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Employment Development Department

Its Practice of Mailing Documents Containing Social Security Numbers Puts Californians at Risk of Identity Theft

Background

Identity theft affects millions of Americans and costs billions of dollars each year. To address the risks of identity theft, at the federal level, certain agencies initiated efforts to reduce the number of documents printed and mailed that unnecessarily contain full social security numbers (SSNs). At the state level, agencies are responsible for protecting Californians' personal information including the Employment Development Department (EDD), which collects individuals' personal information—such as SSNs—for a variety of purposes. EDD mails millions of documents that contain SSNs each year to send or request information from individuals who seek or receive benefits because they are unemployed or disabled (claimants). Mailing information with SSNs poses an innate risk of identity theft.

Key Findings

- Although EDD's information security policies for its staff and data systems are generally consistent with federal and state requirements, EDD mailed millions of documents annually to claimants that included their full SSNs.
 - » We estimate that in fiscal year 2017–18, it sent out 17 million pieces of mail having full SSNs despite removing some SSNs from some documents over the last three years in response to inquiries from the Legislature.
 - » Claimants have raised concerns about the inclusion of SSNs on their documents.
- Several security incident reports that we reviewed from 2015 through 2018 showed that EDD exposed claimants to the risk of identity theft when it disclosed their personal information including SSNs to others.
- Although EDD had a number of reasons for including full SSNs on documents that it mails to claimants, we found no laws that expressly require it to do so.
- While EDD plans to remove SSNs from documents and incorporate a unique identifier as part of its benefits system modernization project, the project will not be completed before September 2024 and thus, it could send approximately 70 million more documents during this period.
- EDD has not offered claimants an alternative to receiving mailed documents that include SSNs—although EDD implemented partial online claimant self-service functionality for two of its systems, neither of the online systems allow claimants to opt out entirely from receiving mailed documents.

Our Key Recommendations

- The Legislature should require all state agencies to do the following:
 - » Develop and implement plans to stop mailing documents that have full SSNs by December 2022.
 - » Report, by September 2019, the extent to which they mail any documents containing full SSNs.
 - » Submit an annual corrective action plan if it cannot meet the December 2022 deadline.
- Before it completes its benefits system modernization project, EDD should do the following:
 - » Take interim actions to discontinue using full SSNs as unique identifiers to all documents it mails to claimants.
 - » Prioritize, by March 2020, addressing and revising documents with the highest volumes.
 - » Fully review existing documents and remove any unnecessary instances of personal information.

EDD Removed SSNs From Certain Documents That It Mails Millions of Times Each Year, But Its Claimants Are Still at Risk of Identity Theft

