

## Social Security Numbers Issued: A 20-Year Review

by Wayne S. Long\*

There was a substantial increase in the issuance of Social Security numbers (SSN's) in the late 1980's (chart 1). This increase was the result of new legislation and changes in Social Security Administration (SSA) regulations. This note describes prior and recent legislative and regulatory developments that have expanded the use of the Social Security number, and it examines their effect on the issuance of SSN's. These developments are highlighted in chart 2. (For earlier notes on SSN issuances, see

\*Division of Statistics Analysis, Office of Research and Statistics, Social Security Administration.

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In 1936, when the first SSN was issued in New Hampshire, it was used as a device for keeping a record of the taxes paid by individuals into the newly created Social Security system. The Chairman of the Social Security Board and former Governor of New Hampshire—John G. Winant—was offered the first number, but he did not want to appear political and refused it. The number was then issued to the first person who applied in New Hampshire. Since that time, 352 million numbers have been issued. No one then could have envis-

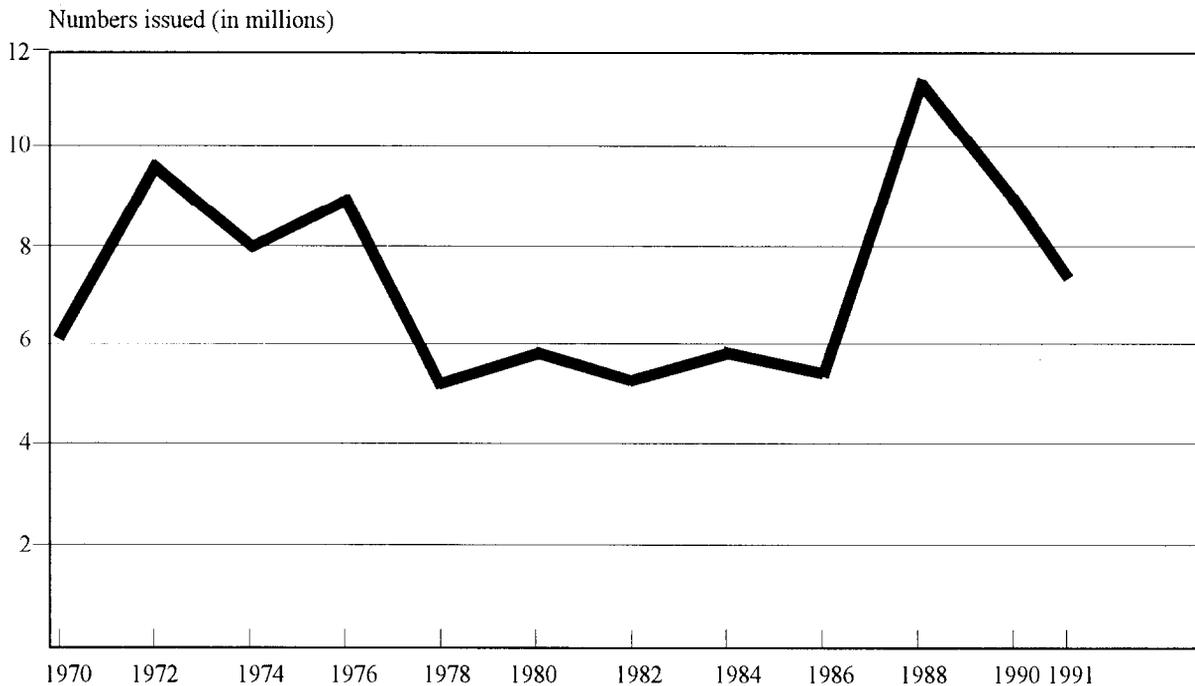
ioned the impact that the Social Security numbering system would have on the future lives of Americans.

### *Historical Use of Social Security Numbers*

Fifty-seven years after its introduction, the SSN's main purpose continues to be as an identifier for each worker's covered earnings; however, its uses have significantly expanded over time. By the early 1940's, it was realized that the SSN could be utilized by other agencies whenever personal identifiers or account numbers were needed.

In 1943, President Roosevelt signed

Chart 1.—Social security numbers issued, 1970-91



Executive Order 9397 requiring that the SSN be used whenever a personal identifying number was needed in any Federal agency. It took until the 1960's and 1970's, however, to see that expansion take place.

In 1961, the Civil Service Commission adopted the SSN as an identifier for Federal employees. In 1962, the Internal Revenue Service (IRS) picked the SSN as its taxpayer identification number (TIN) and, in cases where covered employment was not anticipated, even sent taxpayers applications for SSN's. In 1964, at the request of school authorities, the Commissioner of SSA approved a program for issuing SSN's to 9th grade children. In 1965, SSA expanded the use of the SSN by requiring one for enrollment in the Medicare program. Numbers were issued to persons aged 65 or older who had not worked in employment covered by Social Security or who previously had no need for an account number. In 1966, the SSN was used as an identifier for beneficiaries of Indian programs and for admission to Veterans Administration (VA) hospitals. The SSN replaced the military service number for military personnel in 1967.

The Social Security Amendments of 1972 (P.L. 92-603) required any person who applied for or received benefits under any program financed by Federal funds to have an SSN. As a result, recipients of Aid to Families with Dependent Children and Medicaid were issued numbers. In 1973, the SSN became the numerical identifier for the SSI program. From that time forward, the SSN has been adopted by State and local governments, banks, schools, and other government agencies to identify individuals or accounts.

### ***Integrity of the Social Security Number***

The rapid expansion of the utilization of the SSN increased the possibility of fraudulent use. Thus, in 1971, SSA intensified its efforts to control the issuance of SSN's by requiring stricter standards of identification for applicants aged 55 or older. The issuing of SSN's was

### **Chart 2.—SSN highlights**

- 1936 First SSN issued
- 1943 SSN used whenever personal identifier is needed by a Federal agency
- 1961 SSN used as identifier for Federal employees
- 1962 SSN used as Tax Identification Number by Internal Revenue Service
- 1965 SSN required for enrollment in Medicare
- 1966 SSN used as identifier for Indian programs and for admission to VA hospitals
- 1967 SSN used to replace military service number
- 1972 SSN required for application or receipt of funds from Federal programs (AFDC, Medicaid)
- 1973 SSN used for the SSI program
- 1983 SSN needed for accounts with financial institutions and investment firms
- 1986 SSN needed for dependents aged 5 or older claimed on Federal income tax forms
- 1987 Enumeration-at-birth pilot program
- 1988 SSN needed for dependents aged 2 or older claimed on Federal income tax forms

moved from SSA field offices to the SSA central office in Baltimore, Maryland, and all identifying information was annotated to computer files. All new applicants were screened electronically to avoid issuing multiple numbers to any one individual. Previously, after a new card had been issued in the field, just a small proportion of applications for SSN's were screened—and then only manually—at the central office.

The 1972 Amendments to the Social Security Act also tightened the issuance procedure by requiring that applicants provide evidence of age, identity, and citizenship or alien status when applying for an original SSN. This legislation authorized the issuance of SSN's to children below school age at the request of their parents or guardian and to children of school age at the time of their first enrollment. At the beginning of the program, persons under age 17 did not have to meet these requirements. In 1978, however, instructions were given to the field offices requiring all persons applying for an original SSN, regardless of age, to submit satisfactory proof of age, identity, and citizenship or alien status. For persons aged 17 or older, a personal interview was required.

### ***Expanded Social Security Number Issuances***

If the 1960's and 1970's were the decades for expanding the use of the SSN, then the 1980's were the years in which legislation and revised regulations substantially increased the number of SSN's that were issued. The number of original SSN's issued increased from 6.0 million in 1980 to 11.6 million in 1987, and then declined to 7.5 million in 1991.

The Interest and Dividend Tax Compliance Act of 1983 (P.L. 98-67) required persons with accounts in financial institutions and investment firms to furnish SSN's as TIN's to avoid possible penalty fines and a 20-percent backup withholding from interest and dividend payments. Since financial institutions and investment agencies were also subject to penalty fines if TIN's were not reported, these institutions began stressing this requirement in their contacts with their customers. The largest group this law affected was composed of nonworking children under age 15 who had not previously been issued an SSN.

In 1986, two pieces of legislation were enacted that impacted on the enu-

meration of SSN's, P.L. 99-514 (the Tax Reform Act of 1986), and P.L. 99-603 (the Immigration Reform Control Act of 1986—IRCA). The Tax Reform Act, enacted October 21, 1986, was applicable to tax returns due after December 31, 1987. It required a taxpayer who claimed an exemption for a dependent aged 5 or older to indicate the TIN (usually an SSN) of the dependent.

IRCA, enacted November 6, 1986, offered lawful temporary resident status, beginning no later than May 5, 1987, to aliens who had lived continuously in the United States since before January 1, 1982, or who met the requirements for special agricultural workers. The Attorney General set the dates of May 5, 1987, to May 4, 1988, as the period during which aliens must have presented their applications for amnesty. During that period, over 1.6 million aliens were granted legal status.

The Social Security Administration entered into an agreement with the Immigration and Naturalization Service (INS) to facilitate the assignment of SSN's to the large number of aliens who applied to legalize their status. This agreement assured that these applicants were assigned SSN's at the time their status changed in order to make it lawful for them to work. Under the agreement, INS employees accepted applications for SSN's in the course of interviewing legalization applicants. Many aliens were not able to submit the proper identity documents, such as a birth certificate. In these cases, SSA accepted INS documents as an alternative proof of identity.

In 1987, because of a growing need for SSN's at an even earlier age and in order to counter a longstanding problem with fraud, SSA initiated a pilot program to test the feasibility of assigning SSN's to newborn children. (As mentioned earlier, the 1972 amendments authorized SSA to take measures to assure the issuance of SSN's to young children.) Issuing an SSN to a newborn child at the same time as a birth certificate eliminates opportunities to falsify a birth certificate later. (In 1976, the Federal Advisory Committee on False Identification identified the birth certificate as

the source most frequently used to establish a false identity.)

In the pilot program, three States—New Mexico, Indiana, and Iowa—tested the feasibility of assigning SSN's to newborn children based on a parent's request; as a part of the State's birth registration process. At the same time that parents completed the State birth registration form in the hospital, they also indicated whether they wanted a Social Security card issued to their newborn.

This request, with the birth certificate, was then transmitted electronically by the State vital statistics office to SSA where a number was then issued for the newborn.

After conducting this and several other successful pilot projects, SSA invited the 50 States, the District of Columbia, the Virgin Islands, Puerto Rico, and New York City, to enter into agreements with SSA to make this service available nationally. At the end of 1991, 45 States, the District of Columbia, Puerto Rico, and New York City had signed the agreements.

The Family Support Act of 1988 (P.L. 100-485) also focused on nonworking children. It lowered the age at which an SSN was required for a dependent on a tax return from age 5 or older to age 2 or older. With this legislation and the maturing of the enumeration-at-birth program, virtually all nonworking children under age 15 now need or have the opportunity to apply for an SSN.

### *Data on Social Security Number Issuances*

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About 7.5 million persons obtained SSN's in 1991 (table 1), 4.1 million fewer than the peak year of 1987 (11.6 million), but almost 1.7 million above the annual average for the years 1980-86. The increase in issuances during 1987-90 was the result of legislation and changes in regulations between 1983 and 1988.

As mentioned previously, the 1972 Amendments required SSN's for all persons receiving benefits under Federal programs funded in whole or in part by Federal funds. As a result of this legis-

lation, the number of SSN's issued increased dramatically in 1973 to 10.0 million. The influence of these amendments was evident until about 1978, and then the number of SSN's issued dropped to and remained in the 5.3-6.0 million range through 1986.

Nearly all of the 1.3 million increase in the number of cards issued between 1982 and 1983 was because of the Interest and Dividend Tax Compliance Act of 1983, which affected mainly the under-age-16 group.

The Tax Reform Act of 1986 and the IRCA of 1986 created substantial increases in issuances in 1987 and 1988. The IRCA amnesty period covered parts of both of these years. Most applicants for amnesty were older than age 16. The issuances to this age group doubled—from 1.3 million in 1986 to 2.6 million in 1988. There were rises in all age groups, but the largest increases were concentrated at ages 20-34, where the number of SSN's issued rose from 396,000 in 1986 to nearly 1.4 million in 1988.

Issuances reached an all-time high in 1987, 11.6 million, with the increase in the younger ages attributable to the Tax Reform Act of 1986. Issuances to applicants under age 16 grew from 4.4 million in 1986 to 9.7 million in 1987. The largest rise was in the 5-9 age group, which increased from about 700,000 in 1986 to almost 3.2 million in 1987.

By 1989, the effects of the Tax Reform Act of 1986 had started to diminish, and the total number of issuances decreased from 11.4 million in 1988 to 8.0 million in 1989. The Family Support Act of 1988 and the growth in the enumeration-at-birth program combined to increase the number of SSN's issued to 9.1 million in 1990, but the figure decreased to 7.5 million in 1991. The number of dependents who are required to get an SSN under the Family Support Act are diminishing because of the increasing number who are being enumerated at birth.

The enumeration-at-birth program did not contribute much to the growth of the number of issuances when it started in 1987 because of the small

number of States involved. By the end of 1991, however, the number of SSN's issued for children under age 1 had increased to 2.7 million from the 1986 number of 1.2 million. Three additional States (California, Rhode Island, and Connecticut), with more than 600,000 births annually are expected to sign

agreements by the end of 1995. The total number of SSN's issued for the enumeration-at-birth program is expected to increase to the 3.0-3.5 million range, depending on the birth rate and the percent of births for each State.

It is projected that the total number of issuances will continue to decrease until

the only new issuances will be to new-borns (4.2 million in 1990), new immigrants (1.5 million in 1990), and foreign students and temporary workers with work permits (600,000 in 1990). The number of issuances should then return to the pre-1987 range of 6.0-6.5 million a year.

Table 1.—Social Security numbers issued, by age and sex of applicant, 1980-91

Age	1980	1981	1982	1983	1984	1985
Total .....	5,983,579	5,580,798	5,362,034	6,698,840	5,979,980	5,720,497
Under 16 .....	4,293,398	4,075,264	4,008,988	5,351,745	4,634,754	4,373,973
Under 1 .....	699,455	745,568	816,368	1,019,999	939,714	1,068,476
1-4 .....	1,286,235	1,246,928	1,275,622	1,821,008	1,506,928	1,434,283
5-9 .....	739,520	659,382	645,777	1,020,623	840,932	713,139
10-15 .....	1,568,188	1,423,386	1,271,221	1,490,115	1,347,180	1,158,075
16 or older .....	1,690,181	1,505,534	1,353,046	1,347,095	1,345,226	1,346,524
16-19 .....	932,282	900,689	829,947	859,934	830,066	773,129
20-24 .....	186,646	160,634	141,169	127,204	131,070	143,386
25-34 .....	286,469	230,156	203,577	188,387	198,052	225,095
35-44 .....	125,918	94,295	78,834	78,860	85,488	95,552
45-64 .....	118,611	89,668	72,479	70,797	77,074	84,839
65 or older .....	40,255	30,092	27,040	21,913	23,476	24,523
Age and sex						
Men, total .....	3,057,855	2,843,114	2,732,309	3,021,818	3,059,786	2,924,304
Under 16 .....	2,206,465	2,097,815	2,059,887	2,460,140	2,383,455	2,247,285
16 or older .....	851,390	745,299	672,422	561,678	676,331	677,019
Women, total .....	2,925,724	2,737,684	2,629,725	3,677,022	2,920,194	2,796,193
Under 16 .....	2,086,933	1,977,449	1,949,101	2,891,605	2,251,299	2,126,688
16 or older .....	838,791	760,235	680,624	785,417	668,895	669,505
	1986	1987	1988	1989	1990	1991
Total .....	5,711,421	11,621,223	11,369,925	8,048,970	9,054,214	7,509,335
Under 16 .....	4,384,492	9,723,306	8,803,638	6,455,352	7,748,634	6,140,077
Under 1 .....	1,160,841	1,394,091	1,511,566	2,080,959	2,558,255	2,734,635
1-4 .....	1,460,886	2,363,316	2,265,665	2,361,967	3,444,335	2,457,074
5-9 .....	711,664	3,158,744	2,728,920	1,297,219	1,297,845	657,038
10-15 .....	1,051,101	2,807,155	2,297,487	715,207	448,199	291,330
16 or older .....	1,326,929	1,897,917	2,566,287	1,593,618	1,305,580	1,369,258
16-19 .....	711,229	780,019	617,660	281,273	209,085	191,381
20-24 .....	152,242	263,398	533,730	344,591	241,920	264,254
25-34 .....	243,325	488,382	833,379	516,777	405,697	431,520
35-44 .....	103,129	197,158	322,164	218,135	195,237	208,392
45-64 .....	89,947	136,127	209,835	178,113	187,870	202,636
65 or older .....	27,057	32,833	49,519	54,729	65,771	71,075
Age and sex						
Men, total .....	2,917,653	5,952,786	6,032,611	4,208,065	4,620,295	3,828,612
Under 16 .....	2,251,322	4,947,819	4,483,774	3,300,491	3,954,549	3,134,554
16 or older .....	666,331	1,004,967	1,548,837	907,574	665,746	694,058
Women, total .....	2,793,768	5,668,437	5,337,314	3,840,905	4,433,919	3,680,723
Under 16 .....	2,133,170	4,775,487	4,319,864	3,154,861	3,794,085	3,005,523
16 or older .....	660,598	892,950	1,017,450	686,044	639,834	675,200