laid out in the rule.

While the proposed rule attempts to clarify some of the major concerns expressed by the federal district court in its decision granting the preliminary injunction, its provisions still would result in harm to workers and employers alike. The proposed rule will likely trigger firings of low-wage workers across the U.S., many of which will be wrongful. Past experience indicates that, rather than navigating a

complex series of steps and timetables to a “safe-harbor,” panicked and confused employers will simply fire workers who are the subjects of no-match letters; or they will require only immigrant workers—or those they perceive to be immigrants based on the latter’s skin color, surname, etc.—to take certain steps to correct their information, out of concern that their receipt of a no-match letter will lead to an audit or prosecution by immigration authorities.

It is important to note that, even if the proposed rule is implemented, it does not necessarily follow that employers who receive no-match letters will be audited or otherwise targeted by DHS for immigration-related enforcement. Currently, DHS knows that an employer has received a no-match letter only if, when conducting an investigation, it requests this information from the employer. At that point, DHS may use the employer’s receipt of the no-match letter as one factor in its prosecution of the employer. Since DHS already has authority to do this and has used it in the past, it is unclear why the proposed rule is even necessary, except to send a political message that the agency is being tough on employers and to intimidate employers into interpreting the no-match letter as an immigration enforcement tool.

## THE UNINTENDED CONSEQUENCES OF EMPLOYER NO-MATCH LETTERS

The purpose of the no-match letter is to clean up the ESF and ensure that workers receive credit for their earnings. Not only have the letters proven to be an ineffective means of achieving this goal, but they also have resulted in many unintended negative consequences for workers, employers, and SSA itself.

### *Impact of Employer No-Match Letters on Workers*

Employer no-match letters have already had a devastating effect on workers generally, regardless of their employment eligibility status. Despite the EDCOR letter’s strong warning to employers not to “*take any adverse action against an employee, such as laying off, suspending, firing, or discriminating against that individual, just because his or her*

*Social Security number appears on the list [included in the letter],”*<sup>38</sup> some unscrupulous employers still take such actions. In 2003, the year after SSA sent out a dramatically increased number of employer no-match letters (approximately 950,000), the CUED concluded that employers’ receipt of the no-match letters had encouraged them to fire workers whose SSNs were listed in the letters, and that the program had encouraged some employers to take advantage of workers, to the workers’ detriment.<sup>39</sup>

In addition to simply firing workers who are the subjects of no-match letters, unscrupulous employers also use the letters to intimidate workers, retaliate against those who exercise their labor rights, interfere with union campaigns, and terminate workers with more seniority, as a means of reducing the employers’ labor costs by paying lower wages and providing fewer benefits.

***Workers who are subjects of a no-match letter are assumed to be undocumented and are fired based solely on their SSN being listed in the letter.*** Some employers who receive a no-match letter mistakenly believe that it is a notice of immigration violations, and they immediately fire workers whose SSNs are listed in the letter. Many U.S. citizens and lawful immigrants have lost their jobs as a result of such an action. According to the CUED national survey, despite the letters’ strong warnings to employers, approximately 53.6 percent of employers responding to no-match letters terminated the workers whose SSNs were listed in them, often without giving them any opportunity to correct the no-match discrepancies or any explanation to them of the no-match process.<sup>40</sup> Other times, employers give workers the opportunity to correct their Social Security records, but require them to do so within a time frame more restricted, even, than that which the DHS “safe-harbor” rule proposes. Under current law, workers faced with such an action have very little recourse unless they file legal claims alleging that the employer discriminated against them or engaged in other

<sup>38</sup> “EDCOR letter,” 2. The DECOR employer letter contains a similar warning. See “DECOR employer letter,” 1.

<sup>39</sup> Mehta, *SSA’s No-Match Letter Program*.

<sup>40</sup> *Ibid.*

unlawful action, or unless they take collective action to put public pressure on the employer.

***Workers who are subjects of a no-match letter will be fired when they can't correct their records in a timely manner.*** As noted above, some employers immediately fire workers whose SSNs are listed in the letter or give workers the opportunity to correct their Social Security records, but require them to do so within a restricted time frame. Other times, workers are simply not able to correct their records in a timely manner. The 2008 supplemental proposed rule includes an Initial Regulatory Flexibility Act analysis conducted by an outside contractor, Econometrica, Inc.<sup>41</sup> Its analysis acknowledges that workers may not be able to procure documents verifying their identity within the time-frame prescribed in the supplemental proposed rule, which would result in the termination of those workers. Based on DHS's own conservative assumptions, the analysis predicts that employers may be compelled to terminate over 70,000 U.S. citizens and employment-authorized immigrants in order to comply with the proposed rule's safe-harbor provisions.<sup>42</sup> Richard B. Belzer, Ph.D., an economist who is an expert in federal agency regulatory policies and practices, estimates that the total number of authorized workers who will be fired because of their inability to resolve the no-match could be as high as 165,000.<sup>43</sup> These estimates, however, only take into account the number of workers that will be fired in response to the EDCOR no-match letter, which is sent to employers with more than 10 workers with no-matches, and where the total number of no-matches represents more than .5 percent of the employer's total Forms W-2 in the report. The estimates do not reflect the number of workers that may be fired in response to the DECOR no-match letter, which is sent to employers

about an individual worker. In 2007, 1.7 million such letters were sent to employers regarding wages paid in Tax Year 2006.

***No-match letters are used to undermine labor campaigns.*** Unscrupulous employers use the no-match letter to stymie organizing campaigns by ignoring the letters when they first receive them, then later using them as a pretext to fire workers who participate in efforts to improve working conditions and wages. The supplemental proposed rule would only exacerbate this problem.

**EXAMPLE:** After not taking any action with regard to no-match letters it had received in the past, a national uniform and laundry services company decided to act on the letters in 2006, and fired over 400 workers. The company claims that it was implementing the 2006 DHS proposed rule; however, the union trying to organize the company's workforce asserts that the company retaliated against the fired workers for participating in union organizing.

***No-match letters are used to retaliate against workers who assert their labor rights.*** Unscrupulous employers also use no-match letters to retaliate against workers who have been injured on the job or complain of unpaid wages or other labor violations. Many times, these employers may have knowingly hired unauthorized immigrants in order to save money on wages and benefits. It is not until the workers come forward with a labor complaint that the employer uses the no-match letter to intimidate those who are unauthorized. This, in turn, affects other workers' ability to exercise their labor rights, and all workers suffer as a result.<sup>44</sup>

**EXAMPLE:** In April 2007, 13 housekeepers were fired from a hotel in northern California in retaliation for

<sup>41</sup> See Econometrica, Inc., *Small Entity Impact Analysis*.

<sup>42</sup> Ibid.

<sup>43</sup> Richard B. Belzer, Ph.D., "Comments on DHS's Safe-Harbor Interim Regulatory Flexibility Analysis." p. 1. <http://www.regulations.gov/fdmspublic/component/main?main=DocumentDetail&d=ICEB-2006-0004-0324.1>.

<sup>44</sup> For more information on how the rights of U.S. citizen and lawful workers are affected when employers exploit undocumented immigrants, see Amy M. Traub, *Principles for an Immigration Policy to Strengthen and Expand the American Middle Class: 2007 Edition* (Drum Major Institute for Public Policy, 2007) (<http://drummajorinstitute.org/immigration/>); House Committee on the Judiciary, Subcommittee on Immigration, Border Security, and Claims, *Testimony of Jennifer Gordon, Associate Professor of Law, Fordham University School of Law*, June 21, 2005 (<http://judiciary.house.gov/OversightTestimony.aspx?ID=431>).

filing a complaint against their employer for unpaid wages. The employer had refused to comply with a living wage ordinance, and the workers began to organize to pressure company management, also speaking out to the media and the local city council. In response, hotel management told the workers that they were the subjects of a no-match letter and that if the workers did not correct their Social Security information, they would be terminated. Many of the workers had been employees of the hotel for years, and the hotel had never before required them to correct information based on their SSNs having been listed in previous no-match letters. In fact, the employer had received the most recent no-match letter in May 2006, but did not initiate any action until September 2006, after the employees started organizing.

***No-match letters are used as an excuse to terminate higher-paid, senior employees.*** Some employers also use the no-match letter as a pretext for firing workers who have more seniority—those who earn higher wages and have more generous benefits packages. The employer then replaces them with lower-skilled and lower-paid workers.

**EXAMPLE:** In November 2007, 11 out of 13 workers in a Nevada warehouse were told by their employer that there was a problem with their SSNs and that they would be fired if they did not fix their records. The employer refused, however, to show the workers a copy of the no-match letter in which their SSNs were listed. Of the 13 workers at the warehouse, the 11 workers who were informed about the no-match letter were those with the highest seniority and salaries. The other two workers had been at the company for one year. It was not until an attorney intervened that the more senior workers were allowed to keep their jobs. They were told, however, that the company would revisit their case in April 2008.

## IMPACT OF NO-MATCH LETTERS ON EMPLOYERS

In addition to creating problems for authorized workers, no-match letters have caused confusion and fear among employers that will only be exacerbated by the 2008 supplemental proposed rule. If the rule is implemented, employers will be handed a set of new, heavy responsibilities. Although DHS claims it is not imposing any new requirements on employers, companies that do not follow the “safe harbor” procedures set forth in the rule risk being sanctioned if they do not fire workers with unresolved no-matches or they will have to require that workers rectify no-matches. Given that some workers whose SSNs are listed in no-match letters will likely be work-authorized, employers that fire employees who are unable to resolve no-matches may face the additional at risk of being charged with unlawful discrimination,<sup>45</sup> or wrongful termination.<sup>46</sup>

The costs imposed on the private sector by the no-match letter program and DHS’s proposed rule could also run into the hundreds of millions of dollars per year when the resources needed to rectify no-matches and the lost productivity by companies attempting to comply with the rule are taken into account. Upon receiving a no-match letter, employers would have to examine the records of each worker whose SSN is listed in the letter (sometimes hundreds of SSNs are listed); compare SSNs from I-9s, W-4s, and payroll records to the SSNs listed in the no-match letter, and find any errors; work with SSA to correct the errors; work with employees to rectify discrepancies between their documents and the employers’ files; and wait while employees deal with SSA, DHS, or other government agencies to resolve no-matches. To complete these steps, many companies

<sup>45</sup> Employers could face discrimination charges and penalties under either section 274 of the Immigration and Nationality Act or Title VII of the Civil Rights Act of 1964. Section 274 prohibits employment discrimination based on national origin and citizenship status. Title VII prohibits employment discrimination based on race, color, religion, sex, or national origin.

<sup>46</sup> Employers could also face legal claims under state wrongful termination laws or under federal labor and employment statutes for retaliatory firings such as the National Labor Relations Act, Fair Labor Standards Act, and other statutes depending on the underlying circumstances of the terminations.

would have to consult with attorneys and require additional services from contracted payroll services. Employers would bear additional costs as they seek to replace workers lost due to unresolvable no-matches. Monetary costs could climb higher if wrongfully terminated workers initiated litigation against their former employers. Using DHS numbers and assumptions in its Initial Regulatory Flexibility Act analysis, the regulations' costs to employers would exceed \$100 million annually.<sup>47</sup> However, according to the analysis of economist Richard Belzer, the new rule would cost business between \$1 billion and \$1.6 billion per year.<sup>48</sup>

Being required to rectify all no-matches would have a particularly devastating impact on small businesses, many of which may not have dedicated human resources staff to deal with no-match letters. Many small businesses operate out of nonconventional worksites where there is no way to access computers or employment files. Businesses that operate on a seasonal basis would face additional challenges, especially when the seasons are very short or when no-match letters arrive during the off-season. Small businesses are also more vulnerable to worker disruptions or shortages, and shocks to their workforces could jeopardize their ability to bid for future contracts.<sup>49</sup>

U.S. employers are well aware that an estimated 12 million undocumented immigrants reside in the U.S. and that approximately 5 percent of the U.S. workforce is unauthorized. The new supplemental proposed no-match rule will not stop unauthorized employment, but it *will* exacerbate the unfair competitive advantage that unscrupulous employers have over those employers that seek to comply with the law. Law-abiding businesses are at a disadvantage when some of their competitors will simply

move into the cash economy to avoid regulation or begin misclassifying their employees as independent contractors as a way to prevent or avoid immigration enforcement that is tied to employers' record-keeping.<sup>50</sup>

## IMPACT ON THE SOCIAL SECURITY ADMINISTRATION

SSA is already overburdened by its primary mission of administering critical benefits to the public, such as Supplemental Security Income disability benefits and retirement payments. The SSA inspector general testified on February 28, 2008, that as of January 2008 there are 751,767 disability cases waiting for a hearing decision, which translates into average waiting times of 499 days.<sup>51</sup> Additionally, in 2008, the first of 78 million baby boomers are becoming eligible for Social Security retirement benefits, and the number of retirees receiving Social Security benefits is expected to rise by approximately 13 million over the next 10 years.<sup>52</sup>

While SSA's responsibilities have increased over time, its financial resources have not increased commensurately. Since the beginning of FY 2006, SSA's 1,267 field offices have lost over 1,700 claims representatives and over 520 service representatives.<sup>53</sup> Furthermore, it is anticipated that many SSA employees, particularly those hired when SSA began to administer the SSI program in 1974, will retire soon.

<sup>47</sup> See Econometrica, Inc., *Small Entity Impact Analysis*.

<sup>48</sup> Belzer, "Comments on DHS's Safe-Harbor Interim Regulatory Flexibility Analysis." p. 4.

<sup>49</sup> See, e.g., Jessica Johnson Bennett, "New Year, New Regulation Still Looming," *Masonry Magazine*, January 2008 ([www.masonrymagazine.com/1-08/government.html](http://www.masonrymagazine.com/1-08/government.html)).

<sup>50</sup> See U.S. Chamber of Commerce comments on HDS Docket No. ICEB-2006-0004, *Rulemaking Proceedings on Safe-Harbor Procedures for Employers Who Receive a No-Match Letter*, August 14, 2006.

<sup>51</sup> Patrick P. O'Carroll Jr., Inspector General, Social Security Administration, *Reducing the Disability Backlog at the Social Security Administration*, testimony before the U.S. House Appropriations Committee, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, February 28, 2008 ([www.ssa.gov/oig/communications/testimony\\_speeches/02282008testimony.htm](http://www.ssa.gov/oig/communications/testimony_speeches/02282008testimony.htm)).

<sup>52</sup> Richard Warsinsky, Past President, National Council of Social Security Management Associations Inc., *Written Testimony for the Record*, submitted to the U.S. House Appropriations Committee, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, February 28, 2008 (<http://socsecperspectives.blogspot.com/2008/02/social-security-advocacy-group-written.html>).

<sup>53</sup> *Ibid.*

If implemented, the supplemental proposed rule would place new demands on the SSA that it may not be able to handle. To resolve a no-match, often it is necessary for the affected individual to visit the local field office. Though the no-match letter program is not new, the new urgency and threat of job loss created by the proposed rule would compel larger numbers of people with no-matches to visit SSA field offices to clear them up. Similar to the increased resource demands caused when SSA began to administer Medicare Part D, the increased traffic due to the no-match regulations would potentially disrupt the offices' normal business, require additional staff hours, and add to the already increasing backlogs for disability benefits and other services. To date, SSA has put no new appointment system or other mechanism in place to accommodate additional customers. Workers with no-matches who walk into their local field office can expect to wait in long lines along with everyone else applying for benefits or trying to resolve problems.

## CONCLUSION

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Given the high costs associated with employer no-match letters—their harmful impact on workers, the costs to employers, the negative impact on the economy, the costs to SSA—and the relative ineffectiveness of the no-match letter program, policymakers would be right to question whether the program should even be continued, much less co-opted by DHS. If DHS's proposal to use the letters as an immigration enforcement tool is implemented, the costs will soar even higher—and greatly outweigh any immigration enforcement benefit it could possibly achieve. The no-match letter program—whether or not it is used as an immigration enforcement tool—will not magically make unauthorized workers disappear. In many instances, its result will simply be to erase them from payroll records and withhold their contributions to the Social Security system. Without immigration reform that provides them a path to lawful status and full participation in our society, unauthorized workers will simply dive deeper into the unregulated cash economy, which in turn will result in

substantial losses in state and federal tax revenues and give an unfair competitive advantage to unscrupulous employers who continue to recruit, hire, and exploit unauthorized workers. And if DHS's proposed no-match "safe-harbor" rule is implemented, large numbers of employment-eligible U.S. citizens and immigrants will lose their jobs because of no-matches caused by errors in government databases, while employers—themselves at the mercy of those same databases and caught in a no-win situation—will face costly litigation brought by unjustly fired workers.

## RECOMMENDATIONS

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### *Rescind DHS's supplemental proposed rule.*

DHS's 2008 supplemental proposed rule, which formally proposes to use no-match letters as an immigration enforcement tool, is misguided. The highly charged and politicized nature of the current immigration debate, as well as the government's stepped-up efforts to enforce immigration law at worksites, should not be allowed to dictate policies that are likely to have a devastating impact on large numbers of employment-authorized workers and American businesses. The no-match letter program should never be regarded as an immigration enforcement tool. It was not designed for immigration enforcement; historically, it has not been used for immigration enforcement (and, in fact, the government has repeatedly and explicitly warned employers against making assumptions regarding employees' immigration status based on the letters); and the harmful impact of such a policy will reverberate well beyond the immigrant community. In a recession, it makes no sense to heap new responsibilities on employers and increase the likelihood that U.S. citizens and authorized noncitizens may be wrongly terminated from their employment.

### *Suspend the employer no-match letter program.*

The employer no-match letter program does not effectively serve its purpose, which is to correct discrepancies in SSA's records that prevent workers from receiving credit

for their earnings. Only 6 percent of reinstated earnings are based on information corrected as a result of employer no-match letters. Other validation routines have already proven more effective at correcting no-match errors and removing items from the ESF. Moreover, the harmful impact of the EDCOR and DECOR employer no-match letters greatly outweighs any benefits derived from them.

***If the employer no-match letter program is not suspended and DHS’s “safe-harbor” rule takes effect, implement the following policy changes:***

- Require the DHS’s Office of the Inspector General and Office for Civil Rights and Civil Liberties, in coordination with the U.S. Department of Justice’s Office of Special Counsel for Immigration-Related Unfair Employment Practices (Office of Special Counsel) and the U.S. Department of Labor, to study and report on the following: (1) whether the safe-harbor rule has been implemented in a manner that avoids improper adverse actions against U.S. citizens and lawfully present noncitizens; (2) whether the no-match letter has been used to undermine workers’ rights; (3) whether the regulation has been implemented in a discriminatory manner; (4) the effectiveness of all “back-end” methods used to clean-up the ESF; (5) what percentage of items in the ESF have actually been reinstated as a result of employer no-match letters; (6) whether certain modifications to DHS’s no-match rule would alleviate discriminatory or improper implementation by employers; and (7) whether the rule has achieved its purpose.
- Create a statutory provision enforced by the Office of Special Counsel that provides redress for employees who are wrongly terminated or suffer other adverse action because their employer fails to follow the procedures set forth in the regulation. This statutory right should not be dependent upon proof of discriminatory intent, but rather must apply in all instances where an employer fails to follow the no-match rule’s requirements.
- Amend the current SSA “Social Security Statement,” which is mailed to every worker in the U.S. on an annual basis, to be more specific about the importance of

updating any name changes due to marriage, divorce, naturalization, or some other life change (such as survivors of domestic violence, transgender individuals, etc.), and any errors with the person’s name or SSN. The statement must also warn workers that their employer may receive a no-match letter and that they may face being fired by their employer if they fail to correct the information in their W-2.

***Congress must pass immigration reform.***

With approximately 12 million unauthorized immigrants in the U.S. and approximately 7 million of them in the workforce, people on all sides of the immigration debate agree that something must be done about unauthorized immigration to the U.S. For years Congress has failed to pass thoughtful, comprehensive solutions to the nation’s immigration problems and, rather, has passed a series of “Band-Aid” measures meant to appear tough and appease voters in the short term without effectively resolving any problem. In this latest case, attempting to enforce federal immigration laws in a piecemeal fashion by using an SSA program that is ill-equipped to accomplish the task is another mediocre solution that will not solve the problem it targets. In the absence of broader reforms, any attempt to deport the entire unauthorized labor force and deny employers their current workforce will only encourage the expansion within the overall economy of that portion that is cash-based, underground, unregulated, and untaxed—and will prove harmful to U.S. workers.

Americans have been very clear that they want a tough, fair, practical solution to U.S. immigration problems, and only Congress can make that solution possible. The U.S. needs a national immigration policy for the twenty-first century that addresses unauthorized immigration, meets the needs of our economy, respects the labor rights of all workers, and is consistent with American values. But until then, piecemeal, Band-Aid, and borrowed policies are counterproductive. SSA no-match letters are no match for sound policy.



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THE SOCIAL SECURITY ADMINISTRATION

**NO-MATCH PROGRAM: Inefficient, Ineffective, and Costly**

by Marielena Hincapié, Tyler Moran, and Michele Waslin

The failure of Congress to pass comprehensive immigration reform, and the Bush administration's subsequent stepping up of immigration enforcement, have resulted in deficient policies that do not address the issue of unauthorized immigration, but do cause extreme hardship to U.S. workers, businesses, communities, and the economy. Soon after the 2007 Bush Administration-backed immigration-reform bill failed in the U.S. Senate, the administration redirected its efforts with respect to unauthorized immigration into more vigorous enforcement along the border and in the workplace. Eager to demonstrate they could be tough, the Administration dusted off a proposed regulation, which had first been made public about a year earlier, to use Social Security Administration (SSA) "no-match" letters as a tool for identifying unauthorized workers.



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