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The Facts on Employment Verification: Current Proposals are Unworkable for SSA, Threaten Progress in Reducing Disability Claims Backlog

March 27, 2008

Dear Democratic Colleague:

The current discussion about a national employment verification program to prevent the hiring of illegal immigrants lacks basic information about how well the existing pilot system works. An ill-considered expansion of the "E-Verify" pilot system, which is run jointly by the Social Security Administration (SSA) and the Department of Homeland Security (DHS), could have a potentially devastating impact on American workers, on Social Security beneficiaries, and on the SSA, which would bear the brunt of the fallout created by errors in the databases that are used by the system.

SSA simply cannot handle the massive new workload that expansion of this pilot would impose, especially given the current backlog in disability claims processing and the impending wave of retirement claims from the Baby Boom generation.

In the first year alone, the legislation that is being promoted by the Republican discharge petition (H.R. 4088) would cost SSA more than \$1 billion – about 10 percent of SSA's current administrative budget. It would impose an enormous new workload on an already-overburdened agency which has been unable to process disability claims timely, and is now facing millions of new retirement claims from the Baby Boomers.

Congress should ensure that our immigration laws are enforced, but we can do so without jeopardizing Americans' ability to obtain the Social Security retirement, survivors and disability benefits which they have earned. **We urge you to get the facts before signing any discharge petitions to bring up bills, such as H.R. 4088, that have not had a thorough review of their consequences.**

The "E-Verify" Pilot Is Not Ready for National Roll Out

- According to the DHS, the E-Verify pilot only had 3.6 million inquiries in 2007. Under proposals for a mandatory verification system, the number of inquiries would quickly rise to at least 60 million per year, making it difficult to foresee how well the system would perform.
- The 53,000 employers currently enrolled in E-Verify either volunteered to use the system – so they are a law-abiding, self-selected group – or were required by DHS to enroll as a penalty for prior immigration law violations. The expansion proposal would require that every employer in the U.S. be enrolled within four years, increasing the number of participants to 6 million. **This requires DHS to enroll approximately 4,000 employers per day for four years.**
- The effect of a national system on SSA's workload is subject to substantial uncertainty. Mistakes committed by employers and inaccuracies inherent in SSA's database will combine to produce millions of erroneous non-confirmations. **This will in turn force millions of employees into SSA field offices in order to correct their records or else be fired.**
- Existing programs under which employers must match data with SSA have very high rejection rates. SSA has testified numerous times that 10 percent of the 240 million W-2s received annually by SSA do not match the names and Social Security numbers in SSA's records. Last year, SSA testified that 7 of every 100 workers currently run through E-Verify could not be immediately confirmed because of mismatches with Social Security records.

- Many mismatches will result from **errors in the Social Security database**, which has a 4.1 percent inaccuracy rate, according to SSA's Inspector General. These errors are normally corrected at the time of benefit application and would not necessarily affect individuals' ability to obtain benefits. These errors *would*, however, prevent workers from being able to keep their jobs.
- **The vast majority of the workers affected by these database errors are U.S. citizens** because immigrants would be verified through DHS databases.
- SSA testified in 2007 that, under a national system, **6 of every 100 workers would need to visit an SSA field office in person in order to correct their records, or lose their jobs.**
- There are 60 million new hiring decisions made each year, according to the Bureau of Labor Statistics. Thus, 3.6 million Americans would have to visit an SSA field office each year in order to keep their jobs. This number increases if the already-hired workforce were also required to be verified.

Expansion Threatens Americans' Ability to Obtain Timely Disability and Retirement Benefits

- SSA has been underfunded for nearly a decade and is already working at capacity – with long lines, half of calls to local field offices going unanswered, and multi-year waits to receive disability benefits. If the ability of Americans to work depends on SSA's ability to handle the new workload, then **the agency may be forced to divert scarce resources away from SSA's core mission to the new immigration function, putting workers at the head of the line for SSA's assistance in front of seniors, people with disabilities, and those who have lost a loved one.**
- **There is currently a backlog of over 750,000 disability cases waiting for a hearing, with an average wait of about 500 days.** Last year, we provided SSA with an overdue increase in funding to begin to work down this backlog. If Congress places the fallout from E-Verify on SSA's shoulders, it would be undermining the backlog reduction effort. SSA has testified that for every one million dollars that SSA is forced to spend on other workloads, 565 more disability hearings could be held.
- **The legislation being promoted by the Republican discharge petition does not provide any funding for SSA's role in the employment verification program.** The bill only authorizes appropriations; it does not actually provide any funds. Moreover, it leaves it up to DHS to decide how any appropriations are allocated. SSA currently receives no appropriation for the immigration-related work it does. Instead, SSA must seek reimbursement from DHS.
- More importantly, even with a special appropriation, it would be exceedingly difficult for SSA to handle the massive new workload because the agency's current workload already exceeds its staff and infrastructure capacity.

The verification system in the legislation being promoted by the Republican discharge petition, and other existing proposals, fails to protect Social Security beneficiaries or American workers from the disastrous effects of this system.

We can do better than current proposals if we learn the facts, evaluate the options to fix the databases, and most importantly prioritize Democratic principles that strengthen and enforce labor protections for American workers – without undermining the efficiency of the SSA or eroding public support for Social Security programs that Democrats have successfully protected from ideological attacks for decades.

Sincerely,



Michael R. McNulty
Chairman
Subcommittee on Social Security
Committee on Ways and Means



Charles B. Rangel
Chairman
Committee on Ways and Means