



**NATIONAL COUNCIL
ON
TEACHER RETIREMENT**

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The Honorable Judd Gregg
Chairman, Subcommittee on Commerce, Justice, State, and Judiciary
Room S-146A, The Capitol
Washington, DC 20510

Re: Section 626 of the Senate Version of H.R. 4690,
Departments of Commerce, Justice, and State, the Judiciary,
and Related Agencies Appropriations Act, 2001

Dear Chairman Gregg:

We strongly support the protection of Social Security account numbers (SSANs) from fraudulent and other misuse. The public retirement systems that belong to the National Council on Teacher Retirement (NCTR) work diligently to protect the identity and privacy of the participants in their pension plans. As you reach final agreement on H.R. 4690, we ask that Section 626 in the Senate bill regarding the display of Social Security account numbers be eliminated. As explained in this letter, the provision lacks clarity and it would be very difficult, therefore, for state and local governments, including their retirement systems, to implement it.

NCTR is made up of 75 state, local, territorial, and university retirement systems that serve over 13 million school teachers and other public employees.

Perhaps overlooked in this issue is that the use of SSANs, both in the normal course of business correspondence, telephone conversations, and increasingly with email, is the best method of ensuring the proper identity of those to whom we, as public retirement system administrators, must provide critical and timely services. When coupled with other identifiers, identification by SSAN serves to protect a plan participant's account.

Section 626 lacks clarity about how it would be implemented by the entities affected by it. Specifically, it would prohibit the “display to the public any individual’s social security number, or any identifiable derivative of such number, without the affirmatively expressed consent, electronically or in writing, of such individual.” It provides certain exceptions to the foregoing requirement. It defines “display to the public” as “the intentional placing of an individual’s social security number, or identifying portion thereof, in a viewable manner on a web site that makes such information available to the public, or otherwise intentionally communicating an individual’s social security number, or an identifying portion thereof, to the public.”

NCTR members use SSANs in a variety of ways. Many identify retirement system participants by SSAN. Others use the numbers on checks and other financial transactions, in correspondence with plan participants, on plan participants’ annual statements of accounts, tax reporting (e.g., 1099Rs), and reports to and from employers (e.g., school districts), state entities, and private sector providers such as insurance companies.

In addition, SSANs are needed to match retirement system participants against the Social Security Administration’s list of deceased persons. If any matches are revealed, the retirement system may be unknowingly paying a benefit to someone who has died. If the payment is being cashed (in the case of a check) or withdrawn (in the case of a direct deposit), some unauthorized individual is using the money by either mistake or fraud. This cross checking stops such payments, thereby helping to ensure the integrity of the retirement system’s funds.

Moreover, some retirement systems sometimes use the SSAN in a scrambled manner, in bar codes, or in some truncated manner (e.g., the last four digits of the number only). In addition, some systems provide their plan participants with personal account information on a web site. Access to this information is by password only.

Of particular concern in the definition of “display to the public” is the wording, “intentionally communicating an individual’s social security number, or an identifying portion thereof, to the public.” It is not obvious to us what “intentionally communicating” means. For example, correspondence from the retirement system to a plan participant may contain a SSAN. The SSAN does not appear on the envelope, but only on the letter itself. The correspondence will reach the plan participant without others seeing it, except in rare situations, such as when the correspondence is lost or intercepted and read by an unauthorized individual who then learns of the plan participant’s SSAN.

H.R. 4857, sponsored by Rep. Clay Shaw, includes a study by the General Accounting Office (GAO) on the issue. The study would 1) assess the current usage of SSANs by the federal, state, and local

governments for identification and other purposes; and 2) review the most effective means by which any such usage extending beyond the original purposes of the SSAN may be minimized. We endorse such a study and urge that it be conducted before provisions such as Section 626 are enacted.

Mr. Chairman, we feel strongly that SSANs must be protected from fraudulent and other misuse. Regrettably, Section 626 lacks clarity in precisely how state and local governments, including their retirement systems, should implement it. We recommend a GAO report on the issue before any such legislation is enacted.

Sincerely,

Cynthia L. Moore

CC:

The Honorable Ted Stevens, U.S. Senate

The Honorable Robert C. Byrd, U.S. Senate

The Honorable C.W. Young, U.S. House of Representatives

The Honorable David Obey, U.S. House of Representatives

Members of the House Appropriations Subcommittee on Commerce, Justice, State, and Judiciary

Members of the Senate Appropriations Subcommittee on Commerce, Justice, State, and Judiciary

The Honorable Clay Shaw, U.S. House of Representatives

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